

Pocatello Development Authority

Board of Commissioners Meeting
August 15, 2018 – 11:00 a.m.
City Council Chambers

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

An urban renewal agency for the City of Pocatello, Idaho

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

Action and Discussion Items:

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

Motion to approve and/or amend the Regular and Executive Session Meeting Minutes of July 18, 2018.

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

Motion to approve and/or amend the July 2018 Income and Expenses Report.

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

- a. Elam & Burke for July services on Northgate TIF (general fund)
- b. Elam & Burke for July services on Hoku property (North Portneuf District)

Agenda Item No. 4: Public Hearing – FY2019 Budget – [ACTION ITEM]

****ADJOURNMENT TO WORK SESSION****

Agenda Item No. 5: Northgate TIF Plan – [ACTION ITEM]

****RECONVENE TO REGULAR SESSION****

Agenda Item No. 6: “Hoku” Property – [ACTION ITEM]

Executive Session:

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

Upcoming Events/Information:

Adjourn.

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

AGENDA ITEM

NO. 1

**AGENDA ITEM
NO. 2**

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

	<u>1-General Fund</u>	<u>3-North Yellowstone</u>	<u>4-Naval Ordnance</u>	<u>6-North Portneuf</u>	<u>7-Pocatello Regional Airport</u>	<u>TOTAL</u>
ASSETS						
Current Assets						
Checking/Savings						
ICCU Checking	1,358,823.72	824,977.06	892,558.44	170,494.05	449,163.83	3,696,017.10
ICCU Savings	25.00	0.00	0.00	0.00	0.00	25.00
Zions 2012 Bnd Fnd 7110526D	0.00	622,382.25	0.00	0.00	0.00	622,382.25
Zions Bnd Reserve Fnd 7110526B	0.00	680,937.65	0.00	0.00	0.00	680,937.65
Zions Rev Alloc Fnd 7110526	0.00	2,112,043.52	0.00	0.00	0.00	2,112,043.52
Total Checking/Savings	1,358,848.72	4,240,340.48	892,558.44	170,494.05	449,163.83	7,111,405.52
Accounts Receivable						
Accounts Receivable	750.00	0.00	0.00	0.00	0.00	750.00
Total Accounts Receivable	750.00	0.00	0.00	0.00	0.00	750.00
Other Current Assets						
Accrued Interest Income	20,126.17	1,369.59	0.00	0.00	0.00	21,495.76
Property Tax Receivable	0.00	0.00	0.00	141,867.61	0.00	141,867.61
Total Other Current Assets	20,126.17	1,369.59	0.00	141,867.61	0.00	163,363.37
Total Current Assets	1,379,724.89	4,241,710.07	892,558.44	312,361.66	449,163.83	7,275,518.89
Other Assets						
Inventory - Leasehold	424,779.00	0.00	0.00	0.00	0.00	424,779.00
Note Receivable	76,000.00	0.00	0.00	0.00	0.00	76,000.00
Total Other Assets	500,779.00	0.00	0.00	0.00	0.00	500,779.00
TOTAL ASSETS	1,880,503.89	4,241,710.07	892,558.44	312,361.66	449,163.83	7,776,297.89
LIABILITIES & FUND BALANCE						
Liabilities						
Long Term Liabilities						
Deferred Interest Receivable	20,126.17	0.00	0.00	0.00	0.00	20,126.17
Deferred Notes Receivable Rev	50,000.00	0.00	0.00	0.00	0.00	50,000.00
Deferred Tax Revenues	0.00	0.00	0.00	128,001.48	0.00	128,001.48
Total Long Term Liabilities	70,126.17	0.00	0.00	128,001.48	0.00	198,127.65
Total Liabilities	70,126.17	0.00	0.00	128,001.48	0.00	198,127.65
Fund Balance						
Fund Balance	3,527,890.13	2,856,160.36	643,720.06	142,829.54	390,468.10	7,561,068.19
Net Income	-1,717,512.41	1,385,549.71	248,838.38	41,530.64	58,695.73	17,102.05
Total Fund Balance	1,810,377.72	4,241,710.07	892,558.44	184,360.18	449,163.83	7,578,170.24
TOTAL LIABILITIES & FUND BALANCE	1,880,503.89	4,241,710.07	892,558.44	312,361.66	449,163.83	7,776,297.89

Pocatello Development Authority
Profit & Loss by Class
July 2018

	<u>1-General Fund</u>	<u>3-North Yellowstone</u>	<u>4-Naval Ordnance</u>	<u>6-North Portneuf</u>	<u>7-Pocatello Regional Airport</u>	<u>TOTAL</u>
Ordinary Income/Expense						
Income						
Interest Income	283.40	4,577.02	153.55	33.07	91.50	5,138.54
Personal Property tax replace	0.00	23,003.35	6,043.21	404.91	1,262.83	30,714.30
Property Taxes	0.00	607,981.91	138,342.34	15,353.79	1,935.66	763,613.70
Rental Income	750.00	0.00	0.00	0.00	0.00	750.00
Total Income	<u>1,033.40</u>	<u>635,562.28</u>	<u>144,539.10</u>	<u>15,791.77</u>	<u>3,289.99</u>	<u>800,216.54</u>
Gross Profit	1,033.40	635,562.28	144,539.10	15,791.77	3,289.99	800,216.54
Expense						
Administrative	22,876.69	0.00	0.00	6,198.50	0.00	29,075.19
Total Expense	<u>22,876.69</u>	<u>0.00</u>	<u>0.00</u>	<u>6,198.50</u>	<u>0.00</u>	<u>29,075.19</u>
Net Ordinary Income	<u>-21,843.29</u>	<u>635,562.28</u>	<u>144,539.10</u>	<u>9,593.27</u>	<u>3,289.99</u>	<u>771,141.35</u>
Net Income	<u><u>-21,843.29</u></u>	<u><u>635,562.28</u></u>	<u><u>144,539.10</u></u>	<u><u>9,593.27</u></u>	<u><u>3,289.99</u></u>	<u><u>771,141.35</u></u>

At month end the Authority had cash on hand of \$7,111,405.52. The checking account balance was \$3,696,017.10, the savings account balance was \$25.00, and cash being held by Zions Trust amounted to \$3,415,363.42.

Pocatello Development Authority recognized above normal financial activity during the month of July. The Authority received revenues totaling \$800,216.54 of which \$5,138.54 was interest earnings on cash invested and property tax interest. Rental income from the Positron Facility was received in the amount of \$750.00. Property tax revenues were received for the North Yellowstone District (\$607,981.91), the Naval Ordinance District (\$138,342.34), the North Portneuf District (\$15,353.79) and the Pocatello Regional Airport District (\$1,935.66). Property Tax replacement dollars were received for the previously listed districts in the amount of \$30,714.30.

Expenses paid for the month totaled \$29,075.19. The administrative expenses were \$121.22 for the lunch meeting in July and Elam and Burke was paid \$28,953.97 for legal work on the Northgate project and the Hoku property.

Year to date revenues of \$1,825,142.36 (see page 3) are greater than expenses of \$1,808,040.31 so the overall net increase of reserves is \$17,102.05.

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

	<u>1-General Fund</u>	<u>3-North Yellowstone</u>	<u>4-Naval Ordnance</u>	<u>6-North Portneuf</u>	<u>7-Pocatello Regional Airport</u>	<u>TOTAL</u>
Ordinary Income/Expense						
Income						
Donations and Grants	30.00	0.00	0.00	0.00	0.00	30.00
Interest Income	970.15	26,430.08	734.82	3,295.54	279.74	31,710.33
Personal Property tax replace	0.00	46,006.70	12,086.42	809.82	2,525.68	61,428.62
Property Taxes	0.00	1,374,745.18	236,017.14	37,820.78	55,890.31	1,704,473.41
Rental Income	7,500.00	0.00	0.00	20,000.00	0.00	27,500.00
Total Income	<u>8,500.15</u>	<u>1,447,181.96</u>	<u>248,838.38</u>	<u>61,926.14</u>	<u>58,695.73</u>	<u>1,825,142.36</u>
Gross Profit	8,500.15	1,447,181.96	248,838.38	61,926.14	58,695.73	1,825,142.36
Expense						
Administrative	41,402.87	0.00	0.00	9,631.50	0.00	51,034.37
Debt Service						
Interest	0.00	58,382.25	0.00	0.00	0.00	58,382.25
Total Debt Service	0.00	58,382.25	0.00	0.00	0.00	58,382.25
Dues and Memberships	1,450.00	0.00	0.00	0.00	0.00	1,450.00
Economic Grants Issued	1,650,000.00	0.00	0.00	0.00	0.00	1,650,000.00
Professional Services						
Other Professional Services	33,159.69	3,250.00	0.00	10,764.00	0.00	47,173.69
Total Professional Services	<u>33,159.69</u>	<u>3,250.00</u>	<u>0.00</u>	<u>10,764.00</u>	<u>0.00</u>	<u>47,173.69</u>
Total Expense	<u>1,726,012.56</u>	<u>61,632.25</u>	<u>0.00</u>	<u>20,395.50</u>	<u>0.00</u>	<u>1,808,040.31</u>
Net Ordinary Income	-1,717,512.41	1,385,549.71	248,838.38	41,530.64	58,695.73	17,102.05
Net Income	<u>-1,717,512.41</u>	<u>1,385,549.71</u>	<u>248,838.38</u>	<u>41,530.64</u>	<u>58,695.73</u>	<u>17,102.05</u>

AGENDA ITEM

NO. 4

PROOF OF PUBLICATION

STATE OF IDAHO
County of Bannock



LN25504

KAREN MASON

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.

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

7 2018 Aug. 2018
 4 2018 Aug. 2018
2018 Aug. 2018
2018 Aug. 2018

The newspaper has been continuously and
 regularly published in said County for a
 period of seventy-eight weeks prior to the
 date of said notice of advertisement and is a
 newspaper within the meaning of the laws of

NOTICE OF PUBLIC HEARING
 POCATELLO DEVELOPMENT AUTHORITY, POCATELLO, IDAHO BUDGET FOR FISCAL YEAR 2018-2019 (FY 2019)

Notice is hereby given that the Board members for the Pocatello Development Authority will hold a public hearing for consideration of a proposed budget for the fiscal period October 1, 2018 - September 30, 2019; all pursuant to the provisions of Section 50-1002, I. C. and Section 63-802, I.C., said hearing to be held at the City of Pocatello Parliace Conference Room at 911 North 7th Avenue, Pocatello, Idaho, at 11:00 a.m. on August 15, 2018. At said hearing all interested persons may appear and show cause, if any they have, why the proposed budget should not be adopted.

Fund Name	FY 2017 Actual Expenditures	FY 2017 Actual Revenue	FY 2018 Budgeted Expenditures	FY 2018 Budgeted Revenue	FY 2019 Proposed Expenditures	FY 2019 Proposed Revenue
GENERAL FUND	\$ 118,387	\$ 181,629	\$5,240,470	\$ 164,832	\$1,545,293	\$ 186,828
North Yellowstone District	\$ 935,164	\$1,363,556	\$4,889,568	\$1,407,587	\$5,737,997	\$1,501,658
Naval Ordnance District	\$ 23,623	\$ 246,946	\$ 899,054	\$ 250,076	\$1,127,195	\$ 234,790
North Portneuf District	\$ 31,977	\$ 60,054	\$ 174,631	\$ 26,186	\$ 310,893	\$ 140,432
Pocatello Airport District	\$ 52,500	\$ 113,552	\$ 504,023	\$ 113,555	\$ 545,164	\$ 96,092
TAX DISTRICTS	\$1,043,264	\$1,784,108	\$6,467,276	\$1,797,404	\$7,721,249	\$1,972,972
GRAND TOTAL:	\$1,161,651	\$1,965,737	\$9,707,746	\$1,962,236	\$9,266,642	\$2,159,800

I, Ashley Linton-Welsh, Interim Treasurer of the Pocatello Development Authority, do hereby certify that the above is a true and correct statement of the proposed expenditures and revenues for Fiscal Year 2018-2019 (FY 2019).

Dated this 1st day of August, 2018.

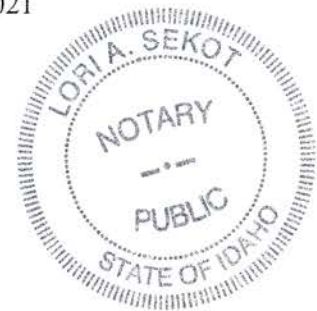
Published: August 7, 2018 and August 14, 2018 in the Idaho State Journal

August 7, 14, 2018
 LN25504

STATE OF IDAHO
 COUNTY OF BANNOCK

On this 14th. of Aug. in the year of 2018, before me, a Notary Public, personally appeared KAREN MASON 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 acknowledged to me that he executed the same.

Notary of Public
Lori A. Sekot
 Residing at Arimo exp. 3/3/2021



NOTICE OF PUBLIC HEARING
 POCATELLO DEVELOPMENT AUTHORITY, POCATELLO, IDAHO BUDGET FOR FISCAL YEAR 2018-2019 (FY 2019)

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GENERAL FUND	\$ 118,387	\$ 181,629	\$3,240,470	\$ 164,832	\$1,545,393	\$ 186,828
North Yellowstone District	\$ 935,164	\$1,363,556	\$4,889,568	\$1,407,587	\$5,737,997	\$1,501,658
Naval Ordnance District	\$ 23,623	\$ 246,946	\$ 899,054	\$ 250,076	\$1,127,195	\$ 234,790
North Portneuf District	\$ 31,977	\$ 60,054	\$ 174,631	\$ 26,186	\$ 310,893	\$ 140,432
Pocatello Airport District	<u>\$ 52,500</u>	<u>\$ 113,552</u>	<u>\$ 504,023</u>	<u>\$ 113,555</u>	<u>\$ 545,164</u>	<u>\$ 96,092</u>
TAX DISTRICTS	\$1,043,264	\$1,784,108	\$6,467,276	\$1,797,404	\$7,721,249	\$1,972,972
GRAND TOTAL:	\$1,161,651	\$1,965,737	\$9,707,746	\$1,962,236	\$9,266,642	\$2,159,800

I, Ashley Linton-Welsh, Interim Treasurer of the Pocatello Development Authority, do hereby certify that the above is a true and correct statement of the proposed expenditures and revenues for Fiscal Year 2018-2019 (FY 2019).

Dated this 1st day of August, 2018.

Published: **August 7, 2018** and **August 14, 2018** in the Idaho State Journal

Pocatello Development Authority - Budget 2018-2019 fiscal year

	General Fund	North Yellowstone	Naval Ordnance	North Portneuf	Airport	Total
Beginning Cash Balance July 31, 2018	\$1,358,565.32	\$4,236,338.42	\$892,404.89	\$170,460.98	\$449,072.33	\$7,106,841.94
INCOME:						
Administrative fees - estimated	186,328.00					186,328.00
Property taxes		1,491,658.00	234,190.00	137,432.00	95,992.00	1,959,272.00
Interest Income	500.00	10,000.00	600.00	3,000.00	100.00	14,200.00
Total Projected Income:	186,828.00	1,501,658.00	234,790.00	140,432.00	96,092.00	2,159,800.00
EXPENSE:						
Contingency (3)	1,215,385.32	4,904,139.42	1,103,775.89	279,408.98	545,164.33	8,047,873.94
Olympus Drive Connection	300,000.00					300,000.00
City payment for HOKU land purchase (2)				17,741.00		17,741.00
Administrative expense - estimated		149,166.00	23,419.00	13,743.00		186,328.00
Current year debt service (1)		679,691.00				679,691.00
Luncheon costs	2,000.00					2,000.00
Office expenses	300.00					300.00
Dues and memberships	1,450.00					1,450.00
Errors and omission insurance	6,258.00					6,258.00
Banking and Professional services	20,000.00	5,000.00				25,000.00
Total Projected Expense:	1,545,393.32	5,737,996.42	1,127,194.89	310,892.98	545,164.33	9,266,641.94
CALCULATED ENDING BALANCE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

1. Scheduled to payoff on August 1, 2024
 2. Scheduled to payoff on October 31, 2030
 3. The General fund contingency covers the Northgate project and potential unplanned projects.
- The remaining contingencies in the other districts are for potential unplanned projects.

ELAM & BURKE

ATTORNEYS AT LAW

251 East Front Street, Suite 300
Post Office Box 1539
Boise, Idaho 83701
Telephone 208 343-5454
Fax 208 384-5844

Tax Id No. 82-0451327

Pocatello Development Authority
Attn: Melanie Gygli
City of Pocatello
P.O. Box 4169
Pocatello, ID 83205

NG

July 31, 2018

Invoice # 174794

Billing Atty - RPA

FOR PROFESSIONAL SERVICES RENDERED

From July 5, 2018 Through July 31, 2018

RE: Northgate Plan

CLIENT/MATTER: 09212-00001

	HOURS		AMOUNT
7/05/18	MSC .20	Review status and draft email communication to consultants concerning upcoming board meeting.	40.00
7/05/18	RPA .20	Review emails and follow up on the attachment 5, feasibility study information for the draft plan.	40.00
7/06/18	RPA .20	Review emails on the status of Attachment 5 analysis and schedule for completion. Consider content of the plan narrative.	40.00
7/08/18	RPA .30	Review emails from Chris Zahas and Phil Kushlan on content of Attachment 5 and status of completion. Review information on financial analysis.	60.00
7/09/18	MSC .70	Review email communication from Buck Swaney concerning status of requested information. Review and follow up on multiple email communications with consultants concerning status. Conference call with Ms. Gygli to discuss upcoming board meeting and proposed action items, open items and timeline. Continue to review and assess timing issues/concerns related to information flow and proposed work session.	140.00
7/09/18	RPA .40	Review draft Attachment 5 analysis. Review emails from Phil Kushlan and Chris Zahas concerning analysis and data content.	80.00
7/10/18	MSC 4.50	Review attachment 5 prepared by consultant. Meet and confer with the consultant to discuss board	900.00

ELAM & BURKE
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Tax Id No. 82-0451327

RE: Northgate Plan

CLIENT/MATTER: 09212-00001
July 31, 2018
Invoice # 174794

presentation, open items and timing on additional information. Work on revising the draft plan for circulation to the client.

7/10/18	RPA	1.00	Review emails and other information concerning the draft plan. Review emails concerning Attachment 5 material. Coordinate and meet with Phil Kushlan and Meghan Conrad re: follow up and schedule for approval. Address status of private development and valuation.	200.00
7/11/18	MSC	.40	Review status of plan documents, and draft email communication to Ms. Gygli including draft plan narrative, economic feasibility study and market analysis. Conference call with Ms. Gygli to discuss the same.	80.00
7/11/18	RPA	.30	Review plan content and distribution schedule. Address outstanding issues.	60.00
7/12/18	MSC	.30	Work on presentation materials for the meeting on July 17. Review proposed surveyed boundary map.	60.00
7/12/18	RPA	.30	Review and comment on emails concerning presentation and plan content for the upcoming board meeting.	60.00
7/12/18	SSF	1.50	Prepare presentation containing maps and spreadsheets re Northgate Plan.	150.00
7/13/18	MSC	.50	Continue to work on preparing for the upcoming PDA meeting by reviewing the agenda and coordinating with consultants concerning presentation materials. Review and follow up on multiple email communications with PDA staff re same.	100.00
7/13/18	RPA	.30	Review information for the plan presentation and outstanding issues for board consideration.	60.00
7/17/18	MSC	.60	Work on preparing for the agency board meeting. Follow up with consultant concerning call information.	120.00
7/18/18	MSC	2.40	Travel to Pocatello to attend PDA Board meeting. Attend and participate in discussion concerning Northgate plan status and next steps.	480.00
7/18/18	RPA	.30	Review emails on plan content and presentation.	60.00
7/20/18	MSC	.80	Travel from Pocatello back to Boise.	160.00

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ELAM & BURKE

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Tax Id No. 82-0451327

RE: Northgate Plan

CLIENT/MATTER: 09212-00001
July 31, 2018
Invoice # 174794

7/20/18	RPA	.20	Receive update on plan approval process and next steps. Outline schedule.	40.00
7/23/18	MSC	.60	Conference call with Ms. Gygli to discuss joint work session, open items and developer's position concerning reimbursement. Follow up with consultant re same.	120.00
7/23/18	RPA	.30	Review emails on additional changes to the plan and needed special meeting with Agency board members and County Commissioners.	60.00
7/24/18	MSC	.10	Review and respond to emails to/from Mr. Kushlan and Ms. Gygli related to the work session.	20.00
7/24/18	RPA	.10	Follow up on next meeting and changes to the draft plan. Consider how to address smaller project area and reduced values.	20.00
7/30/18	MSC	.20	Review email communication from Ms. Gygli incorporating comments to the draft economic feasibility study and follow up with Mr. Kushlan re same.	40.00
7/30/18	RPA	.20	Review email and comments concerning Attachment 5 financial feasibility study.	40.00
7/31/18	MSC	.30	Review Phil Kushlan comments in response to issues/concerns raised by Ms. Gygli re feasibility study. Review comments to the plan from Ms. Gygli and follow up with her re same.	60.00
7/31/18	RPA	.30	Review of several emails on comments to financial feasibility study and schedule concerning approval.	60.00
PROFESSIONAL FEES				3,350.00

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ELAM & BURKE

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RE: Northgate Plan

CLIENT/MATTER: 09212-00001
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Timekeeper	Staff	Rate	Hours	Amount	Non-Chargeable	
					Hours	Amount
Armbruster, Ryan P.	Shareholder	200.00	4.40	880.00	.00	.00
Conrad, Meghan S.	Shareholder	200.00	11.60	2,320.00	.00	.00
Finlayson, S.	Paralegal	100.00	1.50	150.00	.00	.00
			17.50	3,350.00	.00	.00

COSTS ADVANCED	QTY	RATE	AMOUNT
Copies	141.00	.15	21.15
Color Copies	91.00	.25	22.75
Meghan Conrad (roundtrip mileage to/from Pocatello/Boise, ID, for board meeting, 470 total miles @ \$.54 split three ways, split with 9212-2 and another client)	.54	117.50	63.45
TOTAL COSTS ADVANCED			107.35

INVOICE TOTAL

3,457.35

ELAM & BURKE
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Pocatello Development Authority
Attn: Melanie Gygli
City of Pocatello
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Pocatello, ID 83205

July 31, 2018

Invoice # 174795

Billing Atty - RPA

FOR PROFESSIONAL SERVICES RENDERED

From July 3, 2018 Through July 31, 2018

Hoku

RE: Hoku Property Disposition

CLIENT/MATTER: 09212-00002

	HOURS		AMOUNT
7/03/18	MCP .60	Receive and review comments from VA Metals to the license agreement. Follow up re same. Receive and review email from VA Metals' counsel re enforceability of the lease.	120.00
7/06/18	MCP 1.00	Receive and review email from Scott Smith re Celtic Life. Telephone conference with counsel for Celtic Life. Work on format of the RFP. Follow up with counsel for VA Metals re disposition and development agreement and process.	200.00
7/09/18	MCP 2.70	Telephone conference with counsel for VA Metals/Solargise. Receive and review comments to disposition and development agreement and follow up re same. Review proposed press release from Solargise and follow up with Scott Smith re same.	540.00
7/09/18	MSC .70	Review and follow up on multiple email communications concerning status of Hoku property in preparation for upcoming board meeting. Meet and confer with attorney Parks and Ms. Gygli re same.	150.50
7/11/18	MCP 1.50	Receive and review email from Melanie Gygli re comments on license agreement and disposition and development agreement. Revise and redraft disposition and development agreement and license agreement to address such comments and additional changes based on VA Metal's draft. Follow up with	300.00

ELAM & BURKE
ATTORNEYS AT LAW

251 East Front Street, Suite 300
Post Office Box 1539
Boise, Idaho 83701
Telephone 208 343-5454
Fax 208 384-5844

Tax Id No. 82-0451327

RE: Hoku Property Disposition

CLIENT/MATTER: 09212-00002
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			Melanie Gygli and Board members re same.	
7/12/18	MCP	1.50	Revise and redraft disposition and development agreement and license agreement. Follow up with Fahd Riaz re same.	300.00
7/12/18	MSC	1.20	Review filed claim of lien. Review mechanic's lien statutes and note areas to follow up on. Review and assess validity of lien and potential defenses.	258.00
7/13/18	MSC	.20	Continue to review and asses effect of claim of lien on disposition discussions.	43.00
7/13/18	RPA	.20	Review new materialmen's claim and consider agency options. Determine impact on disposition of property. Coordinate with Meghan Conrad on response.	43.00
7/16/18	MCP	3.50	Work on disposition and development agreement and license agreement and address issues raised by VA Metals and draft counter-proposals re same. Revise and redraft agreements accordingly.	700.00
7/16/18	MSC	.50	Review and assess status of property disposition following additional information concerning Idaho Power encroachment issue. Review and assess status of documents and timing of the disposition. Note open items.	107.50
7/16/18	RPA	.30	Review emails on status of lien filing and response. Determine impact on disposition of property. Consider how to present during board executive session.	64.50
7/17/18	MCP	4.00	Telephone conference with Board members re status of negotiations and revisions to various agreements. Follow up with Fahd Riaz re same. Revise disposition and development agreement and license agreement. Draft assignment of rights under the lease to Solargise. Follow up re same. Telephone conference with Fahd Riaz. Revise disposition and development agreement, license agreement, and assignment. Receive and review email from Fahd Riaz re assignment and follow up re same.	800.00
7/17/18	MSC	1.60	Attend and participate in conference call with	344.00

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			Board Chair and Vice-Chair to discuss document status and next steps. Review and assess proposed assignment of rights and follow up with requests for clarification to attorney Parks.	
7/17/18	RPA	.20	Review email on options for property disposition and how to address materialmen's lien.	43.00
7/18/18	MCP	2.60	Telephone conference with Fahd Riaz re disposition and development agreement and license agreement and issues raised by Scott Smith and Chad Carr and anticipated issues to be raised by the PDA Board Attend PDA board meeting telephonically to advise Board re disposition and development agreement negotiations and open items of concern. Follow up with Fahd Riaz re same.	520.00
7/18/18	MSC	2.40	Travel to Pocatello to attend and participate in executive session re Hoku. Attend and participate in the executive session. Work on identification of next steps and tasks related to real property disposition.	516.00
7/20/18	MSC	.90	Travel from Pocatello back to Boise.	193.50
7/20/18	RPA	.10	Receive update on property disposition and next steps.	21.50
7/23/18	MSC	.10	Conference call with Ms. Gygli to follow up on information concerning IPC substation ownership interest.	21.50

PROFESSIONAL FEES 5,286.00

Timekeeper	Staff	Rate	Hours	Amount	Non-Chargeable	
					Hours	Amount
Armbruster, Ryan P.	Shareholder	215.00	.80	172.00	.00	.00
Parks, Matthew C.	Associate	200.00	17.40	3,480.00	.00	.00
Conrad, Meghan S.	Shareholder	215.00	7.60	1,634.00	.00	.00
			25.80	5,286.00	.00	.00

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COSTS ADVANCED	QTY	RATE	AMOUNT
Meghan Conrad (roundtrip mileage to/from Pocatello/Boise, ID, for board meeting, 470 total miles @ \$.54 split three ways, split with 9212-1 and another client)	.54	117.50	63.45
TOTAL COSTS ADVANCED			63.45
INVOICE TOTAL		5,349.45	

Concept Land Use Plan



EXHIBIT B & C
Concept Land Use Plan
Northgate Development, Blaine County, Idaho

Pocatello Urban Renewal: Market Analysis

Date June 2018
To Phil Kushlan, Kushlan Associates
From Chris Zahas and Sam Brookham,
Leland Consulting Group
Project Pocatello Urban Renewal: Market Analysis



INTRODUCTION

Project Description

Many public partners have coalesced in support of a private development proposal for a signature mixed-use community that would bring quality housing, significant new jobs, and public amenities and infrastructure to Pocatello. Known as Northgate, the project would be privately developed, but requires financial assistance since the area is completely devoid of urban infrastructure today. To support the financing of infrastructure, the Pocatello Development Authority (PDA) has committed to forming a new urban renewal district that would provide funding for developer reimbursements. As part of the district formation process, the PDA must complete a financial feasibility report, and it has retained a consultant to conduct that work. Through that report, the PDA would like to better understand the likely rate of absorption of the proposed project so that the financial projections are realistic and so that the PDA can assess whether the anticipated tax increment revenues are sufficient to repay the required infrastructure investments.

The proposed Northgate community includes the following components.

- The first phase will consist of a new retail shopping center, initial construction of a one-million-square-foot information technology park, and about 500 to 1,000 residential units.
- A total of 10,000 residential units are planned in the area around the interchange at full build out, including an array of luxury homes built on larger properties, condominiums, and apartments.
- The technology park is expected to eventually employ 6,000 people.

Task Overview

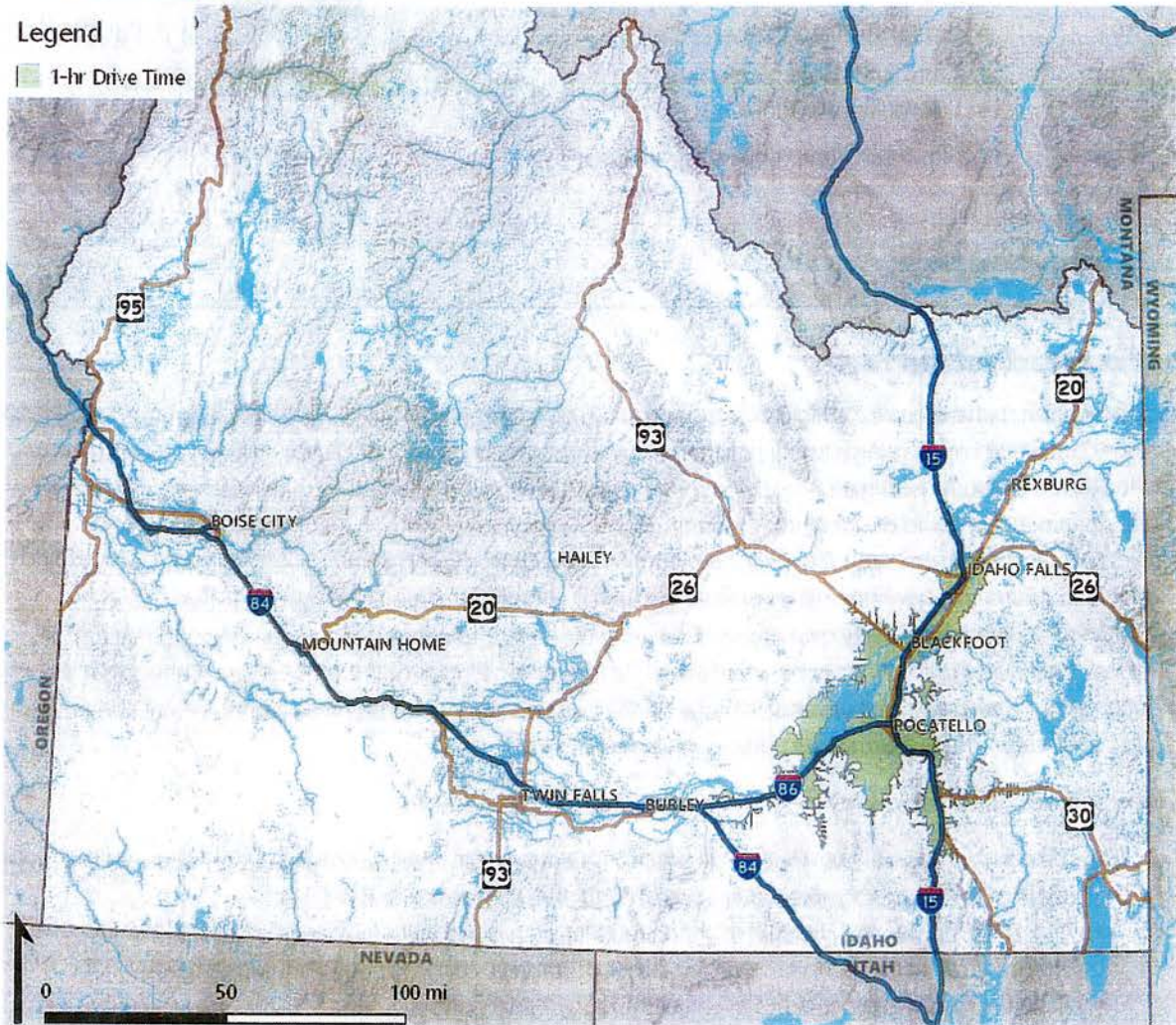
This goal of this market analysis is to provide development projections in support of the feasibility report as well as provide strategic advice regarding the emerging public-private partnership.

The market analysis is organized as follows:

National and Regional Context	2
Market Conditions	5
Real Estate Conditions.....	13
Growth Projections and Demand Forecast.....	32
Conclusion	40

NATIONAL AND REGIONAL CONTEXT

Location and Regional Context



Source: TIGER, State of Idaho, OpenStreetMap, and Leland Consulting Group

Pocatello is located in southeast Idaho along I-86 and I-15 within one-hour's drive from Idaho Falls to the north, the I-84/I-86 interchange to the west, and Malad City to the south. Boise, Idaho's major metropolitan area, is approximately three-and-a-half hours to the west via I-84.

Development and Land Use Types

This section includes excerpts from the Urban Land Institute's Emerging Trends in Real Estate report for 2018, an annual publication that assesses the state of real estate markets both nationally and locally. National and regional trends have an impact on land use in Pocatello: they set the stage for the types of investments that are desirable for real estate developers and investors.

Local Outlook: Mountain Region¹



Source: Urban Land Institute

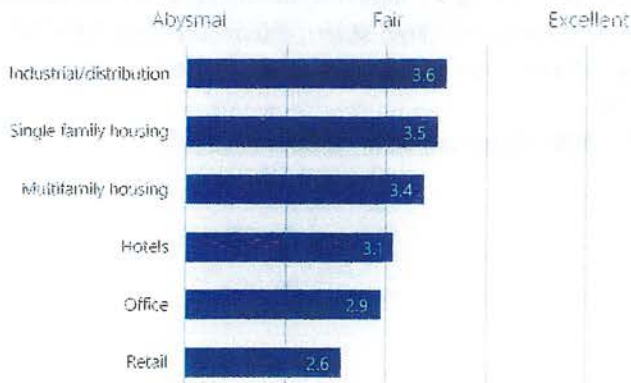
Emerging Trends describes the Mountain region markets as diverse, with some seeing higher recent and projected growth rates than others. In addition, the markets in this region have recovered from the global financial crisis at different rates.

Boise is considered an “improving” market by ULI, where the competitive cost and attractive quality of life has helped spur recent population growth and continues to be an attractive Millennial destination. Further, the perceived stability of the Boise market is seen as making it more attractive as national investors look for additional markets in which to place capital.

Companies have expanded or relocated operations to the Boise market to take advantage of the relative proximity, lower operating costs, and access to qualified labor.

As ULI only includes major metropolitan markets, the local outlook for Pocatello is not available. However, regional growth is likely to impact southeastern Idaho also. An Idaho State Journal article in August 2017 regarding the new interchange project suggested that regional growth in Boise and the Wasatch Front is “pushing those markets away from affordability and toward new urban challenges such as poor air quality, traffic jams and sprawl. Pocatello can absorb some of this growth efficiently, and without fundamentally altering its excellent pace and quality of life.”

Development Prospects, 2018¹



Source: Urban Land Institute

Emerging Trends also provides guidance about the types of development that are likely to be most desirable in the coming years. While this is a national outlook, the guidance is usually relevant locally.

The following figure shows ULI’s high-level summary of national development prospects for 2018 and in coming years. Several notable features are described below.

Desirable Development Types. Industrial and distribution are favored development types, largely because of the acceleration of online retailing, and the need for distribution points for these goods. Single-family housing

¹ Scores represent average of local market participants’ opinions on strength of local economy, investor demand, capital availability, development and redevelopment opportunities, public/private investments, and local development community.

has picked back up significantly; for many years following the great recession, single-family housing was much slower. Multifamily housing is also seen as having fair to good development prospects. Hotel development is judged to be just above fair. Leland Consulting Group's experience is that hotel development is a specialized form of development, which will work in specific locations, often with an established base of major employers or a major tourism draw.

Southeastern Idaho

Southeastern Idaho's economy includes agriculture, high-tech manufacturing, energy, services, and trade. Pocatello is southeastern Idaho's largest city and home to Idaho State University, a major research university and partner in workforce development, basic research, and cultural opportunities.

The Idaho Department of Labor offers an annual labor market economic report. Key findings from the 2016 report include:

- The region experienced steady population growth of 0.8 percent and strong economic growth between 2015 and 2016 following setbacks faced during the recession.
- The labor force has followed a similar trajectory, growing by 1.2 percent between 2015 and 2016. The unemployment rate was 3.6 percent for 2016 – a 0.5 percentage point drop from the previous year, but still not as low as the 2007 pre-recession rate of 2.9 percent. As of June 2017, the seasonally adjusted unemployment rate for the region was 2.7 percent, marking the second time the monthly rates dropped below three percent since the recession.
- Bannock County saw 210 fewer persons unemployed in 2016 from 2015, 524 more people employed and an unemployment rate that declined from four percent in 2015 to 3.5 percent in 2016. Declining unemployment rates in Bannock County are supported by strong employment gains in construction, manufacturing, and food services sectors.
- Construction of an FBI Data Center is ongoing. Construction is expected to exceed \$10 million and the project is anticipated to create as many as 300 new high-skilled jobs with average wages estimated at \$60,000 per year.
- In addition to the FBI Center expansion project, 2016 saw a large number of major construction projects in the Pocatello area including a \$9 million renovation of Fred Meyer, a \$6 million Idaho State Police construction project, a \$4 million Grace Lutheran High School construction, and the construction of the neighboring Mountain View Event Center.
- In 2017, Western States Cat completed its \$20 million new facility south of Pocatello.

MARKET CONDITIONS

Population Characteristics

The State of Idaho is one of the fastest growing states in the nation at almost two percent annually from 2000 to 2010, and 1.3 percent annually from 2010 to 2017. This high growth rate is driven largely by the growth of the Boise metropolitan region. Other parts of the state, such as southeastern Idaho, where Pocatello is located, experienced significantly slower growth rates during this period. Population growth rates in Pocatello and Chubbuck have historically been marginally higher than those in the region.

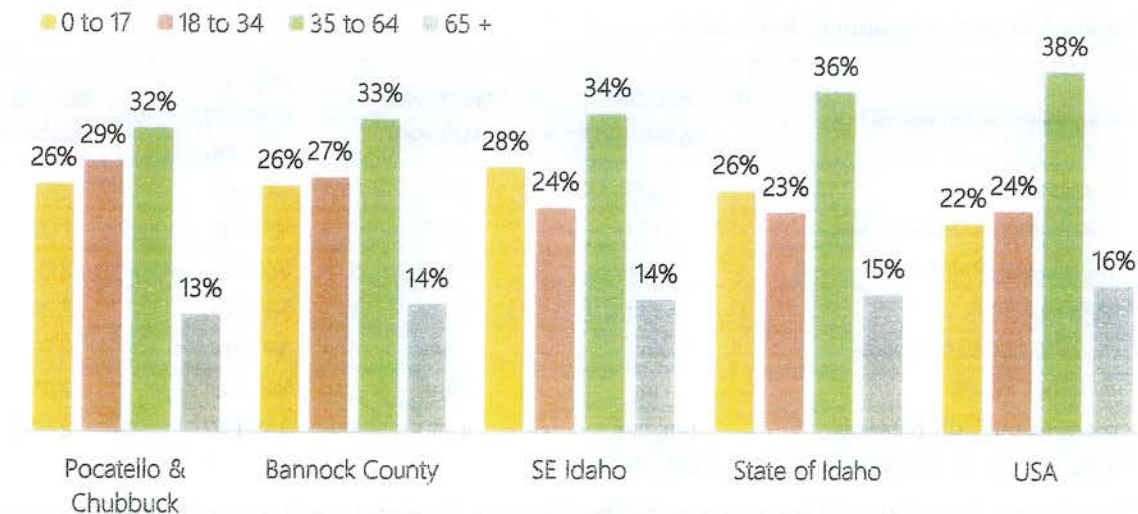
Population, 2000 to 2017

	Pocatello and Chubbuck	Bannock County	SE Idaho	State of Idaho	USA
2000 Total Population	61,707	75,565	154,007	1,293,953	281,421,906
2010 Total Population	68,136	82,839	166,284	1,567,582	308,745,538
2017 Total Population	70,436	85,802	171,096	1,714,694	327,514,334
00-10 Growth Rate	1.0%	0.9%	0.8%	1.9%	0.9%
10-17 Growth Rate	0.5%	0.5%	0.4%	1.3%	0.8%

Source: ESRI and Leland Consulting Group

There is a significantly greater proportion of “young adults” (aged 18 to 34) and slightly fewer seniors (over 65) in the Pocatello-Chubbuck area than the state. These age groups are typically the primary target market for mixed-use and/or denser housing types and urban settings. This is potentially indicative of a market primed for greater multifamily development.

Population by Age, 2017



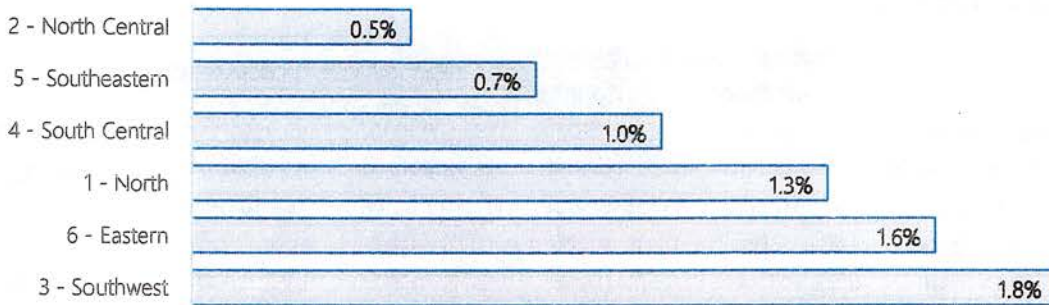
Source: ESRI and Leland Consulting Group

Forecasted Growth

Population growth is the greatest driver of demand for new development – residential especially. Population in the southeastern Idaho region is projected to grow at an annual rate of 0.7 percent through 2025, ranking as the region with the second slowest growth in Idaho. The southwest region – which includes Boise – is projected to see its population grow at an annual rate of 1.8 percent through 2025.

At 0.7 percent annual growth, absorption of new residential units and commercial space will likely be slower than other regions in the state, limiting the amount of new development that can be built initially.

Population Growth Projections, Idaho Regional Growth Rates, 2015 to 2025



Source: Idaho Department of Labor and Leland Consulting Group

Population growth consists of both natural growth (births and deaths) and migration (in- and out-migration). As the following table shows, migratory patterns have been relatively steady with similar numbers of in-migrants to out-migrants. Further, most of Bannock County’s existing residents from 2015 to 2016 (most recent data available) were non-migrants; or in other words, they had resided in Bannock County since 2014. Those that did leave tended to have higher incomes and larger households than those migrating into Bannock County.

Bannock County Migration, 2015 to 2016

Bannock County Migration	Returns (households)	Exemptions (population)	Approx. Household Income	Approx. Household Size
In-Migration	1,806	3,831	\$41,645	2.12
From Other Idaho Counties	787	1,587	\$33,160	2.02
From Other States	1,019	2,244	\$48,197	2.20
Out-Migration	1,895	4,173	\$43,725	2.20
To Other Idaho Counties	897	2,069	\$43,104	2.31
To Other States	998	2,104	\$44,283	2.11
Bannock Co. Non-Migrants	26,506	61,131	\$55,037	2.31

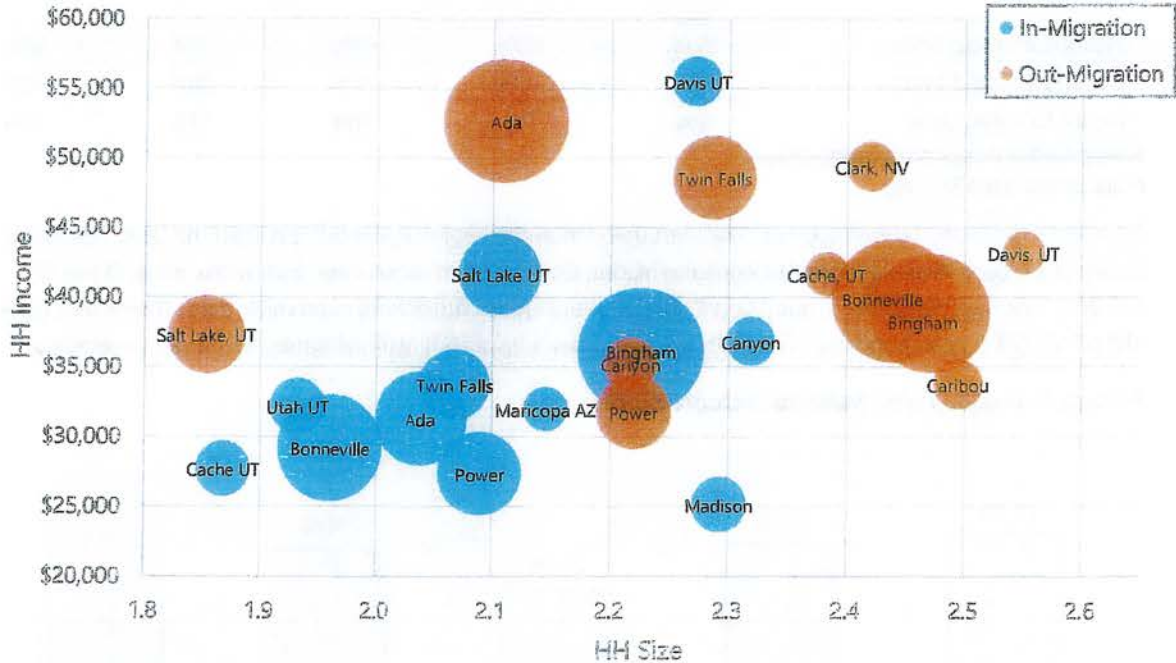
Source: IRS SOI Tax Statistics and Leland Consulting Group

The following figure shows origins and destinations of Bannock County’s in- and out-migrants, with the size of the bubble corresponding to the total number of households. Most significantly, it appears that Bannock County is losing its highest earning households to Ada County (Boise). With one of the smallest household sizes among out-migrants (second only to out-migrants to Salt Lake County), this may indicate that these households are

young adults, rather than more established families, moving to Boise where the economy is booming and there are available jobs.

- Adjacent counties: Power; Bingham; Bonneville; and Caribou
- Nearby counties: Twin Falls; Madison
- Further counties: Ada (Boise); Canyon (Caldwell); Salt Lake, UT; Davis, UT; Utah, UT; Cache, UT; Maricopa, AZ; Clark, NV

Bannock County In- and Out-Migration Origins/Destinations, 2015 to 2016



Source: IRS and Leland Consulting Group

Household Characteristics

Pocatello and Chubbuck experienced significant household growth between 2000 and 2010 but significantly lower growth rates thereafter. This slowdown may be a direct result of the recession, which especially impacted the construction of new single-family homes. That said, the area has the lowest percent of “vacant housing units” compared to the county and wider region and state, which may indicate a tight housing market. The two cities also have a higher proportion of renters than other areas, likely driven in part by the presence of Idaho State University.

Household Growth and Tenure, 2000 to 2017

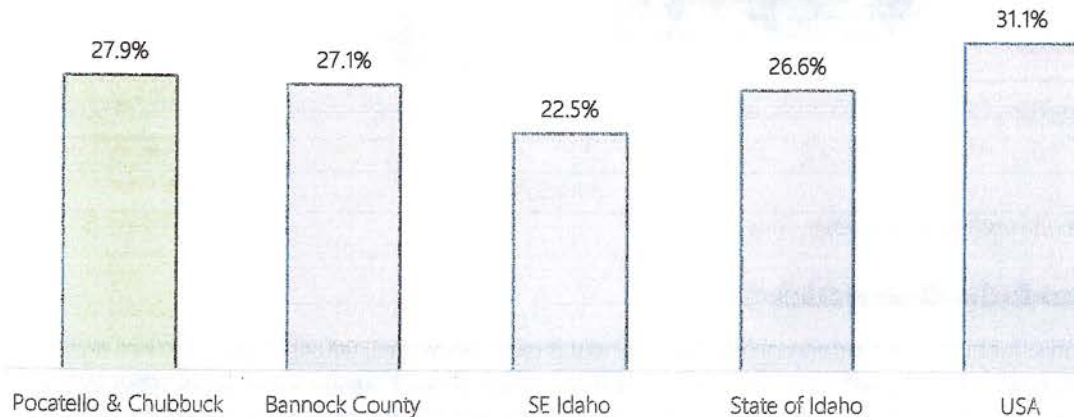
	Pocatello and Chubbuck	Bannock County	SE Idaho	State of Idaho	USA
2000 Households	22,685	27,192	52,794	469,645	105,480,101
2010 Households	25,552	30,682	58,833	579,408	116,716,292
2017 Households	26,157	31,475	60,248	628,868	123,158,887
00-17 Annual Growth Rate	1.2%	1.2%	1.1%	2.1%	1.0%
10-17 Annual Growth Rate	0.3%	0.4%	0.3%	1.2%	0.8%
Owner-Occupied Units	57%	60%	63%	59%	56%
Renter-Occupied Units	37%	33%	27%	28%	33%
Vacant Housing Units	6%	7%	11%	13%	11%

Source: ESRI and Leland Consulting Group

Note: Tenure is for 2017 only

Pocatello’s residents, on average, are more educated than the wider region but less than the USA. Statewide, about 27 percent have a bachelor’s degree or higher. Compared to other cities and metro areas, Boise (31 percent), Rexburg (37 percent), and Logan, UT (39 percent) are significantly more educated. The closest cities, Idaho Falls (27 percent) and Twin Falls (20 percent), have a lower educational attainment level, on average.

Percent Population (25+) with Bachelor’s Degree, 2017



Source: ESRI and Leland Consulting Group

With regard to income, Pocatello and Chubbuck tend to have the lowest household incomes relative to the region, state, and country. With that said, per capita income is comparable to the state. The discrepancy between per capita and household income levels is likely due to the smaller household sizes in the Pocatello-Chubbuck area (2.62 persons per household on average versus 2.68 in the state). The median household income for other cities in the region widely vary, such as Rexburg (\$26k), Logan City, UT (\$38k), Idaho Falls (48k), and Twin Falls (\$42k).

Income Comparison, 2017

	Pocatello and Chubbuck	Bannock County	SE Idaho	State of Idaho	USA
Med HH Income	\$42,033	\$44,985	\$46,344	\$48,983	\$56,124
Per Capita Income	\$22,163	\$22,717	\$21,559	\$24,301	\$30,820

Source: ESRI and Leland Consulting Group

The median home value of all existing homes in the Pocatello-Chubbuck area is approximately \$150,000. The value of new homes (built in the past decade) tend to be between \$180,000 and \$200,000. Based on the National Association of Realtors' housing affordability index, these homes would be the upper threshold of affordability for households earning \$42,000 annually.

Employment

Existing Employment Conditions

Employment in Pocatello is dominated by health care and social assistance, retail, food and accommodation, manufacturing, and education. There are few business services, while most of the educational jobs are in the public sector (Idaho State University). The following table shows the latest private-sector employment characteristics for 2017 Q3 (which excludes Idaho State University and the FBI, for example).

Bannock County Industry Profile, 2017 Q3

Industry	Number of Firms*	Number of Jobs	Change in # of Jobs 2016-2017 Q3	Avg. Wage
22 Utilities	7	114	-6	\$86,164
23 Construction	247	1,777	-10	\$43,212
31-33 Manufacturing	71	2,092	191	\$59,644
42 Wholesale Trade	116	1,060	34	\$46,488
44-45 Retail Trade	312	4,482	15	\$26,000
48-49 Transportation & Warehousing	57	644	34	\$39,052
51 Information	30	338	-8	\$39,468
52 Finance & Insurance	148	1,566	-113	\$43,056
53 Real Estate & Rental & Leasing	89	266	1	\$25,428
54 Professional & Technical Services	213	1,162	56	\$39,260
55 Mgmt. of Companies & Enterprises	13	740	175	\$46,956
56 Administrative & Waste Services	105	1,788	-37	\$22,984
61 Educational Services	23	214	42	\$29,120
62 Health Care & Social Assistance	386	5,680	183	\$35,204
71 Arts, Entertainment, & Recreation	32	456	38	\$10,764
72 Accommodation & Food Services	206	3,560	30	\$14,872
81 Other Services, ex. Public Admin	167	738	31	\$28,184
Total	2,222	26,678	656	\$33,588

Source: QCEW (from United States Bureau of Labor Statistics) and Leland Consulting Group

*Private only

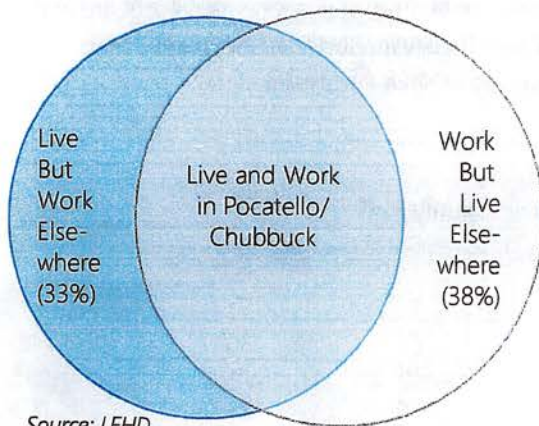
- Between 2016 Q3 and 2017 Q3, all industries except utilities, construction, information, finance and insurance, and administrative and waste services saw positive job gains.
- Manufacturing, management of companies and enterprises, and educational services all experienced double-figure annual growth rates (10+ percent).
- Information for the government sector is unavailable, and includes public administration, public schools and universities, and other significant organizations such as the FBI. This sector is potentially the largest.

The following graphic shows the proportion of workers that either live, work, or live *and* work within the Pocatello and Chubbuck area. About two-thirds of workers in the Pocatello and Chubbuck area also live there, showing the lack of nearby cities and towns.

Of the one-third that work outside of the Pocatello-Chubbuck area, approximately 4,000 (approximately 12 percent) people commute to work north/northeast to Idaho Falls and Rexburg, the location of BYU, and approximately 3,000 people commute west – mostly to Twin Falls and Boise.

Of the 38 percent of workers in the Pocatello-Chubbuck area that commute from elsewhere, about 3,000 employees commute from Idaho Falls and Rexburg, and 3,000 from the west.

Pocatello and Chubbuck Commute Patterns, Inflow-Outflow, 2015



Source: LEHD

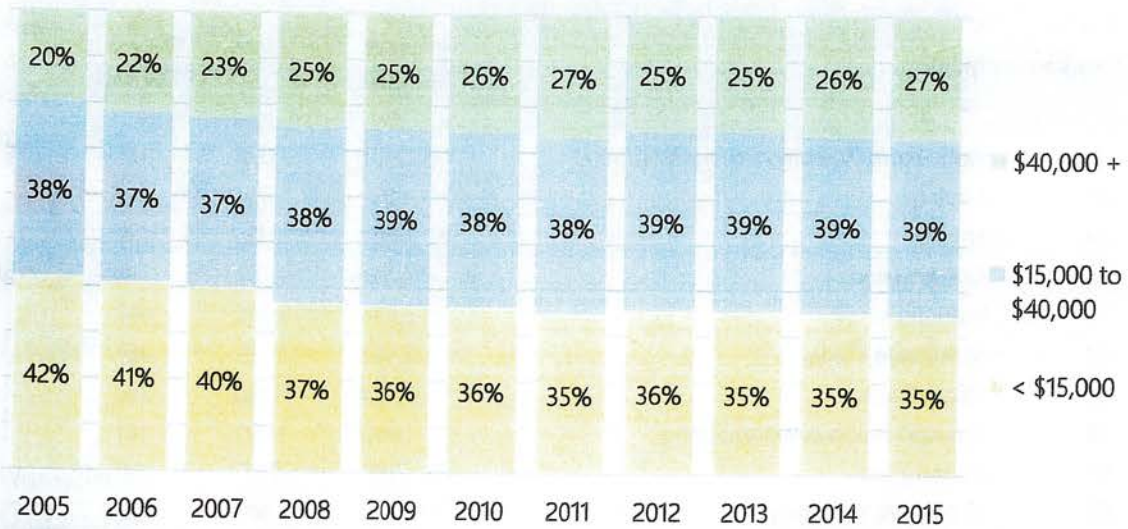
A high percentage of people that both live and work in a given area typically suggests a well-balanced economy with a good mix of residents and jobs, but it can also highlight a lack of opportunity to capture additional residents or employees traveling to and from the area.

There are many residents of Pocatello that commute to the Idaho National Laboratory (INL) to the north. With 7,000 employees, the INL is a significant regional employer that continues to attract young, educated workers. Continuing to attract these workers to live in Pocatello would greatly improve absorption of new housing units.

Elsewhere, there may be opportunities to attract residents of Idaho Falls and Twin Falls currently working in Pocatello with additional housing, but most new housing will likely be driven by job growth. Commuters to and from Boise are likely in high-growth white-collar industries, such as professional and business services, which are not strong industry sectors in the region (as the following table shows). Pocatello is therefore unlikely to be able to successfully compete with the Boise market.

While employment growth has been relatively stagnant over the past decade, annual wages have been rising, with an increasingly greater proportion of workers earning over \$40,000 per year. Income growth increases the range of housing options attainable to existing residents.

Pocatello and Chubbuck Workers by Annual Wage, 2005 to 2015



Source: ESRI and Leland Consulting Group

Employment Forecasts

Pocatello's growing economy is driven by agriculture, manufacturing, research and development, and transportation. The city also serves as the retail hub for southeast Idaho and outdoor recreation helps attract tourists to the area.

Industries projected to add the most jobs through 2024 include construction, health care and social assistance, public administration. High growth industries (based on annual percent growth) include construction, real estate and rental and leasing, art, entertainment, and recreation, and other services.

Southeast Idaho² Industry Projections, 2014 to 2024

NAICS	Industry	Jobs 2014	Jobs 2024	10-yr Job Growth	Annual Job Growth
11	Agriculture, Forestry, Fishing & Hunting	2,601	3,076	475	1.7%
21	Mining	482	376	-106	-2.5%
22	Utilities	291	315	24	0.8%
23	Construction	2,758	3,702	944	3.0%
31	Manufacturing	5,994	6,482	488	0.8%
42	Wholesale Trade	2,662	3,129	467	1.6%
44	Retail Trade	6,984	7,550	566	0.8%
48	Transportation & Warehousing	1,640	1,801	161	0.9%
51	Information	706	767	61	0.8%
52	Finance & Insurance	2,280	2,403	123	0.5%
53	Real Estate & Rental & Leasing	531	734	203	3.3%
54	Professional, Scientific, & Technical Services	1,526	1,526	0	0.0%
55	Management of Companies & Enterprises	428	392	-36	-0.9%
56	Administrative & Support Services	2,881	3,164	283	0.9%
61	Educational Services (private + state + local)	7,306	7,901	595	0.8%
62	Health Care & Social Assistance	9,049	10,502	1,453	1.5%
71	Arts, Entertainment & Recreation	835	1,088	253	2.7%
72	Accommodation & Food Services	4,438	4,983	545	1.2%
81	Other Services (except Government)	1,752	2,352	600	3.0%
92	Public Administration	6,288	7,202	914	1.4%
	Total	61,432	69,445	8,013	1.2%

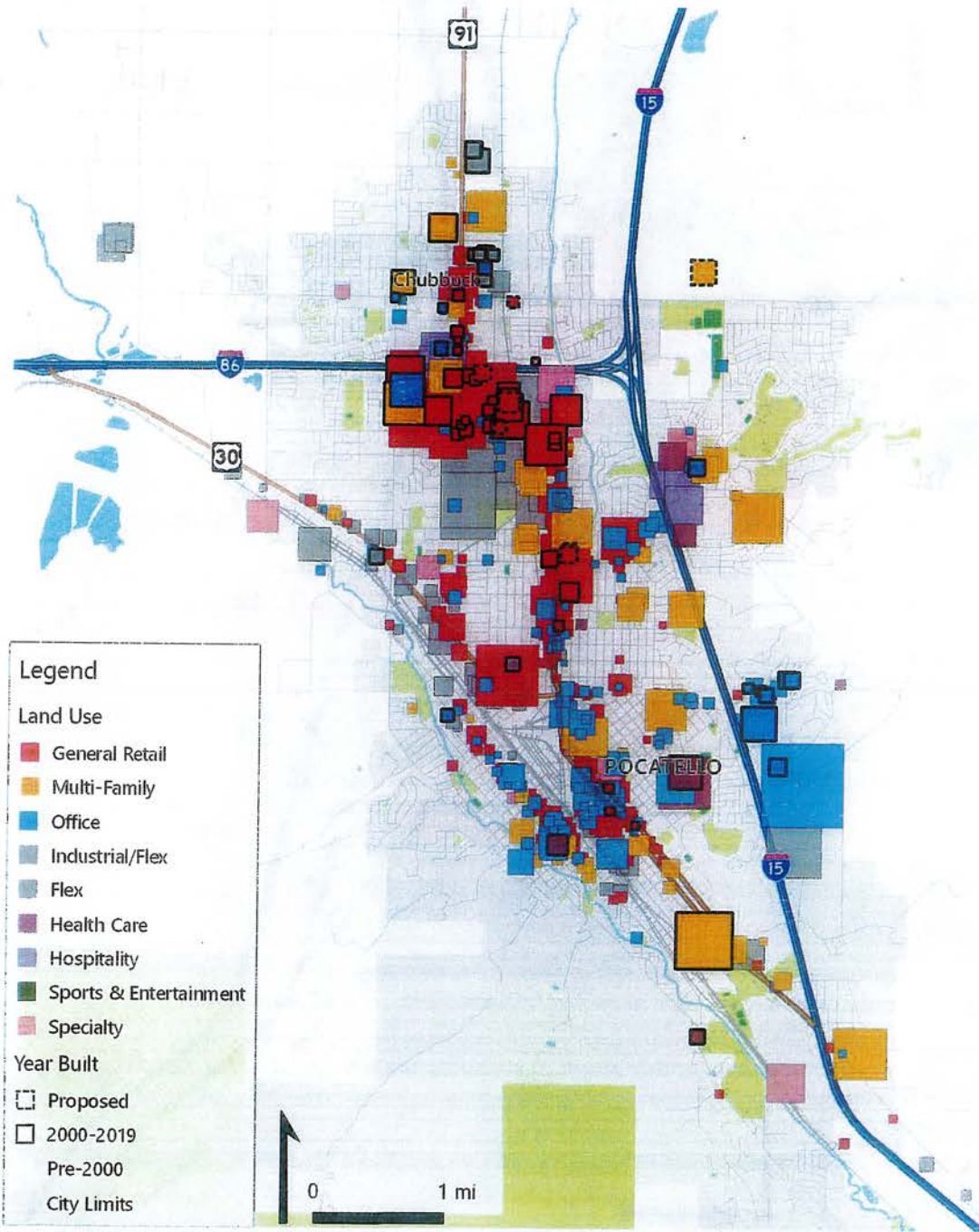
Source: Idaho Department of Labor and Leland Consulting Group

² Includes Bannock, Bear Lake, Bingham, Caribou, Franklin, Oneida and Power counties

REAL ESTATE CONDITIONS

This section focuses on existing real estate market conditions in the cities of Pocatello and Chubbuck, summarizing characteristics such as vacancies, absorption, development trends, and other national trends. The following map shows all land uses – except single-family residential – by square footage.

Development, Pocatello and Chubbuck Cities

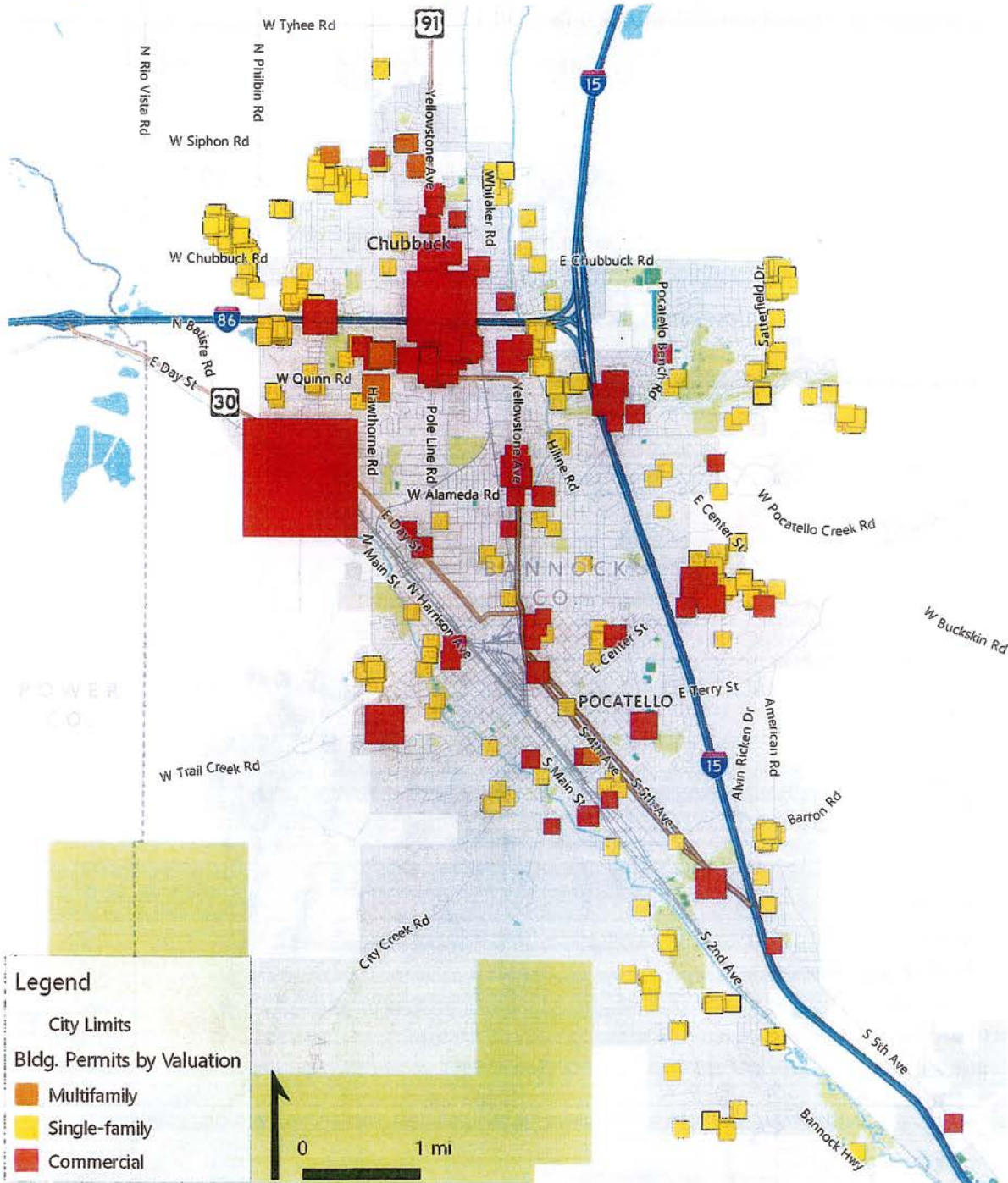


Source: CoStar and Leland Consulting Group

Pocatello Urban Renewal: Market Analysis

As the following map shows – which includes commercial and residential building permits by project value – momentum appears to be pushing north. Commercial permits are clustered around the Pine Ridge Mall and Portneuf Medical Center, and along Yellowstone Avenue. The highest-value permit was issued for the Great Western Malting Company expansion in west Pocatello on US-30.

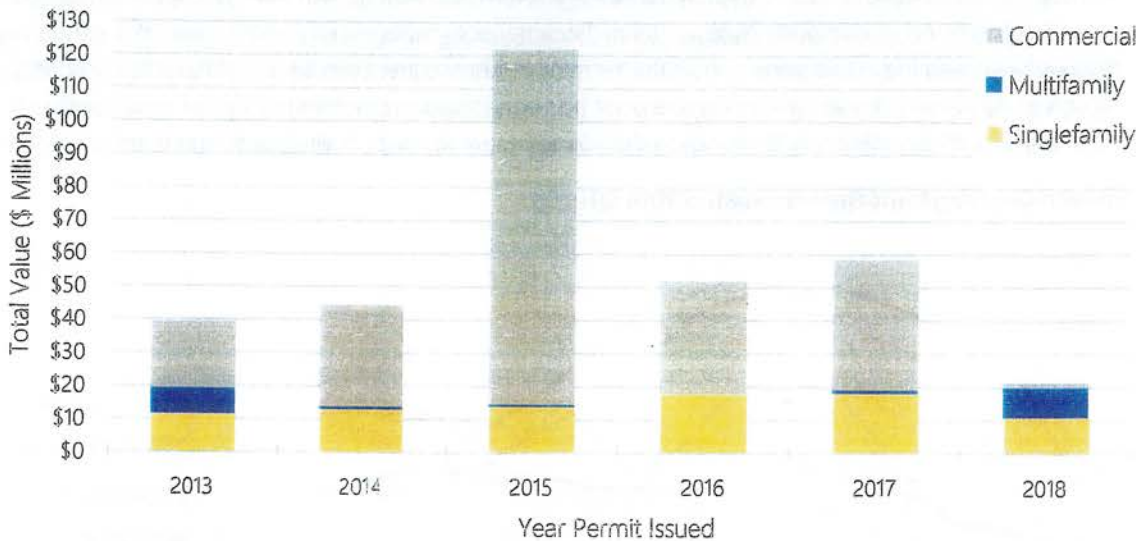
Building Permits Issued, New Construction by Total Value, 2013 to 2018 Q1



Source: Chubbuck and Pocatello Cities, TIGER, Leland Consulting Group

Over the past five years (2013 to 2018 Q1), there have been 747 permits issued for new construction of single-family detached residential units in the cities of Pocatello and Chubbuck, 59 permits issued for multifamily units (totaling over 330 units), and 103 permits issued for commercial development. However, as the following figure shows, while more permits have been issued for single-family residential development, significantly more commercial square footage has been permitted in the Pocatello-Chubbuck area in recent years, particularly in 2015 (project value is directly correlated with the size of the project).

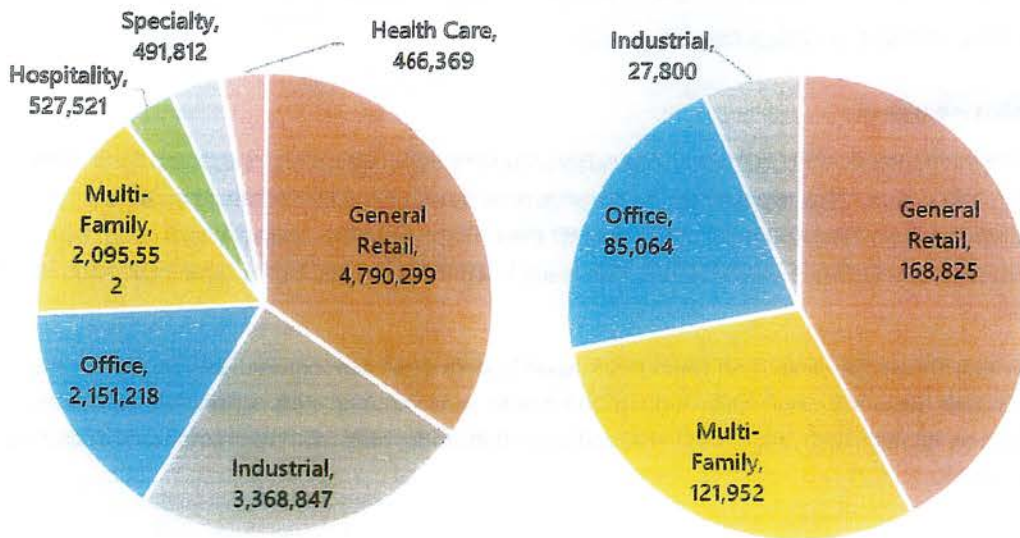
Permits Issued by Project Value and Land Use, Pocatello and Chubbuck, 2013 to 2018 Q1



Source: Pocatello and Chubbuck Cities and Leland Consulting Group

Excluding institutional single-family residential land uses, the Pocatello-Chubbuck area is dominated by retail and industrial development. Recently, retail and multifamily has been the predominant land use.

Land Use Mix by Square Feet, All Years (left), Built Since 2010 (right)

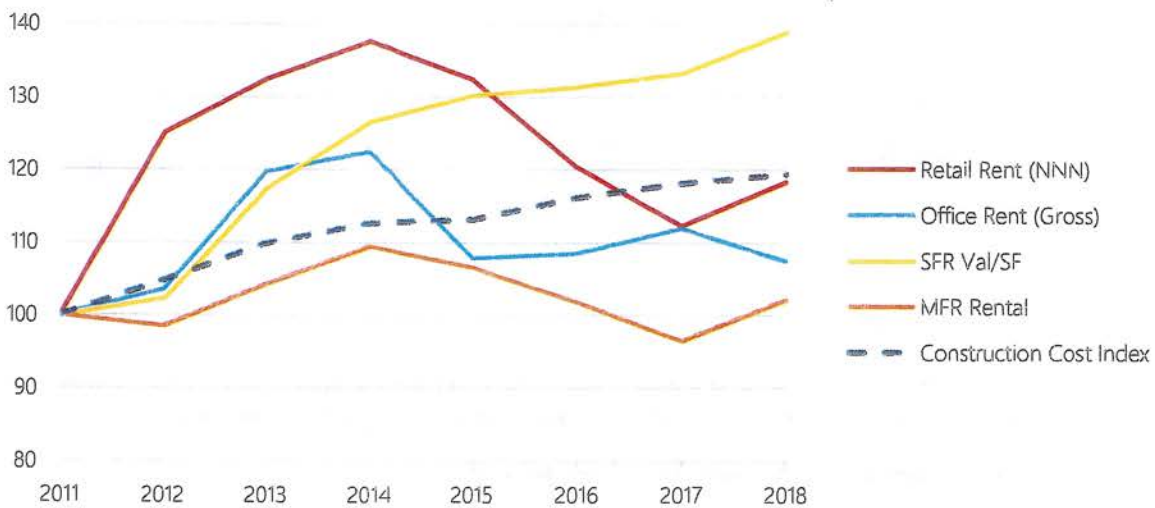


Source: CoStar and Leland Consulting Group

One of the main challenges for new construction post-recession has been rapidly increasing construction costs. Rents in major metropolitan areas have generally increased at a similar pace, but in smaller cities and more rural areas rents are typically not high enough for new construction to be feasible.

The following figure shows commercial and multifamily rent growth and single-family values indexed to 2011 numbers. Single-family home values per square foot appear to be the only land use where growth has outpaced construction cost growth (which is likely to be a conservative estimate). Rent growth is also out-of-sorts with typical trends. Post-recession, economies have tended to recover on the back of multifamily growth. In the Pocatello-Chubbuck area – where multifamily has seen little rent growth – this does not appear to be the case. Retail rents increased rapidly post-recession (likely because rents experienced a sheer drop off during the recession) but have been in decline since 2014. With the retail industry currently in a state of flux and disruption, rents are unlikely to increase significantly – especially for traditional auto-oriented big box retail construction. With that said, many retail tenants are now more willing to pay more for high-quality space and prime locations.

Construction Cost and Rent Growth, 2011 to 2018 Q1



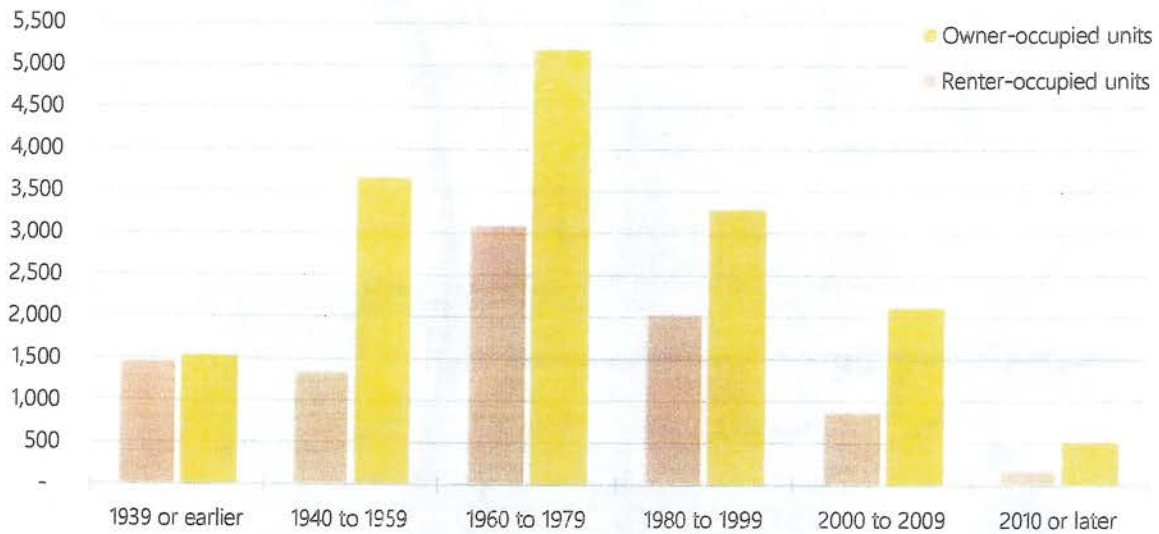
Source: CoStar, Zillow, RSMMeans, and Leland Consulting Group

Residential Market

The housing market in the Pocatello and Chubbuck area is currently very tight. According to an Idaho State Journal article in February of 2018, the average home in the area is on the market for less than 60 days before closing, and while it typically has about 430 homes for sale, less than 100 homes were available as of February 2018 – many of which were priced over \$250,000. The result is a difficult market for first-time buyers and lower income families.

Approximately one-third of Pocatello and Chubbuck’s housing units were built between 1960 and 1979, and only 15 percent of all units have been built since 2000, suggesting an older housing stock – especially with rental units (more likely to be multifamily than owner-occupied units). In short, older neighborhoods contain a greater proportion of renters.

Tenure of Occupied Housing Units by Year Built, 2016

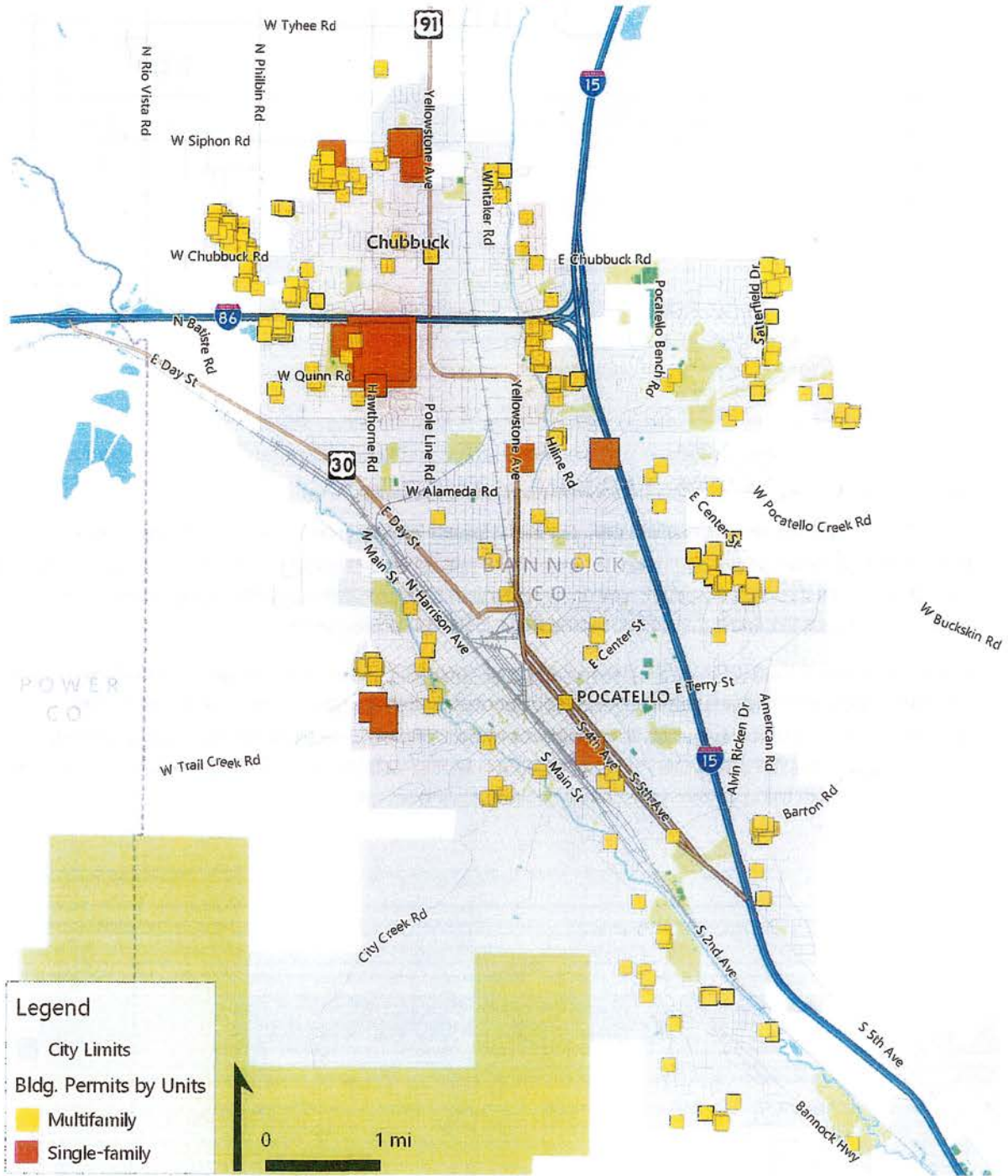


Source: American Community Survey 5-Year Estimates and Leland Consulting Group

The following map shows residential building permits issued for the last five years. Clustering of single-family permits indicate new subdivision locations. Large new subdivisions are getting built out in west and northwest Chubbuck and east and throughout north Pocatello. A handful of smaller subdivisions are getting built in southeast and west Pocatello. Most multifamily permits have been fourplexes.

As noted already, from 2013 to 2018 Q1 there were 747 permits issued for new construction of single-family detached residential units in the cities of Pocatello and Chubbuck and 59 permits issued for multifamily units (totaling about 330 units). Annually, this equates to approximately 130 single-family homes and 42 multifamily units (includes all buildings with two or more units). According to MLS data, approximately 60 to 70 new single-family homes were sold in the last year in the Pocatello-Chubbuck area.

Residential Building Permits Issued, New Construction by Number of Units, 2013 to 2018 Q1

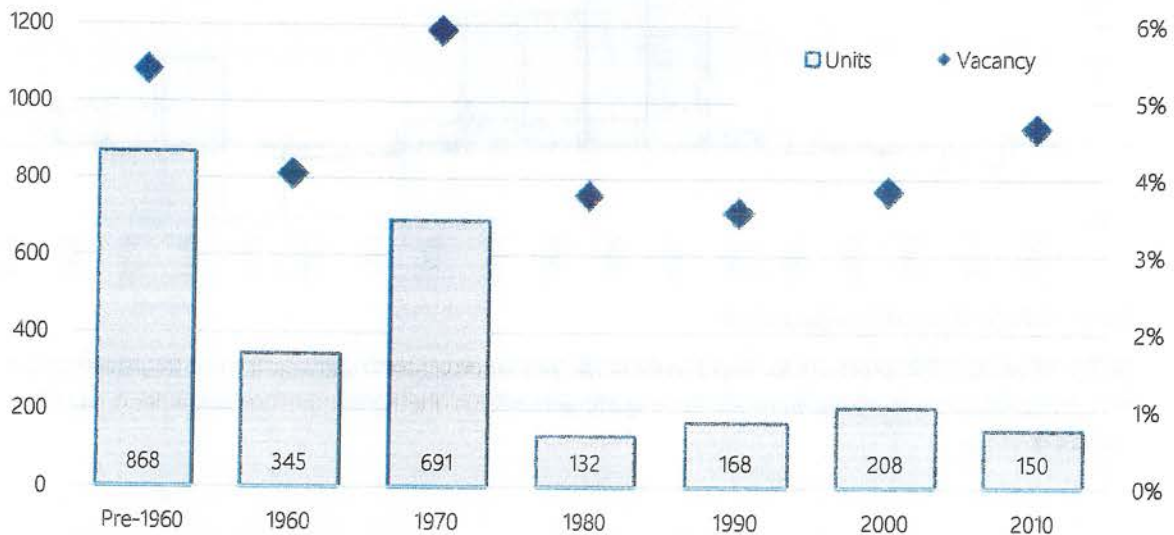


Source: Chubbuck and Pocatello Cities, TIGER, Leland Consulting Group

Multifamily Market Supply

While most of Pocatello and Chubbuck's existing multifamily (typically buildings with four or more units) residential stock is older (built pre-1980), the vacancy rates indicate a relatively tight market for multifamily apartments, as shown in the following figure. Overall, a vacancy rate of five percent suggests a market in equilibrium, yet for units built after 1980 the vacancy rate is significantly lower, suggesting existing demand. It is feasible that there is pent-up demand in the region for additional housing.

Multifamily Units by Year Built and Vacancy, Pocatello and Chubbuck Cities



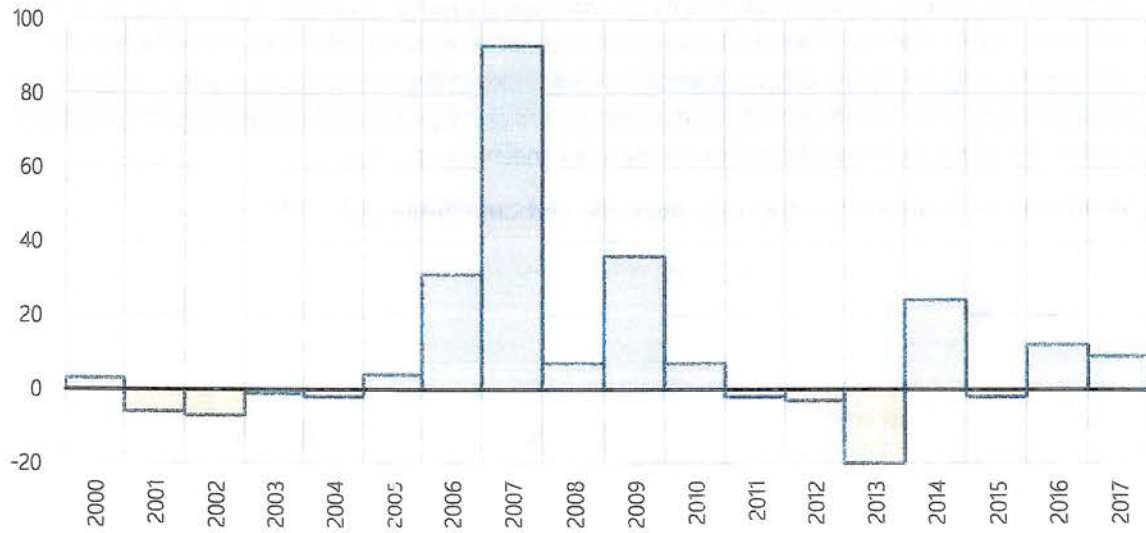
Source: CoStar and Leland Consulting Group

This assumption of pent-up demand is supported by net positive absorption of multifamily units over the past two decades. Absorption is the amount of space or units leased within a market or submarket over a given period of time (usually one year). Absorption considers both construction of new space and demolition or removal from the market of existing space. It represents the demand over a specified period, contrasted with supply.

When supply is less than demand, vacancy decreases, and absorption is positive. When supply is greater than demand, vacancy increases, and absorption is negative. A negative absorption can reflect changes in the marketplace, such as a sudden lack of jobs due to a company closing.

Absorption was positive, on average, despite the addition of three multifamily projects increasing multifamily supply by 11 percent (54 new units in 2006, 106 in 2007, and 48 in 2009). Over the past decade, net absorption averaged 16 multifamily units per year of net absorption, showing a tightening market and decreasing vacancy rate.

Multifamily Net Unit Absorption, Pocatello and Chubbuck Cities, 2000 to 2017



Source: CoStar and Leland Consulting Group

As the following table shows, there are no multifamily properties currently renting for over \$1.00 per square foot. While there are few notable trends in the existing inventory, the highest renting properties tend to be student housing.

Multifamily Properties with 20+ Units, Pocatello-Chubbuck Area, 2018

Bldg. Name	City	# of Units	Year Built	# of Stories	Rent PSF	Rent Type
Kirkwood Meadows	Pocatello	200	1972	2	\$0.74	Market
Hawthorne Gardens	Chubbuck	150	2014	3	\$0.86	Market
Pine Ridge Apts.	Chubbuck	144	1976	2	\$0.89	Market
Pocatello Heights Apts.	Pocatello	116	1967	2	\$0.55	Market
Bengal Creek Ridge Apts.	Pocatello	106	2007	2	\$0.87	Student
Diamond Court	Chubbuck	96	1998	2	\$0.58	Market/Affordable
Grove Apts.	Pocatello	96	1975	2	\$0.54	Market
Yellowstone Townhouse Apts.	Pocatello	94		2	\$0.53	Market
St Anthony Place Apts.	Pocatello	88	1985	3		Affordable/Senior
Christensen Courts	Pocatello	74		3		Affordable
Village Apts.	Pocatello	68	1975	2	\$0.56	Market
McKinley Manor	Pocatello	56		2		Affordable
Avalon Park Apts.	Pocatello	54	2006	2	\$0.69	Affordable
Brentwood Manor	Pocatello	50	1930	4	\$0.51	Market
1002-1022 E Poplar St	Pocatello	50		2		Market
Cardona Senior Apts.	Pocatello	48	2009	2	\$0.42	Affordable/Senior
Fargo Apts.	Pocatello	44	1915	4	\$0.60	Market
Michael's Manor	Pocatello	39	1998	2	\$0.81	Market
Hillside Village Apts.	Pocatello	33	1999	2	\$0.97	Student
Cedar View Apts.	Pocatello	32	1988	2	\$0.64	Affordable
Executive Inns Apts.	Pocatello	26		2	\$0.48	Affordable
Zener Apts.	Pocatello	25		2	\$0.98	Market
Collegiate Inn	Pocatello	24	1973	3	\$0.84	Student
Casa Del Rio	Pocatello	24	1940	2	\$0.59	Market
Summit Apts.	Pocatello	24	1978	3	\$0.70	Market
1070 McKinley Ave	Pocatello	20		2		Market

Source: CoStar and Leland Consulting Group

Single-Family Market Summary

The average number of days on the market for a home to sell has been decreasing for the last several years, likely due to lower housing inventory and a stronger demand for housing in the Pocatello-Chubbuck area. There is particularly strong demand for houses priced from \$100,000 to \$150,000. In the first quarter of 2018, 218 homes were sold in Bannock County, with an average of only 81 days on the market. Of those 218 homes, 70 were priced between \$100,000 and \$150,000 and were sold within 70 days, on average.

Townhomes and twin homes, two traditional “missing middle” housing types³ in the area have been even quicker to sell. From after the recession to 2016 Q1, these housing types were spending between 120 and 160 days on the market before selling; over the past two years they have sold within 60 to 70 days, further indicative of the demand for affordable housing types that meet the demand for walkable urban living.

³ Missing middle is a range of multiunit or clustered housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living.

Selected Single-Family Dwelling Sale Characteristics, 2008 to 2017

Year	Days on Market	Total Homes Listed	Total Homes Sold	Percent of Homes Sold	Median Home Price	Percent of Asking Price
2008	109	1,988	990	50%	\$135,900	98.4%
2009	123	2,010	844	42%	\$127,650	95.4%
2010	124	1,627	721	44%	\$125,000	96.3%
2011	130	1,001	681	68%	\$113,500	96.4%
2012	135	1,011	746	74%	\$124,000	97.2%
2013	118	1,508	889	59%	\$133,700	97.6%
2014	119	1,742	915	53%	\$132,900	97.8%
2015	109	1,280	1,054	82%	\$136,000	97.8%
2016	94	1,429	1,080	76%	\$138,000	98.5%
2017	81	1,321	1,144	87%	\$145,000	98.7%
2018 Q1	85	274	213	78%	\$150,000	99.0%

Source: Greater Pocatello Association of Realtors MLS Data and Leland Consulting Group

The ratio of homes sold to homes listed has been rapidly rising since the recession, to the extent that if the current trend continued, 100 percent of homes listed would be expected to be sold by 2021. This indicates a need to increase the supply of homes through new construction.

Currently, only about five to six percent (in 2017 numbers) of all annual home sales are for new construction (60 to 70 homes). Assuming most of the 150 single-family and 35 multiplex permits were built, this would still reflect approximately 15 to 20 percent of total home sales.

Absorption Rate. The absorption rate is the rate at which homes sell over a given period of time. An absorption rate above 20 percent is generally associated with a seller's market, meaning that homes are selling fast. An absorption rate below 15 percent is generally associated with a buyer's market, meaning that homes are selling relatively slowly.

The Pocatello-Chubbuck area's absorption rate is well above the 20 percent threshold which indicates a seller's market. While home listings have remained relatively equal over the past decade, an increasing number of homes have been sold. This suggests a tightening of the market and a need to increase the housing inventory.

Planned and Proposed Projects

Single-family residential continues to develop in the area through small-to-medium sized subdivisions – currently 19 in Pocatello and four in Chubbuck. There are no additional significant planned or proposed multifamily projects, other than a handful of multiplex projects (duplex, triplex, etc.).

Market Trends

The recession had a profound and lasting effect on the housing market, and while the recovery is now well underway, more people are renting than ever before. For many people, financial barriers such as rising student debts, access to credit, and cumbersome down payments have forced them to rent. For many others, the choice to rent is simply a choice. Indeed, it is well established that the two most populous generations – the

Baby Boomers (ages 54 to 72) and Millennials (ages 22 to 37) – are currently the primary drivers of demand for residential units in walkable, urban locations that offer flexibility and a range of amenities.

As Baby Boomers reach retirement age and see the last of their children leave home, they are increasingly attracted to smaller move-down or “lock-and-leave” housing which requires less maintenance and affords more flexibility. As such, age-restricted and senior multifamily housing has risen near the top of the list for best investment choices (per the ULI’s Emerging Trends in Real Estate report for 2018).

For Millennials, the situation is more nuanced and difficult to forecast. The common rhetoric for many years was that Millennials desire urban living and will continue to reside in urban cities because of financial conditions and choice. However, while demand for urban rental apartments has remained high among Millennials, they are increasingly forming households and having children, looking at select suburbs and secondary markets because of the quality of life, lower cost, and space and yard availability. Indeed, 70 percent of Millennials expect to be homeowners by 2020, even though only 26 percent own today (per the ULI’s Gen Y and Housing report). With that said, generational trends associated with the next emerging generation – Gen Z (ages 21 and below) – is relatively unknown.

Other reports have recently documented important trends in housing. Findings include:

- Cost of housing, neighborhood safety, proximity to work, K-12 school quality, and community character, ambience, and visual appeal were the top five critical community features for survey respondents.⁴
- Urban setting, proximity to shopping, dining and entertainment, walkability, and availability of mass transit are also important – but not critical – features in a community.⁵
- The more walkable the community, the more satisfied residents are with their quality of life.⁶
- Access to public transportation is much more important to those earning under \$50,000 per year, while walkability is also more important to those with lower incomes.⁷
- Sixty percent of residents would spend at least a little more for a house in a walkable community.⁸
- Four-in-10 people prefer a walkable community and short commute. Millennials, in particular, are swayed by a shorter commute.⁹

Talk of generational shifts, however, sometimes misses the point. Ultimately, people are waiting longer to make significant life choices, such as buying a home or having children, and quality of place has emerged as a primary desire for almost all prospective residents across all demographic groups. Quality of place is simply the combination of components that make any given place enjoyable to live, such as availability of and access to good schools, parks, quality health care, transit, shops, entertainment, and cultural amenities.

⁴ Urban Land Institute (ULI), Gen Y and Housing: What They Want and Where They Want it, 2015

⁵ Ibid.

⁶ National Association of Realtors (NAR), National Community and Transportation Preference Survey, 2017

⁷ Ibid.

⁸ Ibid.

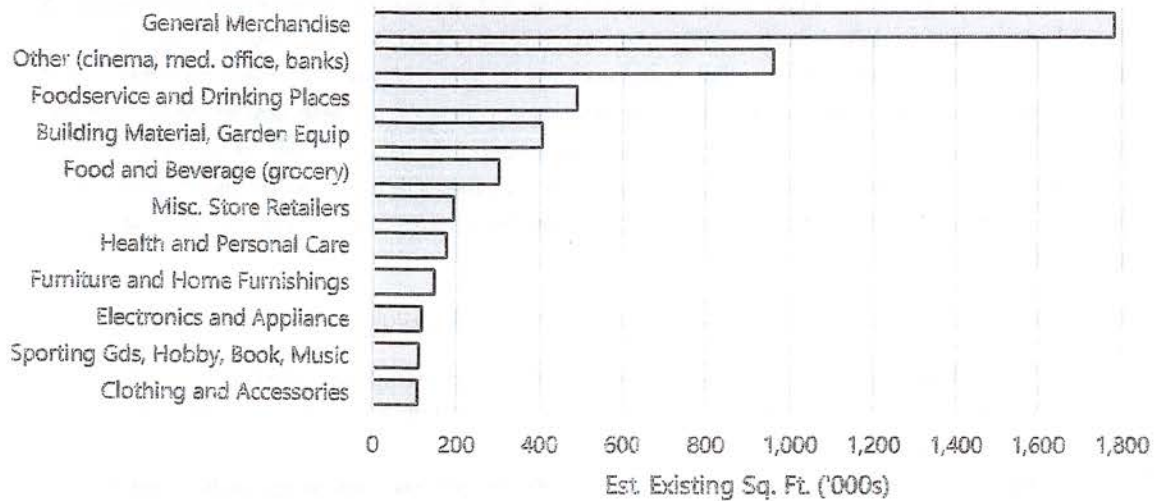
⁹ Ibid.

Retail Market

Market Summary

Regionally, retail is concentrated in Pocatello and Chubbuck. General merchandise is by far the predominant retail category (by total square footage). This is likely due to the Walmart and other big box stores in the area.

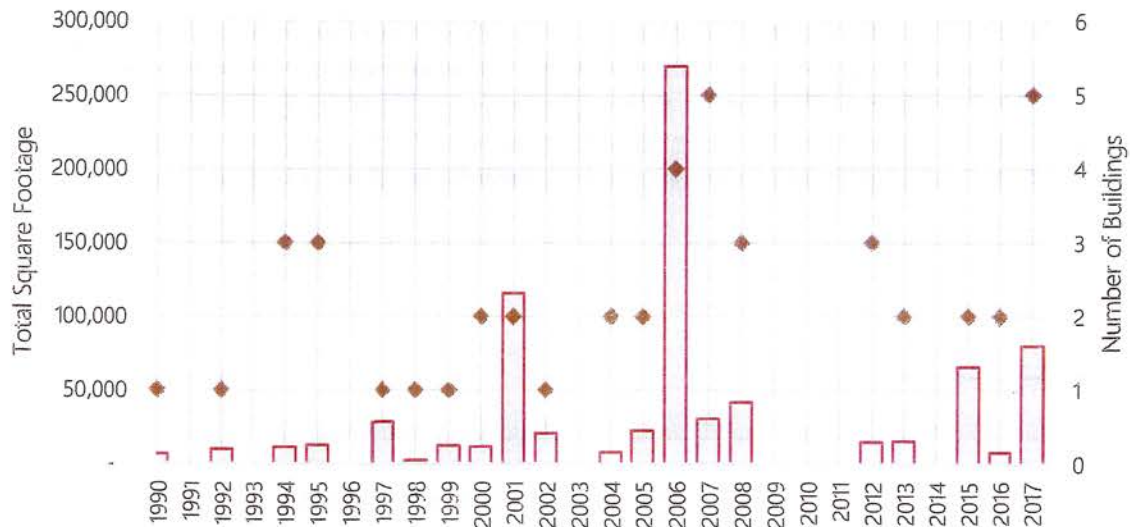
Estimated Existing Square Footage Per Retail Category, 2018



Source: ESRI and Leland Consulting Group

Of the total four million square footage existing in the Pocatello-Chubbuck area, about seven percent was built in 2006 and three percent in 2001. Most retail was built pre-1990. A number of large stores were built in 2017, such as PetSmart. For the most part, retail development has been auto-oriented.

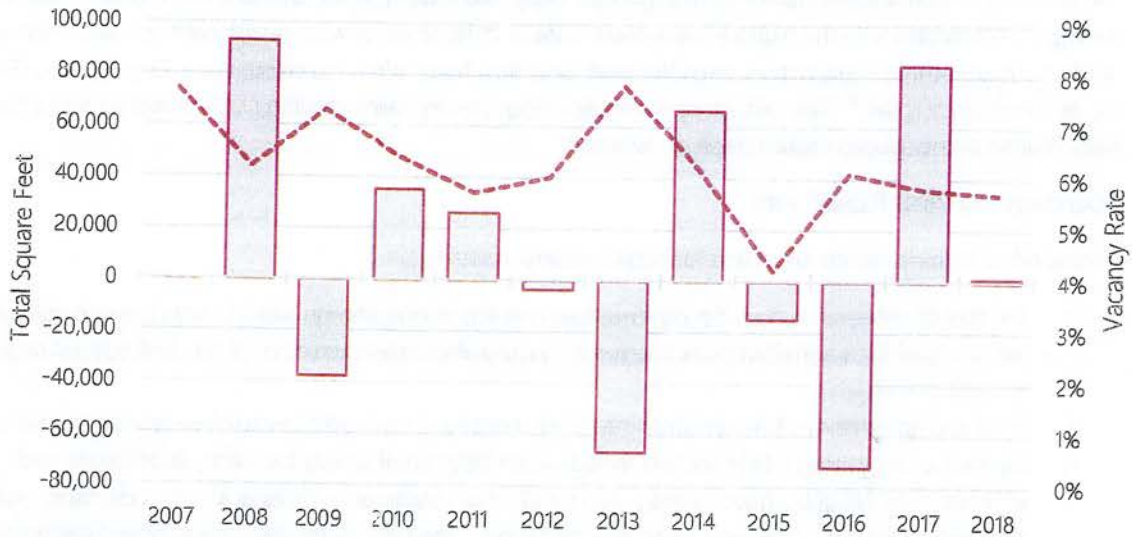
Retail Deliveries, 1990 to 2017



Source: CoStar and Leland Consulting Group

Retail vacancy rates have been gradually improving over the past decade. In fact, vacancies did not appear to be greatly impacted by the recession like many other cities and towns. Net absorption, on the other hand, has been inconsistent, but has totaled 111,000 net square feet of retail space over the past decade.

Retail Net Absorption (Square Feet) and Vacancy Rate, 2007 to 2017



Source: CoStar and Leland Consulting Group

Planned and Proposed Projects

Several retail projects are proposed in the Chubbuck/north Pocatello area. The seven projects total approximately 82,854 square feet. None of these projects are likely to be comparable projects for the Northgate development as they are auto-oriented, low-density pad sites and strip centers. With that said, asking rents start at \$17.50 and increase to \$28.00 per square foot triple-net, which are \$5.00 to \$16.00 per square more than current average retail rents.

It is potentially unlikely that many of these projects will go ahead. Absorption of new retail space in the Pocatello-Chubbuck area has been slow over the past decade (totaling 111,000 square feet during this period). With approximately 83,000 square feet of new retail planned, it is unlikely the current market could support this space within the next two years.

Market Trends

Generally, the retail industry is in an unprecedented state of disruption and transition, impacted by the growth of ecommerce (internet sales), declining traditional brick and mortar store sales, consolidation of major retail chain stores, and the overall decline in overall demand for new retail space (outside of a downtown or walkable urban environment).

The Rise of Ecommerce. Between 2001 and 2015, total online retail sales grew at a 21.8 percent annual growth rate and accounted for 22 percent of total retail sales growth. During the same period, brick and mortar stores grew at only 3.7 percent annually, decreasing their share of the total retail market from 98 percent to 89 percent. While still only a small total market share, estimates indicate that up to 20 percent of total U.S. sales will be attributed to ecommerce by 2019.

The rise of online retail has also had a major impact on the way retailers are doing business. As more people turn to the internet to do their shopping, traditional brick and mortar stores are altering their store formats and incorporating an online platform into their business concepts. Omnichannel retail strategies, where a retailer operates through both physical locations and online sales, have been a necessity in today's market.

The list of top online retailers reinforces this point as many also have a significant brick and mortar presence. Of the top 25 companies with the highest online retail sales in 2016, 18 were more traditional brick-and-mortar retailers. These include companies such as Walmart, Best Buy, Macy's Inc., Nordstrom Inc., Target Corp., Gap Inc. and Neiman Marcus.¹⁰ That said, Amazon remains king among online retailers, with almost six times the sales volume of the second ranked retailer – Walmart.

Downtown and Other Retail Trends

Several other national trends impacting the retail industry are as follow:

- The role of entertainment in driving downtown retail is strong and growing. Many cities are pursuing the potential for entertainment as anchor projects, particularly in the form of arts and cultural facilities, for their downtowns.
- Food and entertainment retail remain strong and expect continued growth, often serving as anchors.
- Expanding or growing retail concepts include fresh fast/casual dining, local arts, and lifestyle and wellness retail. Neighborhood grocery-anchored retail continues to experience good demand growth and falling vacancies. However, these may be facing some underlying risks due to over-retailing and tenant competition as developers seek "safe plays" against ecommerce.
- Contracting or declining retail concepts include fast food, dollar stores, and commodity retail.
- Downtowns with large resident populations that choose to shop locally have the best chance of retaining independent retailers.
- In some cities, universities are becoming active in helping their host cities enhance the urban experience by transforming underutilized properties and boosting local business with a stronger downtown presence.
- The most successful and resilient retail establishments will be in more mature market areas (i.e., cities versus new suburbs).
- Lifestyle centers are replacing malls by attempting to create a sense of community, and focus on food, entertainment, music, books, and home goods.
- National trends toward compact, urban living, with less car dependence will facilitate increased downtown retail spending.

Employment Market

Employment growth is an important driver of housing demand, especially in smaller cities and isolated geographies where there are few nearby employment centers. Pocatello's employment market is centered around the Portneuf Medical Center, Idaho State University, and the FBI. This is unique from other regional employment centers such as Idaho Falls where the Idaho National Laboratory is located.

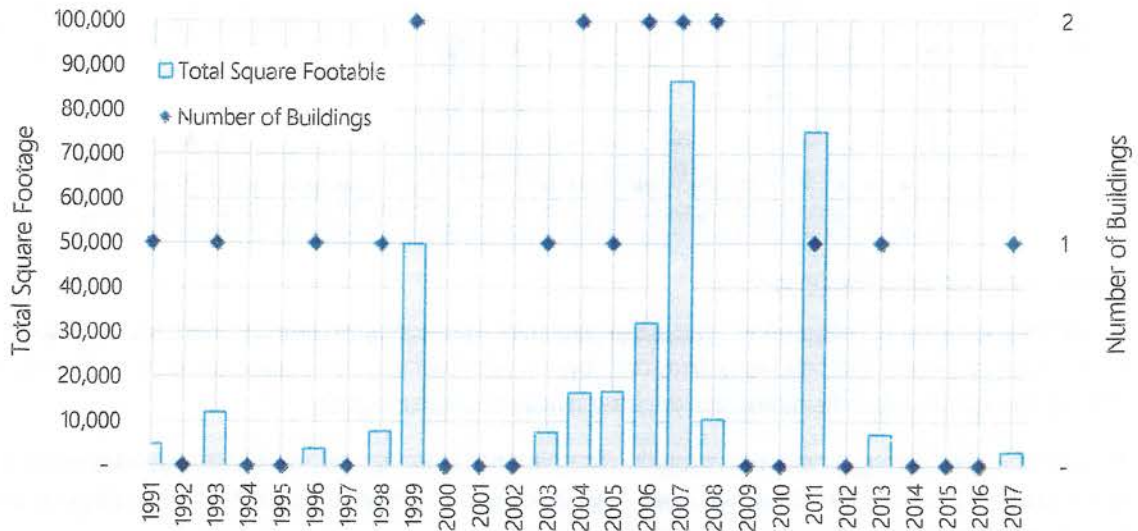
¹⁰ www.wwd.com/business-news/financial/amazon-walmart-top-ecommerce-retailers-10383750/

Discussion of the employment market includes office and industrial. More rural industries such as natural resource extraction and agriculture are typically excluded from these discussions as they have significantly fewer demands for physical office and industrial space.

Market Summary

There has been little office development in the Pocatello-Chubbuck area since the recession. Only one significant office building was built – the 75,000-square-foot Allstate Call Center in Chubbuck.

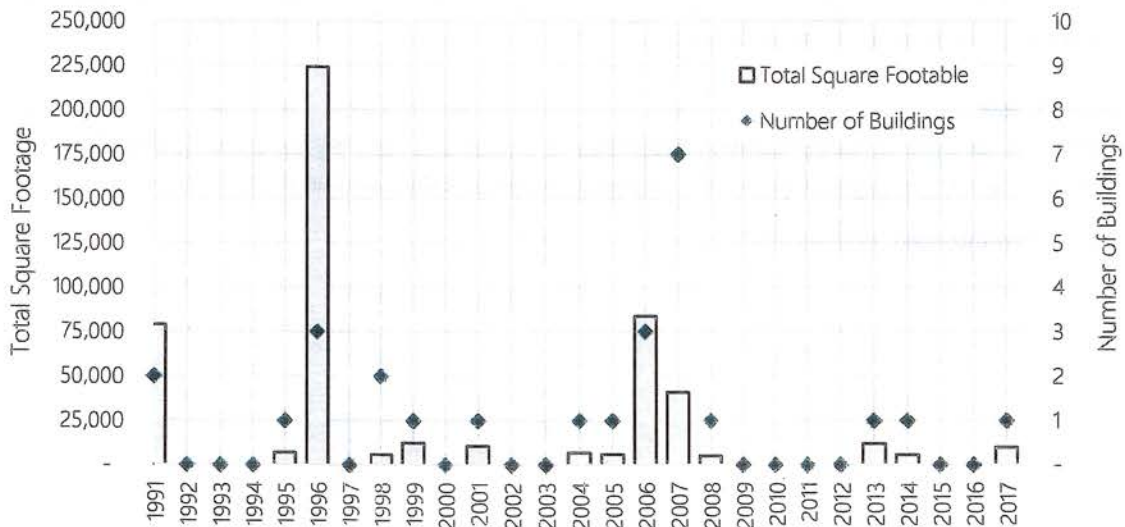
Office Development, 1990 to 2017



Source: CoStar and Leland Consulting Group

Similarly, industrial development has been sparse. There was only one significant year of industrial development in the last 25 years, of which the 209,000-square-foot William M. and Karin A. Eames Advanced Technical Education and Innovations Complex (an Idaho State University campus facility formerly known as the Research and Innovation in Science and Engineering, or RISE, Complex) was mostly responsible. Industrial includes flex space and makerspace.

Industrial Development, 1990 to 2017

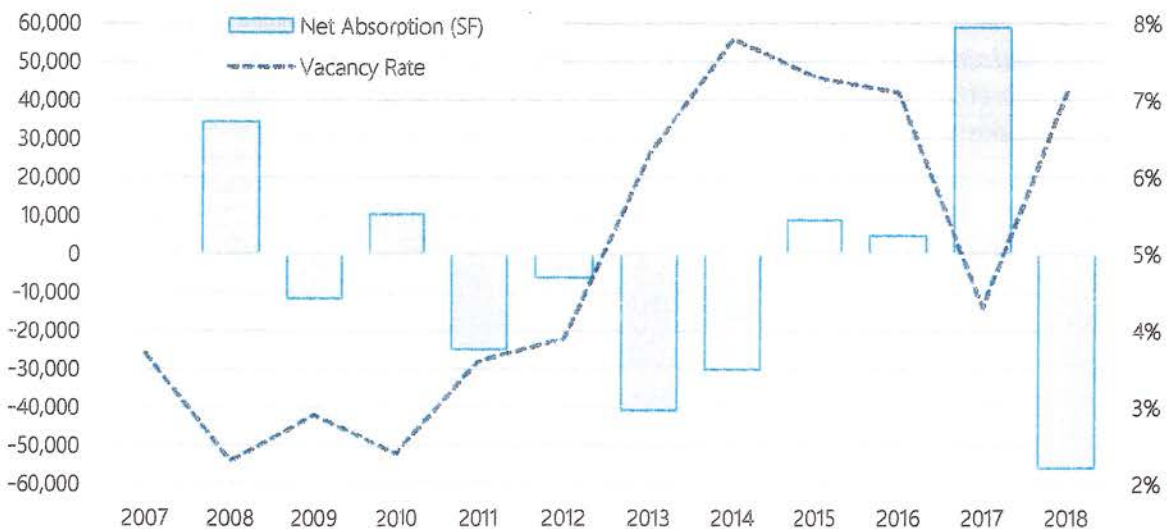


Source: CoStar and Leland Consulting Group

For existing buildings, net absorption is the measure of total square feet occupied (indicated as a Move-In) less the total space vacated (indicated as a Move-Out) over a given period of time. Lease renewals are not factored into net absorption unless the renewal includes the leasing of additional space.

For the Pocatello-Chubbuck area, net absorption for office has been relatively even. Negative absorption (i.e., space vacated combined with some new office space coming online) in 2013 and 2014 increased the vacancy rate. Despite the uptick, vacancy remains relatively low.

Office Net Absorption and Vacancy, 2007 to 2018 Q1



Source: CoStar and Leland Consulting Group

Of the 20 lease comps over the past three years, only one is over \$20 per square foot. Most office spaces rent for between \$10 and \$15 (gross) per square foot. These average rents are generally too low for new

construction to be financially feasible. However, there has been very little new office construction in the region over the past two decades, and absolutely no new Class A office construction. Given the scale and quality (most likely Class A) of the office development proposed in Northgate, there is a lack of adequate comparable rents on which to make significant conclusions about what rents may be achievable in Northgate.

Planned and Proposed Projects

No significant office projects are planned or proposed in the area. However, some office components are expected to be included in the planned Bingham Health Care Medical Campus in Chubbuck. The Campus is set to open in 2019 and is located on an undeveloped 20-acre lot in central Chubbuck along Knudsen Boulevard. The Bingham Health Care Medical Campus will directly compete with the Portneuf Medical Center currently existing in Pocatello, as well as the future development planned in the Northgate area.

In contrast, the Idaho Falls market continues to build high-quality office space, most recently at Snake River Landing, a 450-acre mixed-use development along I-15 and the Snake River. Snake River Landing includes 300,000 square feet of Class A office space with another 300,000 expected in the coming decade. Office development in Idaho Falls revolves around the Idaho National Laboratory (INL), which is transforming Idaho Falls into a center for spinoff technology companies. Continued and successful development in and near Idaho Falls is likely to restrict the absorption of significant new development for the Northgate project. Residential development has been slow to materialize but plans for single-family and multifamily development are in the pipeline, which will likely target young professionals working at Snake River Landing, INL, and Idaho Falls.

While significant construction projects are limited, there are several significant business expansions in the area (both recently completed and proposed) which will add many jobs:

- A 100,000-square-foot expansion of the FBI data center was recently completed. It is expected that the FBI will hire about 350 people in technical positions and 150 in administrative positions by the 2019 opening.
- Buchanan & Edwards, a national cyber security and data management company, is also planning an expansion. According to their website, "Buchanan & Edwards is looking to fill high tech jobs that pay \$80,000 to \$140,000 per year, which will have a major positive impact on our community's economy and talent base." It is expected that the expansion will include the hiring of 50 to 80 new employees. Idaho State University has formed a recruiting partnership with Buchanan & Edwards to help IT students land internships or permanent employment in computer science and software development.
- Amy's Kitchen, a Petaluma-based frozen food production facility, has plans to hire 1,000 total employees. As of December 2017, the company was estimated to have 700 employees.
- Great Western Malting Company recently added 10 new jobs to their plant to an existing base of 35 employees.
- The Allstate Insurance Center currently employs about 480 people, but employment is projected to grow to 550 in the coming years.
- SME Steel currently employs 135 people, with projections for about 150 new jobs.
- Western States Cat currently employs about 110 people, with projections for 15 new jobs.

Other large employers in the area include ON Semiconductor (over 750 jobs), J.R. Simplot, Bannock County, Idaho State University, and Portneuf Medical Center.

Market Trends

Across the United States, traditional office development is increasingly considered obsolete in today's shifting market. Tenant preferences are swinging toward mixed-use, walkable, live-work-play environments, as companies find it is tougher to recruit the emerging Millennial workforce to sterile, single-use buildings and in auto-dependent neighborhoods. There are many parallels with retail, here, although the office market is impacted more by location preferences and workplace trends than emerging technologies.

Location Preferences. While people once followed the jobs, corporations and professional firms are now following people back to the city. These companies have increasingly seen prospective employees choosing to live, work, and play in more interesting – often urban – locations, and now they have realized that attracting these employees requires them to be in these places too. As such, authenticity of place has become a sought-after commodity. Companies and workers now look for the genuine, the idiosyncratic, the unique and, most importantly, a personality of place that matches their own. In fact, a recent Newmark study¹¹ identified a significant rent premium for office properties with transit access, dining operations, and open floor plates of around 50 percent higher than those with obsolescent characteristics.

For cities, this means the opportunity lies in attracting more investment and focusing on placemaking to make themselves the place where the best and brightest live, work and shop. This might require updating office and industrial areas to reflect the way we now do business and work day-to-day. And, as the finance, utility and even government sectors continue to consolidate, cities will need to backfill their buildings with new tenants to keep downtown an interesting and lively place.

For colleges and universities, the opportunity is drawing employers closer to their campuses in a way that will boost research funding, create jobs for graduates and consulting for faculty, and raise their overall visibility in the community. Institutions that do this creatively will also be able to tap new sources of financing for campus expansion. Investments in student housing will further boost the local experience.

Workplace Trends. General trends impacting the office work space include a steady decline in the amount of square feet per employee, the increase in standardized work spaces and non-dedicated (shared) office space with more amenities, more tolerance for telecommuting and collaborative work spaces, and a greater emphasis on higher space utilization, innovation, and productivity. Within the private sector, "creative" office environments are becoming ever more popular. Real estate investors are wondering whether the office sector is next in line for a painful shakeup, as tenants continue to use office space more efficiently.

The impact of tenants' push for greater space efficiency has created winners and losers within the office market. Fitting more employees into less space has enabled office tenants to sign smaller leases or afford higher-end space. This is a particularly compelling tradeoff in the current market, as tenants are increasingly relying on amenity-rich office environments to help recruit the highly skilled workers who are now in short supply.

There are several examples of large companies moving to new space use models in their office environment. For example, P&G allows many workers to work anywhere and has been moving to standardized non-dedicated space, increasing their office work station utilization rate from 60 to 90 percent, and HP is targeting 120 to 150 square feet per employment and 85 percent utilization with standardization and highly shared space.

¹¹ Newmark Grubb Knight Frank, 2015, "Suburban Office Obsolescence: Quantifying Challenges and Opportunities" [URL](#)

Innovation Districts. For the past 50 years, the landscape of innovation has been dominated by places like Silicon Valley – suburban corridors of spatially isolated corporate campuses, accessible only by car, with little emphasis on the quality of life or on integrating work, housing, and recreation.

A new complementary urban model is now emerging, giving rise to “innovation districts.” Innovation districts are the manifestation of mega-trends altering the location preferences of people and firms and, in the process, re-conceiving the very link between the economy, placemaking, and social networking. These districts are geographic areas where leading-edge anchor institutions and companies cluster and connect with start-ups, business incubators, and accelerators. They are also physically compact, transit-accessible, and technically-wired and offer mixed-use housing, office, and retail.

Innovation districts are still an early trend that, because of their multidimensional nature, has yet to receive a systematic analysis across the United States and other countries. Yet they have the unique potential during this pivotal post-recession period to spur productive, inclusive, and sustainable economic development.

GROWTH PROJECTIONS AND DEMAND FORECAST

The following table summarizes 10- and 20-year projections and estimated demand for both households (units) and employment development (square feet) for the Pocatello-Chubbuck area. It is important to note that these projection summaries are based purely on TAZ data. Employment projections cover *all* non-residential development, including retail, industrial, office, etc. In order to calculate absorption of different land uses, further calculations are necessary. This section, therefore, explores 20-year demand forecasts for residential, office, industrial, and retail development, and presents estimated capture rates and absorption for the Northgate development.

Household, Commercial and Employment Demand Summary, Pocatello-Chubbuck Area, 2018 to 2038

		Projections				
	2018 est.	2018-2038 projected annual growth rate	2028	2038	10-yr Growth Total	20-yr Growth Total
Households	31,196	1.03%	34,658	38,272	3,462	7,076
Approximate Residential Unit Demand (units)					3,670	7,500
Employment	32,014	0.91%	35,050	38,373	3,036	6,359
Approximate Commercial & Employment Space Demand*					1.1 million Sq. Ft.	2.2 million Sq. Ft.

Source: Bannock County TAZ data and Leland Consulting Group

*Assumes 350 square feet per employee.

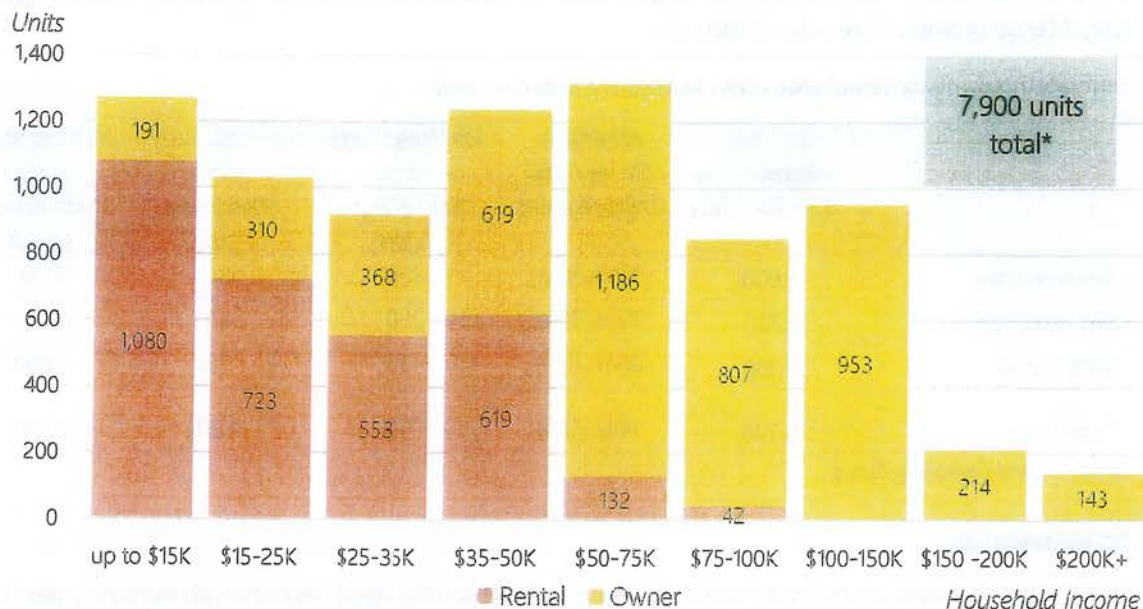
Residential

Based on a 1.03 percent annual household growth rate (average rate based on regional forecasts from both local area TAZ projections and State of Idaho regional projections for southeastern Idaho), we project total demand in the Pocatello-Chubbuck area for 7,900 additional units over the next 20 years, or 395 annually. However, the 1,200 very low-income units (households earning less than \$15,000) are more likely to be public housing (e.g., Section 8). As this market analysis addresses *private* development, we therefore exclude these units from further discussion, revising the total unit count to 6,700 units over 20 years, or 335 annually.

While only around 220 new units (150 single-family and 65 multifamily units, which includes duplexes) have been built annually over the past five years, the residential market has been tightening for both multifamily and single-family, with decreasing vacancy rates among apartments and declining days-on-market and increasing sales prices for single-family for-sale housing. As such, an increase in annual unit deliveries to 335 is reasonable.

We anticipate tenure to continue at a 60/40 split between owner- to renter-occupied housing, with most rental demand for units affordable to households earning less than \$50,000 annually.

20-Year Residential Demand by Income, Pocatello-Chubbuck Area, 2018-2038



Source: Leland Consulting Group

*6,700 total units, excluding very low-income units

Considering the tightness of the local market and lack of significant new development, it is assumed that the Northgate development could capture a significant proportion of both new single-family and multifamily units. The capture rate and absorption of new apartments could be especially high as the proposed Northgate development would be one of the only dense, walkable, mixed-use areas in the region. Given the anticipated influx of medium- and high-income employees to the area due to local employment growth (e.g., the FBI, Allstate, Buchanan & Edwards, etc.), not to mention the growth of other regional employment centers (e.g., Snake River Landing, Idaho National Laboratory), it is reasonable to assume a high capture rate for the Northgate development.

The following table provides a summary of 20-year unit demand for single-family detached and attached and multifamily rental (apartments) for the Pocatello-Chubbuck area, and the estimated capture rates and unit absorption for the Northgate area.

For single-family detached and attached, we assume a capture rate of 10 to 30 percent. There are approximately 24 subdivisions currently in various stages of construction in Pocatello and Chubbuck, and approximately – by a rough estimate – 400 buildable single-family lots. If and when homes are constructed on these lots, there remains significant tracts of vacant land which may be subdivided at some later time. By these estimates, with approximately 215 permits being issued for detached and attached housing annually, there is only a two-year supply of buildable lots. New land will need to be subdivided.

For multifamily rental apartments, the equation seems more straightforward. There has been very little of this product built recently – only 350 units since 2006 (not including Rendezvous Hall student housing at Idaho State University, completed in 2007). If a similar trend continued, we could expect the Northgate area to absorb most new multifamily apartment development. However, we expect development to increase throughout the area as the economy continues to recover, rents increase, and high-income jobs come online. We also expect some of

the older rental properties to redevelop – and perhaps add units – and that some renters will prefer to live closer to downtown or near the Portneuf Medical Center or Idaho State University. As such, a maximum capture rate of 50 percent is anticipated, or 1,030 units.

Estimated Northgate Residential Development Capture Rates

	20-Year Market Area Unit Demand	Attainable Study Area Capture Rates	20-Year Study Area Absorption (low)	20-Year Study Area Absorption (med)	20-Year Study Area Absorption (high)
SFR Detached	2,900	10 to 30%	290	580	870
SFR Attached	1,700	15 to 30%	250	380	510
MFR Rental	2,100	20 to 50%	410	720	1,030
Total Units	6,700	14 to 36%	950	1,680	2,410

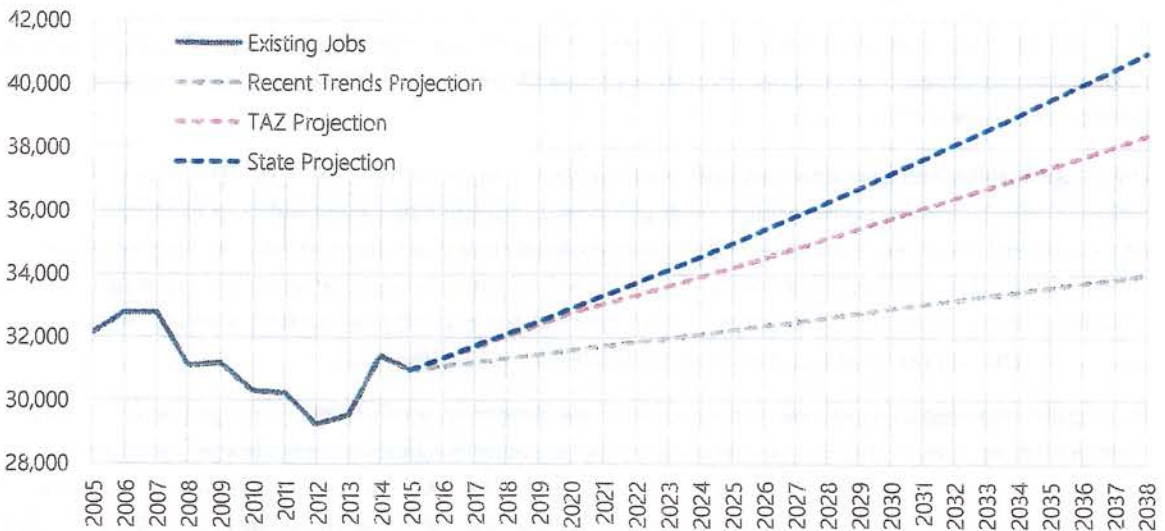
Source: Leland Consulting Group

Employment

Three projected employment growth rates are shown in the following figure: recent trends in employment using LEHD data from 2010 to 2015; State of Idaho projections for southeast Idaho, and local area TAZ projections from the Bannock Transportation Planning Organization (BTPO). The recent trends projection derived from LEHD data indicates significantly slower employment growth than the TAZ and State projections. This is largely because the recession had such a profound impact on the market and the Pocatello-Chubbuck area only began to recover and see positive employment growth after 2012.

The State and TAZ projections indicate employment growth of 7,100 to 9,700 jobs over the next 20 years in the Pocatello-Chubbuck area. The State projection applies to a broader region (southeast Idaho) and projects a higher growth rate.

Projected Employment Growth, Pocatello and Chubbuck Cities, 2015 to 2038



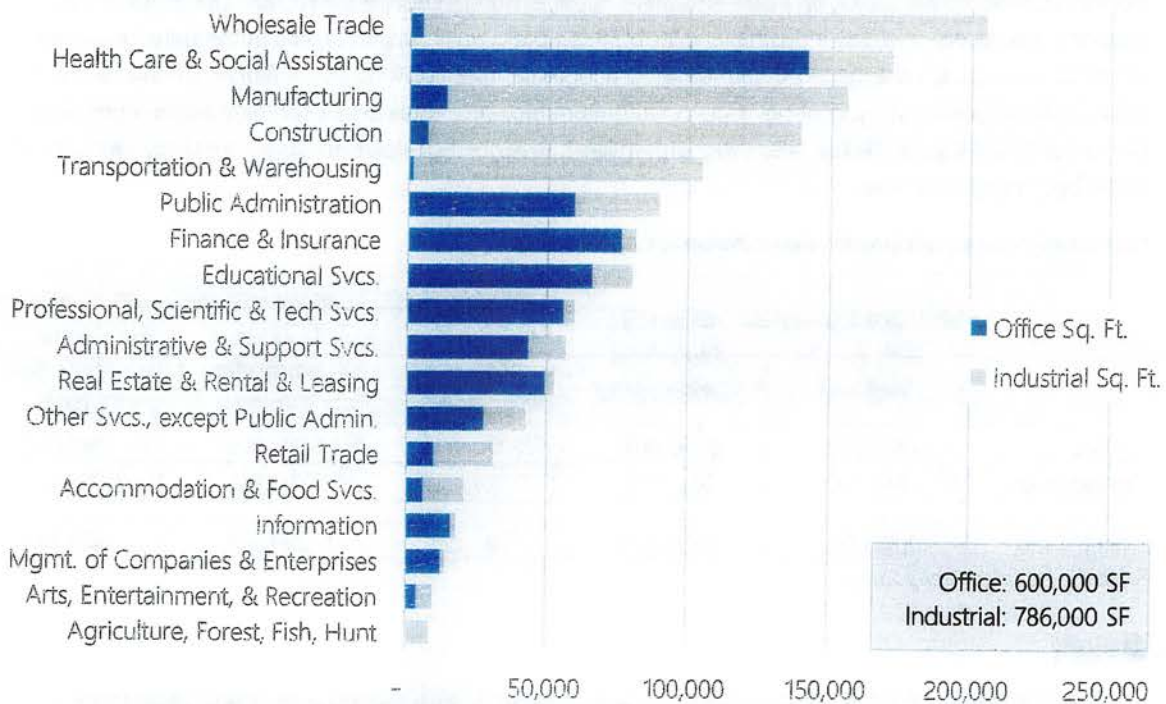
Source: LEHD, State of Idaho Demography Office, Bannock County, and Leland Consulting Group

Given the inconsistencies in various employment forecasts, we use an average of historic growth rates and local and regional projected rates to calculate demand for office and industrial development.

The following figure shows the 20-year demand for office and industrial space by total square feet. As office employment typically needs less square feet per employee, industrial users such as manufacturing and warehousing tenants may have greater space demands than an office user, despite experiencing slower employment growth.

- Jobs are projected to grow by approximately 8,700 jobs in the Pocatello–Chubbuck area over the next 20 years.
- The greatest office needs will be in the health care and social assistance industry, which is projected to grow at 1.5 percent over the next 20 years. Access to health care is an essential service for a growing population, particularly for areas with growing senior populations.
- Demand for industrial space is greatest in the industries of wholesale trade, construction, manufacturing, and transportation and warehousing. These industries have the greatest square footage needs per employee (typically 600 to 1,200 square feet per employee). As automation becomes more commonplace in these industries, the amount of square feet per employee will likely increase.

20-Year Employment Demand by Industry



Source: LEHD, State of Idaho, and Leland Consulting Group

Total demand for an additional 1.3 million square feet of office and employment space is estimated for the Pocatello–Chubbuck area over the next 20 years. Of this, approximately 14 to 26 percent may be captured within the Northgate area.

For office, it is reasonable to assume a higher capture rate of 25 to 40 percent. This is formulated on a 50 percent share of industries that typically demand high-quality office space, a low capture rate for industries that will likely prefer other locations, and competitive industries such as health care.

A new walkable mixed-use development will likely be attractive to white-collar tenants hoping to attract talent, and there are few large tracts of vacant commercial land left for significant office development within the Pocatello and Chubbuck city limits. Tenants in the industries of professional, scientific and technical services, finance and insurance, administrative and support services, real estate and rental and leasing, and other services are likely to be prime targets for new Class A and B office – the former of which is highly lacking in the area. Northgate’s capture rate of new development oriented toward the health care and social assistance industry – which is projected for the most employment gains over the next 20 years – will likely be significantly lower due to the existing Portneuf Medical Center and planned Bingham Health Care Medical Campus in Chubbuck. Office development supporting public administration and educational services is more likely to occur downtown and near Idaho State University where similar development already exists.

For industrial, the potential capture rate benefits from the available land in the Northgate development. However, traditional industrial land uses tend to locate on flat land near other industrial development, where there is existing intrastate with plenty of capacity and quality access to transportation. Adjacent residential uses also tend to discourage industrial users. The Northgate area satisfies very little of these criteria, so traditional industrial development is likely to locate elsewhere, such as the existing industrial park. Chubbuck is also exploring the development of a new industrial and/or business park, which appears to be better suited for industrial. As such, we anticipate the Northgate development to capture five to 15 percent of new demand. Light industrial uses, such as clothing, shoe, and furniture manufacturers, and which may also feature retail components (such as distilleries, breweries, and makerspaces), or high-tech industrial uses would likely be some of the best fitting uses here.

Estimated Northgate Employment Development Capture Rates

	20-Year Market Area Sq. Ft. Demand	Attainable Study Area Capture Rates	20-Year Study Area Absorption (low)	20-Year Study Area Absorption (med)	20-Year Study Area Absorption (high)
Office	600,000	25 to 40%	150,000	225,000	240,000
Employment	749,000	5 to 15%	37,000	74,500	112,000
Total Sq. Ft.	1,349,000	14 to 26%	187,000	299,500	412,000

Source: Leland Consulting Group

Retail

Understanding the pattern of retail spending within a community as it relates to the spending patterns of the state is critical. Retail sectors in which spending is not fully captured are called “leakage” categories, while retail categories in which more sales are captured than are generated by residents are called “attraction” or “surplus” categories.

A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop creating retail leakage.

The following table shows the current annual retail leakage and equivalent store square footage (based on average retail sales per square foot) for different retail categories. Most retail categories show a sales leakage occurring, with food and beverage (grocery) the sector with the highest leakage. The sales surplus on display in the general merchandise categories indicates that the Pocatello-Chubbuck area draws in customers from a wider region.

With that said, both Costco and Walmart – which both function as full-service grocery stores – are categorized as “General Merchandise” retailers. Both retailers have sales volumes well in excess of \$10 million, and there are two Walmart Supercenter locations within the market area (one in Pocatello and one in Blackfoot). As such, the sales leakage within the food and beverage (grocery) category is likely to be artificially high; conversely, the sales surplus in the general merchandise category is likely to be significantly lower in reality.

Retail Leakage, 2017

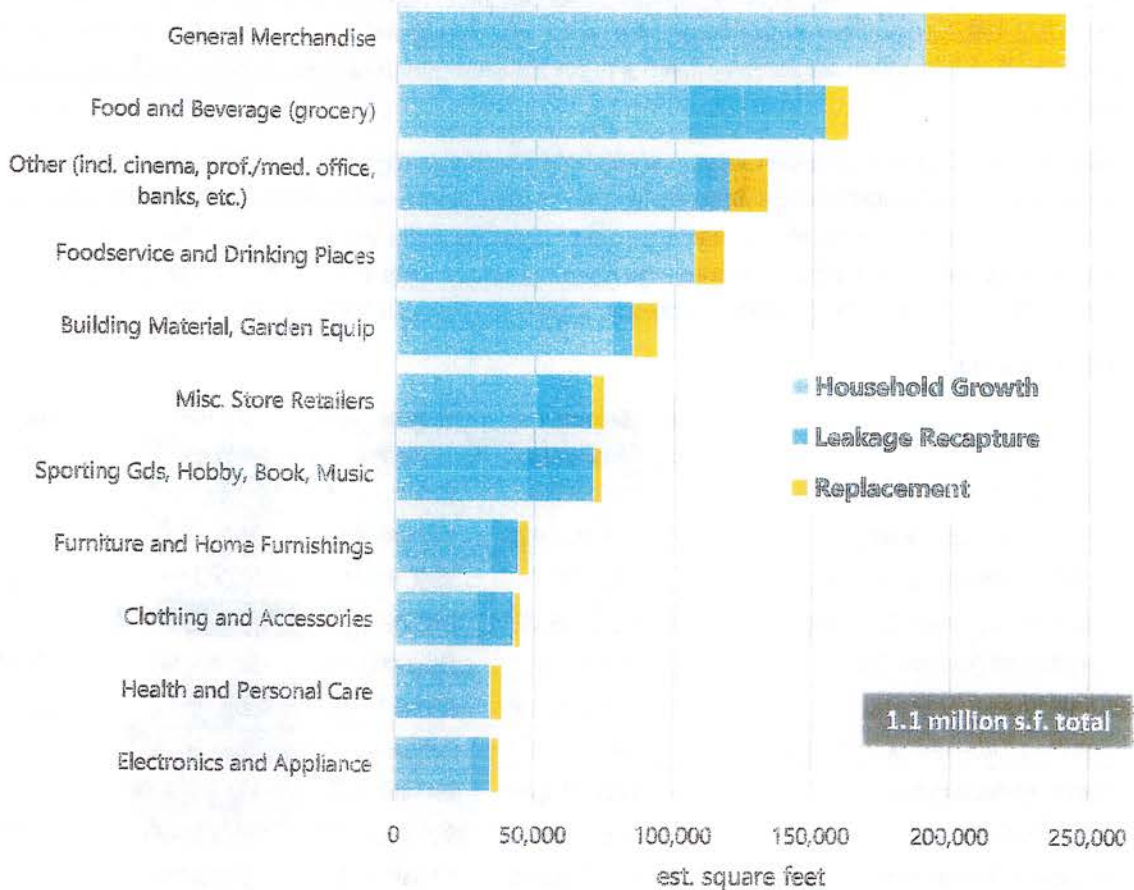
	Current Est. HH Demand	Current Est. Sales	Current Leakage (\$)	Equivalent Sq. Ft.
Furniture and Home Furnishings	\$38,569,391	\$26,742,434	\$11,826,957	67,500
Electronics and Appliance	\$37,252,490	\$27,580,887	\$9,671,603	43,000
Building Material, Garden Equip	\$85,726,711	\$77,183,561	\$8,543,150	49,000
Food and Beverage (grocery)	\$196,356,315	\$143,625,529	\$52,730,786	150,500
Health and Personal Care	\$60,530,142	\$62,539,629	-\$2,009,487	-6,000
Clothing and Accessories	\$43,136,519	\$22,475,943	\$20,660,576	103,500
Sporting Gds, Hobby, Book, Music	\$47,123,763	\$20,540,554	\$26,583,209	152,000
General Merchandise	\$251,415,629	\$313,867,145	-\$62,451,516	-500,000
Misc. Store Retailers	\$56,166,192	\$39,986,287	\$16,179,905	81,000
Foodservice and Drinking Places	\$129,672,866	\$130,019,285	-\$346,419	-1,500
Other (including cinema, prof./med. office, consumer banks, etc.)	\$141,892,503	\$129,684,188	\$12,208,315	97,500
		Total	\$93,597,079	236,500
		Leakage only	\$158,404,501	744,000

Source: ESRI and Leland Consulting Group

Leakage provides the most immediate opportunities for new retail development, but the long-term driver of demand for new retail development is household and employment growth. Applying projected household growth rates and assuming about 10 to 20 percent of existing sales leakage can be recaptured, we calculate approximate demand for 1.1 million square feet of new retail development in the market area over the next 20 years, or 55,000 square feet per year. With that said – like office and industrial – retail is likely to develop in chunks and absorb into the market before new retail is built. For example, developers are likely to build a retail center of 200,000 square feet and wait until it is fully leased before building more retail.

Household or employment growth is typically necessary for significant new retail development. During the past decade, where growth in the area has stagnated (largely due to the recession), net absorption totaled 111,000 square feet, or 11,000 square feet per year.

20-Year Retail Demand by Source, Pocatello Market Area



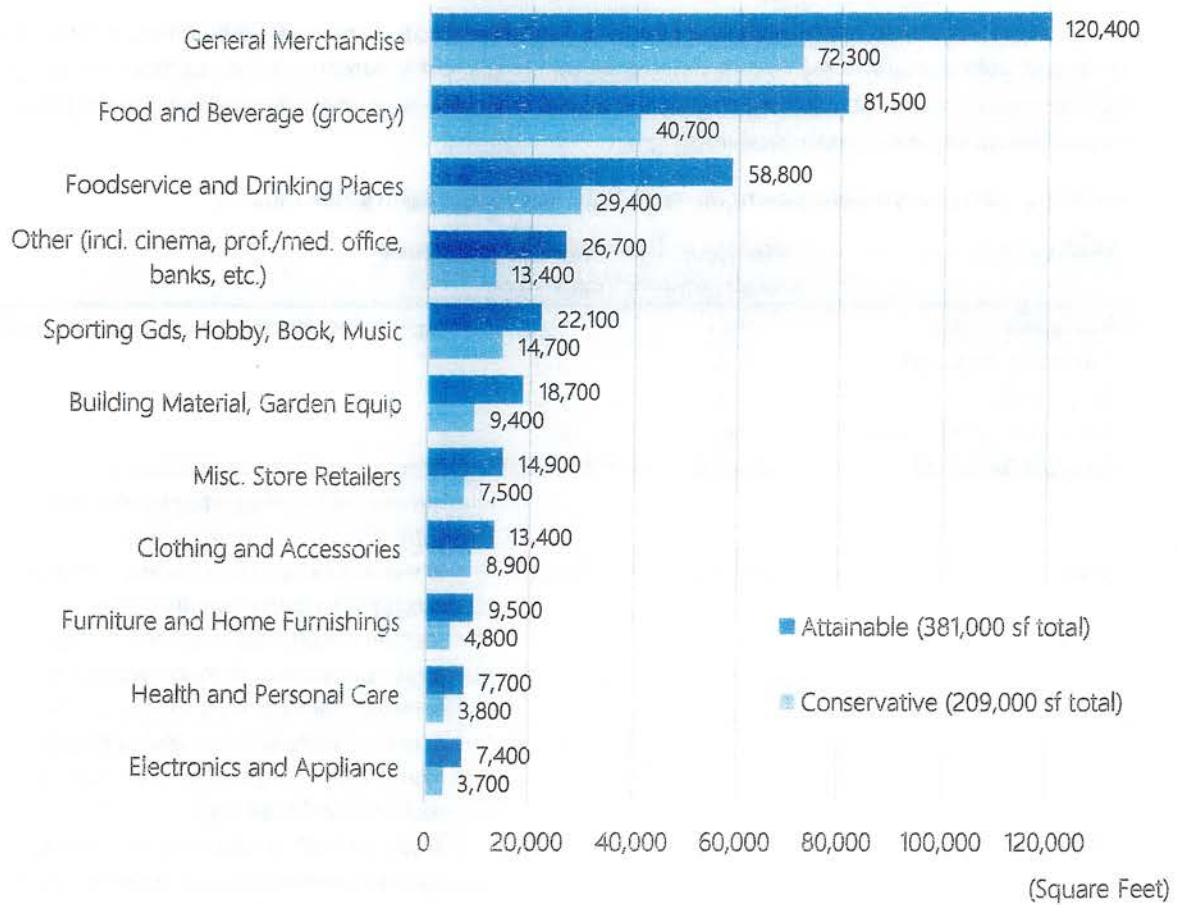
Source: Leland Consulting Group

A preliminary estimate for the Northgate area's capture rate of market area demand is 20 to 36 percent. However, the actual capture rate will largely rely on coordinated marketing and branding efforts, the construction and subsequent success of other competitive retail developments in the region, and the extent to which employment and household growth is realized. Household growth will initially drive demand for amenities such as restaurants, grocery stores, and entertainment-based development, which are likely to be the most successful near-term retail tenants based on existing sales leakage and growth projections. The construction of a new LDS temple in Pocatello is likely to increase retail feasibility due to increased visitation to the area.

As other retail centers – especially traditional large, old big-box stores – close and/or transition to other uses, there are opportunities to absorb these "lost" sales. For example, the transition of the former department store at Pine Ridge Mall to a fitness center decreases overall retail sales in the general merchandise category, while demand remains the same.

Since the region currently lacks a lifestyle-oriented mixed-use center, Northgate has the opportunity to differentiate itself from its competitors in the area – of which there are few. Downtown will remain attractive for smaller and more boutique retailers, while Pine Ridge Mall is unlikely to transition to new uses or a new development form in the coming years.

Estimated Northgate Retail Development Capture Rates



Source: Leland Consulting Group

CONCLUSION

The following table summarizes market supported demand for private-sector real estate development in the Northgate project area over the next 20 years, based on a variety of prevailing market conditions including regional growth trends, local and regional demographics, local amenities, access considerations, and likely competitive activity across the broader local area.

Summary Table, Northgate Development 20-Year Estimated Absorption Capacity

Product Type	Demand (conservative)	Demand (attainable)	Notes
Residential (units)	950	2,210	Absorption of residential uses will be steady.
Ownership Attached	250	510	
Apartments	410	830	
Single-Family Detached	290	870	
Non-Residential (sf)	434,000	868,000	Absorption of all non-residential development will be staggered as larger centers are built and tenanted.
Retail	209,000	381,000	General merchandise, grocery, and drinking and dining establishments are the recommended retail industries. Some opportunities may arise for lifestyle- or entertainment-oriented retail, such as a cinema. Northgate may also cannibalize some local retail space in older locations, such as Pine Ridge Mall.
Office	150,000	240,000	Traditional office sectors such as financial activities and professional services will likely absorb most new office development. Job growth in health care and social assistance will drive demand for new office, although it will compete with other notable developments in the area. Health care should locate near the southern edge of the study area and allow for medical office (dental, clinics, etc.).
Industrial	37,000	112,000	Wholesale trade and transportation and warehousing would likely benefit from proximity to the interstate. However, the Northgate project would likely attract light industrial tenants more typically seen in downtown environments, such as distilleries, breweries, and makerspace. Some high-tech industrial such as advanced manufacturing and R&D may be possible as the cyber-security industry becomes more prevalent in the region.

Source: Leland Consulting Group

ATTACHMENT 5.1

Public Improvements within the Revenue Allocation Area

Synopsis: The Northgate Development Consortium has identified capital improvements and costs for the Northgate Urban Renewal District. Using a cash flow model, this attachment forecasts the anticipated costs of these improvements and compares that with the expected revenue generated by the private investment.

The capital improvements identified by the developer include fully developed streets, utilities and other public rights-of-way amenities, as well as park and open spaces. Most of the improvements contained in the proposed Northgate Urban Renewal Plan will be funded by the developer, with reimbursement from the Pocatello Development Authority (PDA) through revenues allocation proceeds. The actual costs to be reimbursed by the PDA will likely vary from the costs detailed here as they will be subject to a specific Owner Participation Agreement (OPA) to be negotiated with the PDA once an urban renewal district is created. The cost estimates used in this analysis are considered high estimates for the purpose of financial planning.

Other costs to be reimbursed by the development include the advanced payments already made by several public jurisdictions for the I-15 interchange. Other costs associated with the Plan include an initial start-up loan from the PDA, interest on the debt to support the improvements and the operating costs of the new Urban Renewal District.

The proposed Northgate Urban Renewal Plan covers the twenty-year period from 2019 to 2039. Revenue generated during the life of the district was estimated based on a market study conducted by the Leland Consulting Group for the PDA. The analysis includes two development scenarios: one "conservative" and one "achievable" over the twenty-year life of the urban renewal district.

Cash Flow Analysis Assumptions and Analysis:

Based on the market study by LeLand, the Northgate Urban Renewal District (URD) is estimated to generate \$41,389,928 or \$64,891,358 in tax increment revenue. With the addition of the initial \$75,000 loan from the Pocatello Development Authority to activate the program, the total estimated revenue from both sources is estimated at \$41,464,928 or \$64,966,358. The significant variation in the range of revenue yields derives from the two development scenarios.

Capital Improvement costs are estimated by the developer at \$69,035,245. (see Table 1) In addition, the proposed Plan provides for the reimbursement of funds advanced by three public agencies noted above in the amount of \$7,500,000. Interest on the debt incurred through the anticipated Owner Participation Agreement (OPA) is

not included as the revenue generated in either scenario is insufficient to fully reimburse even the principal amount. Administrative costs over the 20-year life of the district are estimated at \$990,000 or approximately 2% of revenue. Total estimated expenditures therefore, equal \$41,373,872 for the "Conservative" scenario and \$69,503,318 for the "Achievable" Scenario leaving a minimal positive program balance of at the end of the 20-year term in either scenario. (see Tables 2 and 3)

The analysis further assumes that the OPA will provide reimbursement of 75% of the annual available revenue yield after the operating expenses of the district and after the public agencies have been reimbursed for their advance funding of related expenditures. Reimbursement rates to the developer vary from 46% in the "Conservative" scenario to 80% in the "Achievable" Scenario. These percentages will vary depending upon the value and pace of development within the district. (See Exhibit 1 and 2, Cash Flow Analyses for detailed estimates)

The Plan provides for the district to extend through its maximum term of twenty years. With statutory provisions virtually prohibiting modifications to the Plan, the assumption is that the District will be terminated as soon as its initial obligations are satisfied. However, the attached cash flow models suggests such early termination would not be possible unless taxable investment greatly exceeded forecast demand and/or capital infrastructure investment subject to reimbursement is substantially reduced. Unforeseen circumstances could delay the private taxable investment thus slowing the revenue stream into the project reducing the flow of revenue into the district.

The Cash Flow analysis identifies "secure funding". This includes revenue allocation funds and is money the PDA is highly likely to receive. The funds may not be in the PDA's possession at the beginning of the Plan period, but it is virtually certain that the Agency will receive the funds. The PDA may need to take specific actions to generate the funding, but those actions are within their powers. Despite the high probability of secure funding, no project can proceed until a specific, enforceable funding plan is in place.

"Potential funding" identified in the analysis is money that might be received by the PDA. In every case the PDA is eligible for the funding, and the source of funding exists under current law. However, each potential funding source requires one or more additional steps or decisions before the PDA can obtain the resources, and the ultimate decision is outside of the PDA's independent control. Grant funds are an example of potential funding. Thus, potential funding is not assumed in determining financial feasibility.

The overall investment package will be funded from a variety of financing methods and sources including private equity. The primary method of financing the PDA's obligation will be through the use of tax increment revenue (i.e., incremental

property taxes from the revenue allocation area). This plan anticipates that the tax increment revenue may be used to pay for improvements through an Owner Participation Agreements with developers of property located within the district. The issuance of bonds is not anticipated in this analysis of financial feasibility.

Other sources of funding for the project may include, but are not limited to:

- Local Improvement District (LID)
- Business Improvement District (BID)
- Development Impact Fees
- Franchise Fees
- Grants from federal, state, local, regional agencies and/or private entities
- Other bonds, notes and/or loans
- Improvements and/or payments by developers

The timing of each project and the availability of all revenue sources will determine the final combination of funding sources. Specific project funding will be reviewed by the PDA Board during the development of the Owner Participation Agreements, the execution of and any up-dates to such agreements

The following table summarizes the estimated total costs for each project category. The numbers displayed below represent the full public improvement costs including full roadway improvements, sidewalks and pedestrian ways, drainage improvements as well as public and private utilities in uninflated dollars.

The total project costs and the amount of tax increment contributed to each project are estimates. The estimated project costs and revenues are based on the PDA's present knowledge and expectations supported by detailed information from development interests associated with the properties in the District. The costs presented are in 2018 dollars and are not inflated over time, and assume that all costs are incurred in 2019. The amount of tax increment contributed to the project may vary depending upon the actual cost of infrastructure.

TABLE 1

Developer Projects Northgate Urban Renewal District	
Public Agency Reimbursement	
City of Pocatello	\$5,000,000
Bannock County	\$1,500,000
Pocatello Development Authority	\$2,000,000
Total Public Agency Reimbursement	\$ 7,500,000
Developer Costs	
Interchanges and Connecting Street Improvements	\$ 3,300,000

Sewer System Improvements	\$ 5,000,000
Water System Improvements	\$ 5,100,000
Storm Drainage System Improvements	\$ 1,947,000
Irrigation System Improvements	\$ 3,579,000
Grading	\$ 4,161,245
Concrete	\$ 2,887,000
Asphalt	\$ 6,457,000
Engineering	\$ 627,000
Street Lights	\$755,000
Monuments	\$59,000
Power System Improvements	\$6,200,000
Signs and Fences	\$400,000
Parks and Open Space	\$19,952,000
Entrances	\$400,000
Fees	\$300,000
Other Street and Utility	\$5,300,000
Miscellaneous Costs	\$2,250,000
Total Developer Costs	\$69,035,245

**Table 2 Cost of Operations and Improvements by Year (2019-2039)
"Conservative" Scenario**

Year	Secure Funding (TIF & PDA Loan)	Potential Funding	District Operating Expenses	Reimburse Public Agency Costs & OPA Debt Service	PDA Loan Debt Service	Add'l Principal Payment	Total Project Liabilities
2019	\$75,000	\$0	\$20,000	\$0	\$0	\$0	\$20,000
2020	\$2,730	\$0	\$20,000	\$0	\$0	\$0	\$20,000
2021	\$668,112	\$0	\$50,000	\$496,800	\$50,000	\$0	\$546,800
2022	\$751,010	\$0	\$50,000	\$651,489	\$30,000	\$0	\$681,489
2023	\$961,327	\$0	\$50,000	\$863,466	0	\$0	\$913,466
2024	\$1,052,017	\$0	\$50,000	\$968,418	\$0	\$0	\$1,018,418
2025	\$1,143,740	\$0	\$50,000	\$1,063,350	\$0	\$0	\$1,113,350
2026	\$1,507,791	\$0	\$50,000	\$1,362,139	\$0	\$0	\$1,412,139
2027	\$1,966,694	\$0	\$50,000	\$1,782,214	\$0	\$0	\$1,832,214
2028	\$2,081,343	\$0	\$50,000	\$1,912,123	\$0	\$0	\$1,962,123
2029	\$2,197,504	\$0	\$50,000	\$2,127,951	\$0	\$0	\$2,177,951
2030	\$2,318,694	\$0	\$50,000	\$2,233,508	\$0	\$0	\$2,283,508
2031	\$2,441,525	\$0	\$50,000	\$2,352,021	\$0	\$0	\$2,402,021
2032	\$2,569,518	\$0	\$50,000	\$2,477,644	\$0	\$0	\$2,527,644
2033	\$2,699,288	\$0	\$50,000	\$2,606,377	\$0	\$0	\$2,656,377
2034	\$2,834,358	\$0	\$50,000	\$2,739,863	\$0	\$0	\$2,789,863
2035	\$2,971,346	\$0	\$50,000	\$2,875,975	\$0	\$0	\$2,925,975

2036	\$3,113,778	\$0	\$50,000	\$3,016,827	\$0	\$500,000	\$3,566,827
2037	\$3,258,274	\$0	\$50,000	\$2,785,412	0	\$400,000	\$3,235,412
2038	\$3,408,364	\$0	\$50,000	\$2,915,126	\$0	\$400,000	\$3,365,126
2039	\$3,442,515	\$0	\$50,000	\$2,973,168	\$0	\$900,000	\$9,323,168
2040	\$0	\$0	0	0	\$0		\$0
Total	\$41,464,928	\$0	\$990,000	\$29,703,872	\$80,000	\$2,200,000	\$41,373,872

Under this scenario, sufficient funds are generated to fund only 46% of the project infrastructure costs.

**Table 3 Cost of Operations and Improvements by Year (2019-2039)
"Achievable" Scenario**

Year	Secure Funding (TIF & PDA Loan)	Potential Funding	District Operating Expenses	Reimburse Public Agency Costs & OPA Debt Service	PDA Loan Debt Service	Add'l Principal Payment	Total Project Liabilities
2019	\$75,000	\$0	\$20,000	\$0	\$0	\$0	\$20,000
2020	\$5,460	\$0	\$20,000	\$0	\$0	\$0	\$20,000
2021	\$631,759	\$0	\$50,000	\$471,331	\$30,000	\$0	\$551,331
2022	\$803,344	\$0	\$50,000	\$662,231	\$50,000	\$0	\$762,231
2023	\$1,141,426	\$0	\$50,000	\$949,471	0	\$0	\$999,471
2024	\$1,327,923	\$0	\$50,000	\$1,198,273	\$0	\$0	\$1,248,273
2025	\$1,510,216	\$0	\$50,000	\$1,396,695	\$0	\$0	\$1,446,695
2026	\$1,708,809	\$0	\$50,000	\$1,595,246	\$0	\$0	\$1,645,246
2027	\$1,903,440	\$0	\$50,000	\$1,790,828	\$0	\$0	\$1,840,828
2028	\$2,326,657	\$0	\$50,000	\$2,117,472	\$0	\$0	\$2,167,472
2029	\$3,253,144	\$0	\$50,000	\$2,951,723	\$0	\$0	\$3,001,723
2030	\$3,496,035	\$0	\$50,000	\$3,322,457	\$0	\$0	\$3,372,457
2031	\$3,735,849	\$0	\$50,000	\$3,595,001	\$0	\$0	\$3,645,001
2032	\$3,993,113	\$0	\$50,000	\$3,856,085	\$0	\$0	\$3,906,085
2033	\$4,247,589	\$0	\$50,000	\$4,112,213	\$0	\$0	\$4,162,213
2034	\$5,084,107	\$0	\$50,000	\$4,803,633	\$0	\$0	\$4,853,633
2035	\$5,365,122	\$0	\$50,000	\$5,187,250	\$0	\$0	\$5,237,250
2036	\$5,664,411	\$0	\$50,000	\$5,507,621	\$0	\$1,000,000	\$6,507,621
2037	\$5,961,752	\$0	\$50,000	\$5,060,719	0	\$1,000,000	\$6,110,719
2038	\$6,277,693	\$0	\$50,000	\$5,185,950	\$0	\$1,000,000	\$6,235,950
2039	\$6,453,509	\$0	\$50,000	\$5,349,119	\$0	\$1,700,000	\$7,099,119
2040	\$0	\$0	0	0	\$0		\$0
Total	\$64,966,358	\$0	\$990,000	\$50,613,319	\$80,000	\$4,700,000	\$69,503,318

Under this scenario, sufficient funds are generated to fund only 80% of the project infrastructure costs.

ATTACHMENT 5.2

Economic Feasibility Study

Synopsis: The original development scenario as presented by the Northgate Development Consortium reflects a level of optimism considered beyond what could be sustained by the local market conditions. To verify the assumptions driving the development proposal, the PDA obtained an independent real estate market analysis conducted by the Leland Consulting Group, based in Portland, Oregon. That analysis is attached as Exhibit 3. The Leland analysis demonstrated a more constrained demand extending over a longer period of time. These two factors worked together to inhibit revenue yields over the twenty-year life of the proposed Northgate District.

The Pocatello Development Authority (PDA) Northgate Urban Renewal Plan as currently envisioned, is economically infeasible because the proposed development is insufficient to fully cover the anticipated cost of development. If costs can be reduced or if the developer accepts, in the Owner Participation Agreement, that only a portion (46% - 80%) of the private investment will be reimbursed, the urban renewal district could be feasible.

Economic Feasibility Factors: The economic feasibility of the PDA Northgate Urban Renewal Plan is based on the following factors:

- The amount of development proposed in the Project Area;
- The timing of the proposed taxable development;
- The amount of tax revenue to be generated by the proposed development;
- The nature of the proposed development (i.e. the amount of development subject to the Homeowners Property Tax Exemption);
- The amount of other revenue to be received for PDA public improvement projects; and
- The cost of public improvement projects is to be funded by the PDA's tax increment revenue.

If revenue equals or exceeds project costs, the URA Plan is economically feasible.

Analysis: The following is a summary of the analysis and assessment of the factors used to determine the economic feasibility of the PDA Northgate Urban Renewal Plan.

Over the course of the Revenue Allocation District, between \$41,389,928 and \$64,966,358 of Tax Increment Revenue will be generated depending which of the two market assumption is considered. Ten percent (10%) will be used annually for administration of the Urban Renewal District (capped at \$50,000 / year for a total of \$990,000 for administration costs over the 20-year lifespan of the District.

At this time, no revenue bonds are planned for the Project Area due to the speculative nature of the development. A positive cash flow sufficient to cover anticipated debt service, bond reserves and required debt service coverage ratios would have to be demonstrated in order for an investor to view this as a positive investment.

The Exhibit 1 and 2 spreadsheets entitled "Projected Northgate Urban Renewal District Cash Flow Analysis" gives a more detailed outlook on the revenues and expenses of the two development scenarios from the Leland Market Study for the Northgate Urban Renewal District.

The following assumptions were made in the formulation of the Economic Feasibility Analysis:

- Land Value Increase @ 1% / Yr
- Improvement Value Increase @ 2% / Yr.
- Tax Rate remains constant
- Total Cost of Improvements over the life of the project: \$69,035,245 (Developer estimate)
- Developer installed improvements would be subject to an Owner Participation Agreement with PDA repaying the developer for such costs from the tax increment revenue generated by the project.
- The Cash Flow Analysis assumes 75% of the annual district funds will be committed to repayment of the debt created through the OPA.
- Additional principal payments are assumed as excess cash accumulates in the Northgate Fund at the discretion of the PDA Board.
- 10% of annual tax increment revenue would be allocated for District operational expenses, however that amount would be capped at \$50,000 per year.
- Tax rate does not include debt service for bonds issued after 2007, judgment levies or the School District Plant or supplemental levies excluded by law.

The Financial Feasibility Analysis shows that the project will not generate adequate funds within the project area to fund the necessary capital improvements. Should other resources become available to support capital investment, or if costs associated with the development can be reduced, or is there is a more limited expectation about what development costs will be reimbursed through the OPA, more favorable analysis might be possible.

July 2018

Scenario #1 Low Inflation Rate: 1% annual increase in land Value and 2% annual increase in Improvement Value; Conservative Private investment

Year	Land Value (+1% annually) w/ ad ex	Initial Improvement Value	Total Assessed Value w/ag ex	Est. AV w/o ag ex	Annual New Const. Value on tax roll	Cum. New Const. Value + Inflation @ 2%	Cumulative Homeowners' Exemption	Taxable Value	Increment Value (I-Base)	Levy Rate	Tax Increment Yield	Admin Costs (10%)	Funding for Capital Projects / Debt Service
2019	\$ 306,553	\$ -	\$ 306,553	\$ 15,964,566	\$ -	0	\$ -	\$ 15,964,566	\$ -	0.0171			
2020	\$ 309,619	\$ -	\$ 309,619	\$ 16,124,212	\$ -	\$ -	\$ -	\$ 16,124,212	\$ 159,646	0.0171	\$ 2,730	\$ 273	\$ 2,457
2021	\$ 312,715	\$ -	\$ 312,715	\$ 16,285,454	\$ 41,750,000	\$ 41,750,000	\$ 3,000,000	\$ 55,035,454	\$ 39,070,888	0.0171	\$ 668,112	\$ 50,000	\$ 618,112
2022	\$ 315,842	\$ -	\$ 315,842	\$ 16,448,308	\$ 6,650,000	\$ 49,235,000	\$ 5,800,000	\$ 59,883,308	\$ 43,918,742	0.0171	\$ 751,010	\$ 50,000	\$ 701,010
2023	\$ 319,000	\$ -	\$ 319,000	\$ 16,612,791	\$ 14,150,000	\$ 64,369,700	\$ 8,800,000	\$ 72,182,491	\$ 56,217,925	0.0171	\$ 961,327	\$ 50,000	\$ 911,327
2024	\$ 322,190	\$ -	\$ 322,190	\$ 16,778,919	\$ 6,650,000	\$ 72,307,094	\$ 11,600,000	\$ 77,486,013	\$ 61,521,447	0.0171	\$ 1,052,017	\$ 50,000	\$ 1,002,017
2025	\$ 325,412	\$ -	\$ 325,412	\$ 16,946,709	\$ 6,750,000	\$ 80,503,236	\$ 14,600,000	\$ 82,849,944	\$ 66,885,378	0.0171	\$ 1,143,740	\$ 50,000	\$ 1,093,740
2026	\$ 328,666	\$ -	\$ 328,666	\$ 17,116,176	\$ 6,650,000	\$ 88,763,301	\$ 1,740,000	\$ 104,139,476	\$ 88,174,910	0.0171	\$ 1,507,791	\$ 50,000	\$ 1,457,791
2027	\$ 331,953	\$ -	\$ 331,953	\$ 17,287,337	\$ 43,550,000	\$ 134,088,567	\$ 20,400,000	\$ 130,975,904	\$ 115,011,338	0.0171	\$ 1,966,694	\$ 50,000	\$ 1,916,694
2028	\$ 335,273	\$ -	\$ 335,273	\$ 17,460,211	\$ 6,650,000	\$ 143,420,338	\$ 23,200,000	\$ 137,680,549	\$ 121,715,983	0.0171	\$ 2,081,343	\$ 50,000	\$ 2,031,343
2029	\$ 338,625	\$ -	\$ 338,625	\$ 17,634,813	\$ 6,750,000	\$ 153,038,745	\$ 26,200,000	\$ 144,473,558	\$ 128,508,992	0.0171	\$ 2,197,504	\$ 50,000	\$ 2,147,504
2030	\$ 342,011	\$ -	\$ 342,011	\$ 17,811,161	\$ 6,650,000	\$ 162,749,520	\$ 29,000,000	\$ 151,560,681	\$ 135,596,115	0.0171	\$ 2,318,694	\$ 50,000	\$ 2,268,694
2031	\$ 345,432	\$ -	\$ 345,432	\$ 17,989,273	\$ 6,750,000	\$ 172,754,510	\$ 32,000,000	\$ 158,743,783	\$ 142,779,217	0.0171	\$ 2,441,525	\$ 50,000	\$ 2,391,525
2032	\$ 348,886	\$ -	\$ 348,886	\$ 18,169,165	\$ 6,650,000	\$ 182,859,600	\$ 34,800,000	\$ 166,228,765	\$ 150,264,199	0.0171	\$ 2,569,518	\$ 50,000	\$ 2,519,518
2033	\$ 352,375	\$ -	\$ 352,375	\$ 18,350,857	\$ 6,750,000	\$ 193,266,792	\$ 37,800,000	\$ 173,817,649	\$ 157,853,083	0.0171	\$ 2,699,288	\$ 50,000	\$ 2,649,288
2034	\$ 355,899	\$ -	\$ 355,899	\$ 18,534,366	\$ 6,650,000	\$ 203,782,128	\$ 40,600,000	\$ 181,716,494	\$ 165,751,928	0.0171	\$ 2,834,358	\$ 50,000	\$ 2,784,358
2035	\$ 359,458	\$ -	\$ 359,458	\$ 18,719,709	\$ 6,750,000	\$ 214,607,771	\$ 43,600,000	\$ 189,727,480	\$ 173,762,914	0.0171	\$ 2,971,346	\$ 50,000	\$ 2,921,346
2036	\$ 363,052	\$ -	\$ 363,052	\$ 18,906,906	\$ 6,650,000	\$ 225,549,926	\$ 46,400,000	\$ 198,056,832	\$ 182,092,266	0.0171	\$ 3,113,778	\$ 50,000	\$ 3,063,778
2037	\$ 366,683	\$ -	\$ 366,683	\$ 19,095,975	\$ 6,750,000	\$ 236,810,925	\$ 49,400,000	\$ 206,506,900	\$ 190,542,334	0.0171	\$ 3,258,274	\$ 50,000	\$ 3,208,274
2038	\$ 370,349	\$ -	\$ 370,349	\$ 19,286,935	\$ 6,650,000	\$ 248,197,143	\$ 52,200,000	\$ 215,284,078	\$ 199,319,512	0.0171	\$ 3,408,364	\$ 50,000	\$ 3,358,364
2039	\$ 374,053	\$ -	\$ 374,053	\$ 19,479,804		\$ 253,161,086	\$ 55,200,000	\$ 217,440,890	\$ 201,316,679	0.0171	\$ 3,442,515	\$ 50,000	\$ 3,392,515
						<u>\$199,800,000</u>					\$ 41,389,926		<u>\$ 40,439,653</u>

Assumptions:

- Land Values inflate at 1% per year
- Improvement Values inflate at 2% per year
- Homeowner Exemption @\$100K per year for all owner occupied residential units
- Private investment occurs as per schedule in column F (Leland Conservative Schedule Schedule)
- Property tax income available 2 years after completion of construction
- New construction values inflate on same basis as original improvement values (2%)
- Administrative costs at 10% capped at \$50,000 per year

July 2018

Scenario #2: Low Inflation Rate: 1% annual increase in land Value and 2% annual increase in Improvement Value; Attainable Private investment.

Year	Land Value (+1% annually) w/ ad ex	Initial Improvement Value	Total Assessed Value w/ag ex	Est. AV w/o ag ex	Annual New Const. Value on tax roll	Cum. New Const. Value + Inflation @ 2%	Cumulative Homeowners' Exemption	Taxable Value	Increment Value (I-Base)	Levy Rate	Tax Increment Yield	Admin Costs (10%)	Funding for Capital Projects / Debt Service
2019	\$ 306,553	\$ -	\$ 306,553	\$ 15,964,566	\$ -	\$ 0	\$ -	\$ 15,964,566	\$ -	0.0171			
2020	\$ 309,619	\$ -	\$ 309,619	\$ 16,283,857	\$ -	\$ -	\$ -	\$ 16,283,857	\$ 319,291	0.0171	\$ 5,460	\$ 546	\$ 4,914
2021	\$ 312,715	\$ -	\$ 312,715	\$ 16,609,534	\$ 50,100,000	\$ 50,100,000	\$ 13,800,000	\$ 52,909,534	\$ 36,944,968	0.0171	\$ 631,759	\$ 50,000	\$ 581,759
2022	\$ 315,842	\$ -	\$ 315,842	\$ 16,941,725	\$ 15,500,000	\$ 66,602,000	\$ 20,600,000	\$ 62,943,725	\$ 46,979,159	0.0171	\$ 803,344	\$ 50,000	\$ 753,344
2023	\$ 319,000	\$ -	\$ 319,000	\$ 17,280,560	\$ 25,100,000	\$ 93,034,040	\$ 27,600,000	\$ 82,714,600	\$ 66,750,034	0.0171	\$ 1,141,426	\$ 50,000	\$ 1,091,426
2024	\$ 322,190	\$ -	\$ 322,190	\$ 17,626,171	\$ 15,500,000	\$ 110,394,721	\$ 34,400,000	\$ 93,620,892	\$ 77,656,326	0.0171	\$ 1,327,923	\$ 50,000	\$ 1,277,923
2025	\$ 325,412	\$ -	\$ 325,412	\$ 17,978,694	\$ 15,100,000	\$ 127,702,615	\$ 41,400,000	\$ 104,281,309	\$ 88,316,743	0.0171	\$ 1,510,216	\$ 50,000	\$ 1,460,216
2026	\$ 328,666	\$ -	\$ 328,666	\$ 18,338,268	\$ 15,500,000	\$ 145,756,668	\$ 48,200,000	\$ 115,894,936	\$ 99,930,370	0.0171	\$ 1,708,809	\$ 50,000	\$ 1,658,809
2027	\$ 331,953	\$ -	\$ 331,953	\$ 18,705,034	\$ 15,100,000	\$ 163,771,801	\$ 55,200,000	\$ 127,276,834	\$ 111,312,268	0.0171	\$ 1,903,440	\$ 50,000	\$ 1,853,440
2028	\$ 335,273	\$ -	\$ 335,273	\$ 19,079,134	\$ 27,900,000	\$ 194,947,237	\$ 62,000,000	\$ 152,026,371	\$ 136,061,805	0.0171	\$ 2,326,657	\$ 50,000	\$ 2,276,657
2029	\$ 338,625	\$ -	\$ 338,625	\$ 19,460,717	\$ 56,900,000	\$ 255,746,182	\$ 69,000,000	\$ 206,206,898	\$ 190,242,332	0.0171	\$ 3,253,144	\$ 50,000	\$ 3,203,144
2030	\$ 342,011	\$ -	\$ 342,011	\$ 19,849,931	\$ 15,500,000	\$ 276,361,105	\$ 75,800,000	\$ 220,411,036	\$ 204,446,470	0.0171	\$ 3,496,035	\$ 50,000	\$ 3,446,035
2031	\$ 345,432	\$ -	\$ 345,432	\$ 20,246,930	\$ 15,100,000	\$ 296,988,327	\$ 82,800,000	\$ 234,435,257	\$ 218,470,691	0.0171	\$ 3,735,849	\$ 50,000	\$ 3,685,849
2032	\$ 348,886	\$ -	\$ 348,886	\$ 20,651,868	\$ 15,500,000	\$ 318,428,094	\$ 89,600,000	\$ 249,479,962	\$ 233,515,396	0.0171	\$ 3,993,113	\$ 50,000	\$ 3,943,113
2033	\$ 352,375	\$ -	\$ 352,375	\$ 21,064,906	\$ 15,100,000	\$ 339,896,656	\$ 96,600,000	\$ 264,361,562	\$ 248,396,996	0.0171	\$ 4,247,589	\$ 50,000	\$ 4,197,589
2034	\$ 355,899	\$ -	\$ 355,899	\$ 21,486,204	\$ 48,500,000	\$ 395,194,589	\$ 103,400,000	\$ 313,280,793	\$ 297,316,227	0.0171	\$ 5,084,107	\$ 50,000	\$ 5,034,107
2035	\$ 359,458	\$ -	\$ 359,458	\$ 21,915,928	\$ 15,100,000	\$ 418,198,481	\$ 110,400,000	\$ 329,714,409	\$ 313,749,843	0.0171	\$ 5,365,122	\$ 50,000	\$ 5,315,122
2036	\$ 363,052	\$ -	\$ 363,052	\$ 22,354,247	\$ 15,500,000	\$ 442,062,450	\$ 117,200,000	\$ 347,216,697	\$ 331,252,131	0.0171	\$ 5,664,411	\$ 50,000	\$ 5,614,411
2037	\$ 366,683	\$ -	\$ 366,683	\$ 22,801,331	\$ 15,100,000	\$ 466,003,699	\$ 124,200,000	\$ 364,605,031	\$ 348,640,465	0.0171	\$ 5,961,752	\$ 50,000	\$ 5,911,752
2038	\$ 370,349	\$ -	\$ 370,349	\$ 23,257,358	\$ 15,500,000	\$ 490,823,773	\$ 131,000,000	\$ 383,081,131	\$ 367,116,565	0.0171	\$ 6,277,693	\$ 50,000	\$ 6,227,693
2039	\$ 374,053	\$ -	\$ 374,053	\$ 23,722,505		\$ 500,640,249	\$ 131,000,000	\$ 393,362,754	\$ 377,398,188	0.0171	\$ 6,453,509	\$ 50,000	\$ 6,403,509
						<u>\$ 407,600,000</u>					\$ 64,891,358		<u>\$ 63,940,812</u>

Assumptions:

- Land Values inflate at 1% per year
- Improvement Values inflate at 2% per year
- Homeowner Exemption @\$100K per year for all owner occupied residential units
- Private investment occurs as per schedule in column F (Leian Attainable Schedule)
- Property tax income available 2 years after completion of construction
- New construction values inflate on same basis as original improvement values (2%)
- Administrative costs at 10% capped at \$50,000 per year

Proposed Northgate Urban Renewal District Cash Flow Analysis
 "Conservative" Scenario

Option A - Based upon Leland Conservative Absorption Scenario											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Beginning Balance	\$ -	\$ 55,000	\$ 37,730	\$ 159,042	\$ 228,563	\$ 276,423	\$ 310,022	\$ 340,412	\$ 436,064	\$ 570,544	\$ 689,764
Source of Funds											
Revenue Allocation	\$ -	\$ 2,730	\$ 668,112	\$ 751,010	\$ 961,327	\$ 1,052,017	\$ 1,143,740	\$ 1,507,791	\$ 1,966,694	\$ 2,081,343	\$ 2,197,504
PDA Inter-District Loan	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bond - Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funds Available	\$ 75,000	\$ 57,730	\$ 705,842	\$ 910,052	\$ 1,189,890	\$ 1,328,440	\$ 1,453,762	\$ 1,648,203	\$ 2,402,758	\$ 2,651,887	\$ 2,887,268
Use of Funds											
District Operating Expenses	\$ 20,000	\$ 20,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Available After Operating Expenses	\$ 55,000	\$ 37,730	\$ 655,842	\$ 860,052	\$ 1,139,890	\$ 1,278,440	\$ 1,403,762	\$ 1,798,203	\$ 2,352,758	\$ 2,601,887	\$ 2,837,268
Available for Debt Service (75%)			\$ 491,882	\$ 645,039	\$ 854,917	\$ 958,830	\$ 1,052,821	\$ 1,348,652	\$ 1,764,569	\$ 1,951,415	\$ 2,127,951
Repay City Contribution			\$ 290,210	\$ 380,573	\$ 504,401	\$ 565,710	\$ 621,165	\$ 795,705	\$ 1,041,086	\$ 801,141	
Repay County Contribution			\$ 86,539	\$ 116,107	\$ 153,885	\$ 172,589	\$ 189,508	\$ 242,757	\$ 317,622	\$ 218,992	
Repay PDA Contribution			\$ 118,052	\$ 154,809	\$ 205,180	\$ 230,119	\$ 252,577	\$ 323,677	\$ 423,496	\$ 291,990	
OPA Debt Service Obligation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ 2,127,951
Additional Principal											
Total Debt Service			\$ 496,800	\$ 651,489	\$ 863,466	\$ 968,418	\$ 1,063,350	\$ 1,362,139	\$ 1,782,214	\$ 1,912,123	\$ 2,127,951
Repay Inter-District Loan @ 3.5%	\$ -	\$ -	\$ 50,000	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Use of Funds	\$ 20,000	\$ 20,000	\$ 546,800	\$ 681,489	\$ 913,466	\$ 1,018,418	\$ 1,113,350	\$ 1,412,139	\$ 1,812,214	\$ 1,962,123	\$ 2,177,951
Ending Balance	\$ 55,000	\$ 37,730	\$ 159,042	\$ 228,563	\$ 276,423	\$ 310,022	\$ 340,412	\$ 436,064	\$ 570,544	\$ 689,764	\$ 709,317
2030 - 2039											
	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	Total
Beginning Balance	\$ 709,317	\$ 744,503	\$ 784,007	\$ 825,881	\$ 868,792	\$ 913,288	\$ 956,658	\$ 505,609	\$ 528,471	\$ 571,709	\$ 10,513,798
Source of Funds											
Revenue Allocation	\$ 2,318,694	\$ 2,441,525	\$ 2,569,518	\$ 2,699,288	\$ 2,834,358	\$ 2,971,346	\$ 3,113,778	\$ 3,258,274	\$ 3,408,364	\$ 3,442,515	\$ 41,389,928
PDA Inter-District Loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Revenue Bond - Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funds Available	\$ 3,028,011	\$ 3,186,028	\$ 3,353,525	\$ 3,525,169	\$ 3,703,150	\$ 3,884,634	\$ 4,072,436	\$ 3,763,883	\$ 3,936,835	\$ 4,014,224	\$ 51,978,726
Minus cumulative cash carryover											\$ (10,513,798)
Total Available											\$ 41,464,928
Use of Funds											
District Operating Expenses	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 990,000
Available After Operating Expenses	\$ 2,978,011	\$ 3,136,028	\$ 3,303,525	\$ 3,475,169	\$ 3,653,150	\$ 3,834,634	\$ 4,022,436	\$ 3,713,883	\$ 3,886,835	\$ 3,964,224	\$ 50,988,726
Available for Debt Service (75%)	\$ 2,233,508	\$ 2,352,021	\$ 2,477,644	\$ 2,606,377	\$ 2,739,863	\$ 2,875,975	\$ 3,016,827	\$ 2,785,412	\$ 2,915,126	\$ 2,973,168	\$ 38,171,997
Repay City Contribution											\$ 5,000,000
Repay County Contribution											\$ 1,500,000
Repay PDA Contribution											\$ 2,000,000
OPA Debt Service Obligation	\$ 2,233,508	\$ 2,352,021	\$ 2,477,644	\$ 2,606,377	\$ 2,739,863	\$ 2,875,975	\$ 3,016,827	\$ 2,785,412	\$ 2,915,126	\$ 2,973,168	\$ 29,703,872
Additional Principal							\$ 500,000	\$ 400,000	\$ 400,000	\$ 900,000	\$ 2,200,000
Total Debt Service	\$ 2,233,508	\$ 2,352,021	\$ 2,477,644	\$ 2,606,377	\$ 2,739,863	\$ 2,875,975	\$ 3,516,827	\$ 3,185,412	\$ 3,315,126	\$ 3,873,168	\$ 40,403,872
Repay Inter-district Loan @ 3.5%											\$ 80,000
Total Use of Funds	\$ 2,233,508	\$ 2,402,021	\$ 2,927,644	\$ 2,656,377	\$ 2,739,863	\$ 2,925,975	\$ 3,566,827	\$ 3,235,412	\$ 3,365,126	\$ 3,923,168	\$ 41,373,872
Ending Balance	\$ 744,503	\$ 784,007	\$ 825,881	\$ 868,792	\$ 913,288	\$ 956,658	\$ 505,609	\$ 528,471	\$ 571,709	\$ 91,055	
Assumptions											
It is anticipated that the Pocatello Development Authority will loan the new District \$75,000 to fund operations until tax receipts are available.											
Provides for 10% of annual revenue allocation for administration and professional support. Capped at \$50,000 annually. Administrative expenses equals approximately 2% of revenues											
Initial 2 years administrative cost @ \$20,000 for costs to establish District, then \$50,000 annually thereafter											
Assumes Developer reimbursed for \$69,035,245 infrastructure investment @ 75% of annual available resources if sufficient revenue is generated.											
Additional principal paid if surplus funds accrue at the discretion of the Agency.											
Model shows \$31,863,310 available for OPA reimbursement (46%)											
Conservative Estimates											
Taxable investment levels and timing reflect conservative scenario estimates from market study conducted by Leland Associates											
100% of infrastructure cost assumed incurred in 2019.											

Proposed Northgate Urban Renewal District Cash Flow Analysis
 "Achievable" Scenario

Option B - Based upon Leland Achievable Absorption Scenario

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Beginning Balance	\$ -	\$ 55,000	\$ 40,460	\$ 120,888	\$ 162,001	\$ 303,956	\$ 383,606	\$ 447,127	\$ 510,689	\$ 573,301	\$ 732,486
Source of Funds											
Revenue Allocation	\$ -	\$ 5,460	\$ 631,759	\$ 803,344	\$ 1,141,426	\$ 1,327,923	\$ 1,510,216	\$ 1,708,809	\$ 1,903,440	\$ 2,326,657	\$ 3,253,144
PDA Inter-District Loan *	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bond - Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funds Available	\$ 75,000	\$ 60,460	\$ 672,219	\$ 924,232	\$ 1,303,427	\$ 1,631,879	\$ 1,893,822	\$ 2,155,936	\$ 2,414,129	\$ 2,899,958	\$ 3,985,630
Use of Funds											
District Operating Expenses	\$ 20,000	\$ 20,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Available After Operating Expenses			\$ 622,219	\$ 874,232	\$ 1,253,427	\$ 1,581,879	\$ 1,843,822	\$ 2,105,936	\$ 2,364,129	\$ 2,849,958	\$ 3,935,630
Available for Debt Service (75%)			\$ 466,664	\$ 655,674	\$ 940,070	\$ 1,186,409	\$ 1,382,866	\$ 1,579,452	\$ 1,773,097	\$ 2,137,469	\$ 2,951,723
Repay City Contribution			\$ 275,332	\$ 386,848	\$ 554,642	\$ 699,982	\$ 815,891	\$ 931,877	\$ 1,046,127	\$ 289,302	
Repay County Contribution			\$ 84,000	\$ 118,021	\$ 169,213	\$ 213,554	\$ 248,916	\$ 284,301	\$ 319,157	\$ 62,838	
Repay PDA Contribution			\$ 111,999	\$ 157,362	\$ 225,617	\$ 284,738	\$ 331,888	\$ 379,068	\$ 425,543	\$ 83,784	
OPA Debt Service Obligation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,681,548	\$ 2,951,723
Additional Principal											
Total Debt Service	\$ -	\$ -	\$ 471,331	\$ 662,231	\$ 949,471	\$ 1,198,273	\$ 1,396,695	\$ 1,595,246	\$ 1,790,828	\$ 2,117,472	\$ 2,951,723
Repay Inter-District Loan @ 3.5%	\$ -	\$ -	\$ 30,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Use of Funds	\$ 20,000	\$ 20,000	\$ 551,331	\$ 762,231	\$ 999,471	\$ 1,248,273	\$ 1,446,695	\$ 1,645,246	\$ 1,840,828	\$ 2,167,472	\$ 3,001,723
Ending Balance	\$ 55,000	\$ 40,460	\$ 120,888	\$ 162,001	\$ 303,956	\$ 383,606	\$ 447,127	\$ 510,689	\$ 573,301	\$ 732,486	\$ 983,908
2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 Total											
Beginning Balance	\$ 983,908	\$ 1,107,486	\$ 1,198,334	\$ 1,285,362	\$ 1,370,738	\$ 1,601,211	\$ 1,729,083	\$ 835,874	\$ 686,906	\$ 728,650	\$ 14,857,066
Source of Funds											
Revenue Allocation	\$ 3,496,035	\$ 3,735,849	\$ 3,993,113	\$ 4,247,589	\$ 5,084,107	\$ 5,365,122	\$ 5,664,411	\$ 5,961,752	\$ 6,277,693	\$ 6,453,509	\$ 64,891,358
PDA Inter-District Loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Revenue Bond - Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funds Available	\$ 4,479,943	\$ 4,843,335	\$ 5,191,447	\$ 5,532,951	\$ 6,454,845	\$ 6,966,333	\$ 7,393,494	\$ 6,797,626	\$ 6,964,599	\$ 7,182,159	\$ 79,823,424
Minus cumulative cash carryover											\$ (14,857,066)
Total Funds Available											\$ 64,966,358
Use of Funds											
District Operating Expenses	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 990,000
Available After Operating Expenses	\$ 4,429,943	\$ 4,793,335	\$ 5,141,447	\$ 5,482,951	\$ 6,404,845	\$ 6,916,333	\$ 7,343,494	\$ 6,747,626	\$ 6,914,599	\$ 7,132,159	\$ 78,737,964
Available for Debt Service (75%)	\$ 3,322,457	\$ 3,595,001	\$ 3,856,085	\$ 4,112,213	\$ 4,803,633	\$ 5,187,250	\$ 5,507,621	\$ 5,060,719	\$ 5,185,950	\$ 5,349,119	\$ 59,053,473
Repay City Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000
Repay County Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000
Repay PDA Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
OPA Debt Service Obligation	\$ 3,322,457	\$ 3,595,001	\$ 3,856,085	\$ 4,112,213	\$ 4,803,633	\$ 5,187,250	\$ 5,507,621	\$ 5,060,719	\$ 5,185,950	\$ 5,349,119	\$ 50,613,319
Additional Principal							\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,700,000	\$ 4,700,000
Total Debt Service	\$ 3,322,457	\$ 3,595,001	\$ 3,856,085	\$ 4,112,213	\$ 4,803,633	\$ 5,187,250	\$ 6,507,621	\$ 6,060,719	\$ 6,185,950	\$ 7,049,119	\$ 63,813,318
Repay Inter-district Loan @ 3.5%											\$ 80,000
Total Use of Funds	\$ 3,372,457	\$ 3,645,001	\$ 3,906,085	\$ 4,162,213	\$ 4,853,633	\$ 5,237,250	\$ 6,557,621	\$ 6,110,719	\$ 6,235,950	\$ 7,099,119	\$ 69,503,318
Ending Balance	\$ 1,107,486	\$ 1,198,334	\$ 1,285,362	\$ 1,370,738	\$ 1,601,211	\$ 1,729,083	\$ 835,874	\$ 686,906	\$ 728,650	\$ 83,040	

"Achievable" Estimates

Taxable investment levels and timing reflect "achievable" scenario estimates from market study conducted by Leland Consulting Group
 100% of infrastructure cost assumed incurred in 2019.

**URBAN RENEWAL PLAN FOR THE
NORTHGATE URBAN RENEWAL PROJECT**

**THE POCATELLO URBAN RENEWAL AGENCY A/K/A THE
POCATELLO DEVELOPMENT AUTHORITY
CITY OF POCATELLO, IDAHO**

Ordinance No. _____
Adopted _____
Effective _____

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Attachments

- Attachment 1 **Map of Urban Renewal Project Area and Revenue Allocation Area**
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- Attachment 9 **Bannock County Board of County Commissioners Ordinance No. ____ (Intergovernmental Agreement and Transfer of Powers Ordinance)**

**URBAN RENEWAL PLAN FOR THE
NORTHGATE URBAN RENEWAL PROJECT THE POCATELLO URBAN RENEWAL
AGENCY FOR THE CITY OF POCATELLO, IDAHO, A/K/A THE POCATELLO
DEVELOPMENT AUTHORITY
CITY OF POCATELLO, IDAHO**

100 INTRODUCTION

This is the Urban Renewal Plan (the "Plan") for the Northgate Urban Renewal Project (the "Project") in the city of Pocatello (the "City"), state of Idaho. Attachments 1 through 9 attached hereto (collectively, the "Plan Attachments") are incorporated herein and shall be considered a part of this Plan.

The term "Project" is used herein to describe the overall activities defined in this Plan and conforms to the statutory definition of an urban renewal project. Reference is specifically made to Idaho Code §§ 50-2018(10) and 50-2903(13) for the various activities contemplated by the term "Project." Such activities include both private and public development of property within the urban renewal area. The Northgate Project Area is also referred to as the "Project Area."

This Plan was prepared by the Board of Commissioners, consultants, and staff of the Urban Renewal Agency for the city of Pocatello, also known as the Pocatello Development Authority (the "Agency") and reviewed and recommended by the Agency pursuant to the Idaho Urban Renewal Law of 1965, Chapter 20, Title 50, Idaho Code, as amended (the "Law"), the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended (the "Act"), and all applicable local laws and ordinances.

Idaho Code § 50-2905 identifies what information the plan must include with specificity as follows:

- (1) A statement describing the total assessed valuation of the base assessment roll of the revenue allocation area and the total assessed valuation of all taxable property within the municipality.
- (2) A statement listing the kind, number, and location of all proposed public works or improvements within the revenue allocation area.
- (3) An economic feasibility study.
- (4) A detailed list of estimated project costs.
- (5) A fiscal impact statement showing the impact of the revenue allocation area, both until and after the bonds are repaid, upon all taxing districts levying taxes upon property on the revenue allocation area.

- (6) A description of the methods of financing all estimated project costs and the time when related costs or monetary obligations are to be incurred;
- (7) A termination date for the plan and the revenue allocation area as provided for in section 50-2903(20), Idaho Code. In determining the termination date, the plan shall recognize that the agency shall receive allocation of revenues in the calendar year following the last year of the revenue allocation provision described in the urban renewal plan.
- (8) A description of the disposition or retention of any assets of the agency upon the termination date. Provided however, nothing herein shall prevent the agency from retaining assets or revenues generated from such assets as long as the agency shall have resources other than revenue allocation funds to operate and manage such assets.

This Plan includes the above information with specificity.

The proposed redevelopment of the Project Area as described in this Plan conforms to the The City of Pocatello Comprehensive Plan, 2015 Update, as amended (the "Comprehensive Plan"), and adopted by the City Council (the "City Council"). The Agency intends to rely heavily on any applicable City design standards which may cover all or part of the Project Area.

This Plan is subject to the Plan modification limitations and reporting requirements set forth in Idaho Code § 50-2903A. Subject to limited exceptions as set forth in Idaho Code § 50-2903A, if this Plan is modified by a City Council ordinance, then the base value for the year immediately following the year in which modification occurs shall be reset to the then current year's equalized assessed value of the taxable property in the revenue allocation area, effectively eliminating the Agency's revenue stream. Should the Agency have any outstanding financial obligations, the City shall not adopt an ordinance modifying this Plan unless written consent has been obtained by any creditors, including but not limited to developers who have entered into reimbursement agreements with the Agency.

A modification shall not be deemed to occur when "[t]here is a plan amendment to make technical or ministerial changes to a plan that does not involve an increase in the use of revenues allocated to the agency." Idaho Code § 50-2903A(1)(a)(i). Annual adjustments as more specifically set forth in the Agency's annual budget will be required to account for more/less estimated revenue and project timing. Any adjustments for these stated purposes are technical and ministerial and are not modifications under Idaho Code § 50-2903A.

This Plan provides the Agency with powers, duties, and obligations to implement and further the program generally formulated in this Plan for the redevelopment, rehabilitation, and revitalization of the area within the boundaries of the Project Area. The Agency retains all powers allowed by the Law and Act. This Plan presents a process and a basic framework within which plan implementation, including contracts, agreements and ancillary documents will be presented and by which tools are provided to the Agency to fashion, develop, and proceed with

plan implementation. The Plan has balanced the need for flexibility over the twenty-year time frame of the Plan to implement the improvements identified in Attachment 5.1, with the need for specificity as required by Idaho Code § 50-2905. Attachments 5.1-5.5 are intended to meet the specificity requirements of Idaho Code § 50-2905(2)-(6), recognizing that actual Agency expenditures are prioritized each fiscal year during the required annual budgeting process.

Allowed projects are those activities which comply with the Law and the Act and meet the overall objectives of this Plan. The public-private relationship is crucial in the successful redevelopment of the Project Area. Typically, the public will fund enhanced public improvements like utilities, streets, and sidewalks which, in turn, create an attractive setting for adjacent private investment for industrial, office, and commercial facilities.

The purpose of the Law will be attained through and the major goals of this Plan are:

- a. The installation and construction of public improvements, including streets; and improvements to roadways, curbs, gutters and streetscapes, which for purposes of this Plan, the term "streetscapes" includes sidewalks, lighting, landscaping, benches, bike racks, public art and similar amenities between the curb and right of way line; improvements to public utilities including water and sewer improvements, and fire protection systems; other related public improvements; removal, burying, or relocation of overhead utilities; extension of electrical distribution lines and transformers; improvement of irrigation and drainage ditches and laterals; and improvement of storm drainage facilities;
- b. The planning, design and construction of the proposed Interstate 15 (Siphon Road) interchange and the connecting local road;
- c. The replanning, redesign, and development of undeveloped or underdeveloped areas which are stagnant or improperly utilized because of limited traffic access, underserved utilities, and other site conditions;
- d. The strengthening of the economic base of the Project Area and the community by the installation of needed public improvements to stimulate new private development providing, employment, and economic growth;
- e. The provision of adequate land for open space, street rights-of-way and pedestrian rights-of-way, including pathways;
- f. The reconstruction and improvement of street corridors to allow traffic flows to move through the Project Area along with the accompanying utility connections, through the Project Area;
- g. The provision of public service utilities such as water system improvements, sewer system improvements and improvements to storm drainage facilities (which may be located outside the Project Area);

- h. In conjunction with the City, the establishment and implementation of performance criteria to assure high site design standards and environmental quality and other design elements which provide unity and integrity to the entire Project Area, including commitment of funds for planning studies, achieving high standards of development, and leveraging such development to achieve public objectives and efficient use of scarce resources;
- i. The strengthening of the tax base by encouraging private development, thus increasing the assessed valuation of properties within the Project Area as a whole and benefiting the various taxing districts in which the urban renewal area is located; and
- j. The funding of necessary public infrastructure to accommodate both public and private development.

101 General Procedures of the Agency

The Agency is a public body, corporate and politic, as defined and described under the Law and the Act. The Agency is also governed by its bylaws as authorized by the Law and adopted by the Agency. Under the Law, the Agency is governed by the Idaho open meeting law; the Public Records Act; the Ethics in Government Act of 2015, Chapters 1, 2 and 4 of Title 74, Idaho Code; reporting requirements pursuant to Idaho Code §§ 67-450B, 67-450E, 50-2903A and 50-2913; and the competitive bidding requirements under Chapter 28, Title 67, Idaho Code, as well as other procurement or other public improvement delivery methods.

Subject to limited exceptions, the Agency shall conduct all meetings in open session and allow meaningful public input as mandated by the issue considered or by any statutory or regulatory provision.

The Agency may adopt separate policy statements. Any modification to any policy statement is a technical or ministerial adjustment and is not a modification to this Plan under Idaho Code § 50-2903A.

102 Provisions Necessary to Meet State and Local Requirements: Conformance with the Idaho Urban Renewal Law of 1965, as Amended

Idaho law requires that an urban renewal plan be prepared for an area determined to be eligible as an urban renewal area by the City Council. The Project Area was reviewed and determined to be eligible by Agency Resolution No. _____ on _____, 2018. The Project Area was deemed eligible by the City Council by adoption of Resolution No. _____ on _____, 2018.

With the adoption of Resolution No. _____, the City Council found the Project Area to be a deteriorating area existing in the City as defined by the Law and Act, and authorized the preparation of an urban renewal plan.

As properties within the Project Area are outside the boundaries of the City and within the boundaries of Bannock County, and in accordance with Idaho Code § 50-2018(18), the Bannock County Board of County Commissioners adopted Resolution No. _____, on _____, 2018, finding the Project Area to be a deteriorated area and/or deteriorating area and finding a need for the urban renewal plan. A copy of Resolution No. _____ is attached hereto as Attachment 7.

In accordance with the Law and Act, the necessary agricultural consents were obtained from owners of any agricultural operations within the Project Area for property that has been used as an agricultural operation within the last three (3) years. Copies of the agricultural consents are attached hereto as Attachment 6.

The Plan was prepared and submitted to the Agency for its review and approval. The Agency approved the Plan by the adoption of Agency Resolution No. [_____] on _____, 2018, and submitted the Plan to the City Council with its recommendation for adoption

In accordance with the Law, this Plan was submitted to the Planning and Zoning Commission of the City. After consideration of the Plan, the Commission reported to the City Council that this Plan is in conformity with the City's Comprehensive Plan.

Pursuant to the Law and Act, the City Council having published due notice thereof, a public hearing was held on this Plan. Notice of the hearing was duly published in the _____, a newspaper having general circulation in the City. The City Council adopted this Plan on _____, 2018, by Ordinance No. _____.

103 History and Current Conditions of the Area

This Project Area includes an estimated _____ acres. Approximately 300 acres north of Chubbuck Road and east of Interstate 15 was annexed into the City in 2018. The area has been used primarily for agricultural purposes, although a new Interstate 15 interchange is expected to be constructed within the next year. While there has been recent investment and development on parcels immediately south of Chubbuck Road, no investment has been made within the Project Area.

The Project Area has been zoned for primarily mixed use commercial and residential uses. A significant impediment to development is the extent of infrastructure necessary to develop the area. Development potential within the Project Area is currently restricted due to lack of access to the municipal water system, which also creates fire flow issues. Extension of a water distribution system throughout the Project Area is necessary to support development. Likewise, the sewer system will also need to be extended throughout the Project Area. Power system upgrades are also necessary.

The Plan proposes installation and improvements to public infrastructure and other publicly owned assets throughout the Project Area, as more specifically set forth in Attachment 5.1, including but not limited to participation in the engineering, design and construction of the proposed new Interstate 15 interchange; engineering, design and construction of the local road

connecting Chubbuck Road to the new interchange (Eastside Road); installation of roadways, including streetscapes, streetlights, curbs, gutters sidewalks and other related pedestrian amenities; water and sewer improvements; improvements to the power system; storm drainage and irrigation system improvements; and parks and open space, including pedestrian/bike paths, creating the framework for the development of a commercial, office and retail area, and ultimately a planned unit development community.

The Project Area is underdeveloped or vacant and is not being used to its highest and best use due to the predominance of defective or inadequate street layout, outmoded street patterns, need for modern traffic requirements, insanitary and unsafe conditions, unsuitable topography and faulty lot layout and inadequate utility infrastructure needed for a larger development. The foregoing conditions have arrested or impaired growth in the Project Area.

The preparation and approval of an urban renewal plan, including a revenue allocation financing provision, gives the City additional resources to solve the public infrastructure and development impediment issues in this area. Revenue allocation financing should help to improve the situation. In effect, property taxes generated by new developments within the Project Area may be used by the Agency to finance a variety of needed public improvements and facilities. Finally, some of the new developments may also generate new jobs in the community that would, in turn, benefit area residents.

104 Purpose of Activities

The description of activities, public improvements, and the estimated costs of those items are intended to create an outside limit of the Agency's activity. The Agency reserves the right to change amounts from one category to another, as long as the overall total amount estimated is not substantially exceeded. The Agency intends to discuss and negotiate with any owner or developer of the parcels within the Project Area seeking Agency assistance. During such negotiation, the Agency will determine the eligibility of the activities sought for Agency funding, the amount the Agency may fund by way of percentage or other criteria including the need for such assistance. The Agency will also take into account the amount of revenue allocation proceeds estimated to be generated from the developer's activities. The Agency also reserves the right to establish by way of policy, its funding percentage or participation, which would apply to all developers and owners.

Throughout this Plan, there are references to Agency activities, Agency funding, and the development, and contribution of public improvements. Such references do not necessarily constitute a full, final, and formal commitment by the Agency but, rather, grant to the Agency the discretion to participate as stated subject to achieving the objectives of this Plan and provided such activity is deemed eligible under the Law and the Act. The activities listed in Attachments 5.1-5.4 will be determined or prioritized as the overall Project Area develops and through the annual budget setting process.

The Agency reserves the right to prioritize the projects described in this Plan. The Agency also reserves the right to retain its flexibility in funding the various activities. The

Agency also reserves its discretion and flexibility in deciding which improvements should be funded and at what level, whether using its own funds or funds generated by other sources.

The activities listed in Attachments 5.1-5.4 are also prioritized by way of importance to the Agency by the amounts funded, and by year of funding, with earlier years reflecting the more important activities, achievement of higher objectives, long term goals, and commitments. As required by the Law and Act, the Agency will adopt more specific budgets annually.

105 Open Land Criteria

The Project Area includes open land requiring the area meet the conditions set forth in Idaho Code § 50-2008(d). These conditions include defective or unusual conditions of title, diversity of ownership, tax delinquency, improper subdivisions, outmoded street patterns, deterioration of site, and faulty lot layout, all of which are included in one form or another in the definitions of deteriorated or deteriorating area set forth in Idaho Code §§ 50-2018(8), (9) and 50-2903(8). The issues listed only in Idaho Code § 50-2008(d)(4)(2) (the open land section) include economic disuse, unsuitable topography, and "the need for the correlation of the area with other areas of a municipality by streets and modern traffic requirements, or any combination of such factors or other conditions which retard development of the area."

Open land areas qualify if any of the deteriorating area conditions set forth in Idaho Code §§ 50-2018(8), (9) and 50-2903(8) apply. But such areas also qualify if any of the issues listed only in 50-2008(d)(4)(2) apply. The lack of water and sewer facilities, large parcel size, diversity of ownership, a deficient street system and lack of fire protection facilities are all conditions which delay or impair development of the open land areas and satisfy the open land conditions. This Plan does not anticipate or intend Agency acquisition of property within the Project Area.

200 DESCRIPTION OF PROJECT AREA

The boundaries of the Project Area and the Revenue Allocation Area are shown on the Project Area and Revenue Allocation Boundary Map, attached hereto as Attachment 1 and incorporated herein by reference, and are described in the Description of the Project Area and Revenue Allocation Area, attached hereto as Attachment 2 and incorporated herein by reference. For purposes of boundary descriptions and use of proceeds for payment of improvements, the boundary shall be deemed to extend to the outer boundary of rights-of-way or other natural boundary unless otherwise stated.

300 PROPOSED REDEVELOPMENT ACTIONS

301 General

The Agency proposes to eliminate and prevent the spread of deteriorating conditions and deterioration in the Project Area by:

- a. The construction of storm water management infrastructure to support compliance with federal, state and local regulations for storm water discharge and to support private development;
- b. The provision for participation by property owners and developers within the Project Area to achieve the objectives of this Plan;
- c. The engineering, design, installation, construction, and reconstruction of certain streets, including the proposed Interstate 15 interchange (Siphon Road) and the connecting local road (Eastside Road); and improvements to roadways, curbs, gutters and streetscapes, which for purposes of this Plan, the term includes sidewalks, lighting, landscaping, benches, bike racks, public art and similar amenities between the curb and right of way line; improvements to public utilities including water and sewer improvements, and fire protection systems; other related public improvements; removal, burying, or relocation of overhead utilities; extension of electrical distribution lines and transformers; improvement of irrigation and drainage ditches and laterals; and improvement of storm drainage facilities;
- d. The acquisition of certain real property for right-of-way improvements;
- e. The disposition of property for public use in accordance with this Plan;
- f. The management of any property acquired by and under the ownership and control of the Agency;
- g. The redevelopment of land by private enterprise or public agencies for uses in accordance with this Plan;
- h. The construction and financial support of infrastructure necessary for the provision of improved transit and alternative transportation;
- i. The construction of a public safety facility for police, fire and/or emergency services;
- j. The provision of financial and other assistance to encourage and attract business enterprise including but not limited to start-ups and microbusinesses, mid-sized companies and large-scale corporations;
- k. The provision of financial and other assistance to encourage greater density;
- l. The rehabilitation of structures and improvements by present owners, their successors, and the Agency;

- m. The preparation and assembly of adequate sites for the development and construction of facilities for commercial, office, retail, residential, and governmental use;
- n. To the extent allowed by law, lend or invest federal funds to facilitate redevelopment; and
- o. To make improvements to utilities to encourage development through the Project Area.

In the accomplishment of these purposes and activities and in the implementation and furtherance of this Plan, the Agency is authorized to use all the powers provided in this Plan and all the powers now or hereafter permitted by Law and Act.

302 Urban Renewal Plan Objectives

Urban renewal activity is necessary in the Project Area to combat problems of physical deterioration or deteriorating conditions. As set forth in greater detail in Section 103, the Project Area has a history of a slow-growing tax base based on deteriorating conditions that have arrested or impaired, or will arrest or impair growth in the Project Area.

Construction of public facilities, installation and construction of infrastructure, including roadways, sidewalk, curb, gutter, intersections, improvements to water and sewer facilities, fire protection updates, as well as, remediating any drainage issues will enhance the overall development of the Project Area.

Hence, the Plan for the Project Area is a proposal for street and utility improvements to provide an improved environment for new commercial, office, retail, and residential, public improvements or facilities, the elimination of unsafe conditions, and to otherwise prevent the extension of deterioration and reverse the deteriorating action of the area.

Less than fee acquisition may be utilized by the Agency when and if necessary to promote redevelopment in accordance with the objectives of the Plan.

Temporary project improvements shall be provided to facilitate adequate vehicular and pedestrian circulation.

The provisions of this Plan are applicable to all public and private property in the Project Area. The provisions of the Plan shall be interpreted and applied as objectives and goals, recognizing the need for flexibility in interpretation and implementation, while at the same time not in any way abdicating the rights and privileges of the property owners which are vested in the present and future zoning classifications of the properties. All development under an owner participation agreement shall conform to those standards specified in Section 303.1 of this Plan.

This Plan must be practical in order to succeed. Particular attention has been paid to how it can be implemented, given the changing nature of market conditions. Transforming the

Project Area into a vital, thriving part of the community requires an assertive strategy. The following list represents the key elements of that effort:

- a. Initiate simultaneous projects designed to revitalize the Project Area. From street and utility improvements to significant new private development, the Agency plays a key role in creating the necessary momentum to get and keep things going.
- b. Develop new residential, retail, commercial, and office opportunities and encourage economic development.

Without direct public intervention, much of the Project Area could conceivably remain unchanged for the next twenty (20) years. The Plan creates the necessary flexible framework for the Project Area to support the City's economic development while complying with the "specificity" requirement set forth in Idaho Code § 50-2905.

Land use in the Project Area will be modified to the extent that buildings currently vacant and land now devoted to scattered inconsistent uses will be converted to residential, commercial, retail and office uses. In implementing the activities described in this Plan, the Agency shall give due consideration to the provision of adequate open space, park and recreational areas and facilities that may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of residents in the general vicinity of the site covered by the Plan.

303 Participation Opportunities and Agreement

303.1 Participation Agreements

The Agency shall enter into an owner participation agreement with any existing or future owner of property, in the event the property owner receives assistance from the Agency in the redevelopment of the property.

Each structure and building in the Project Area to be rehabilitated or to be constructed as a condition of the owner participation agreement between the Agency and the owner pursuant to this Plan will be considered to be satisfactorily rehabilitated and constructed, and the Agency will so certify, if the rehabilitated or new structure meets the standards set forth in an executed owner participation agreement and meets the conditions described below:

- a. Any such property within the Project Area shall be required to conform to all applicable provisions, requirements, and regulations of this Plan. The owner participation agreement may require as a condition of financial participation by the Agency a commitment by the property owner to meet the greater objectives of the land use elements identified in the Comprehensive Plan, and applicable zoning ordinances. Upon completion of any rehabilitation each structure must be safe and sound in all physical respects and be refurbished and altered to bring the property to an upgraded marketable condition that will continue throughout an estimated useful life for a minimum of twenty (20) years.

- b. All such buildings or portions of buildings which are to remain within the Project Area shall be rehabilitated or constructed in conformity with all applicable codes and ordinances of the City.
- c. Any new construction shall also conform to all applicable provisions, requirements, and regulations of this Plan, as well as, to all applicable codes and ordinances of the City.

All owner participation agreements will address phasing issues, justification and eligibility of project costs, and achievement of the objectives of the Plan. Agency shall retain its discretion in the funding level of its participation.

In all participation agreements, participants who retain real property shall be required to join in the recordation of such documents as may be necessary to make the provisions of this Plan applicable to their properties. Whether or not a participant enters into a participation agreement with the Agency, the provisions of this Plan are applicable to all public and private property in the Project Area.

In the event a participant fails or refuses to rehabilitate, develop, use, and maintain its real property pursuant to this Plan and a participation agreement, the real property or any interest therein may be acquired by the Agency in accordance with Section 305.1 of this Plan and sold or leased for rehabilitation or development in accordance with this Plan.

Owner participation agreements may be used to implement the following objectives:

- a. Encouraging established businesses to revitalize deteriorating areas of their parcels to accelerate the enhancement of the street environment in the Plan area.
- b. Subject to the limitations of the Law and the Act, providing incentives to existing business owners to encourage continued utilization and expansion of existing permitted uses to prevent properties from falling into disuse, a proliferation of vacant and deteriorated parcels and a reduction in area employment.
- c. Allowing existing nonconforming uses to continue in accordance with City regulations and to accommodate improvements and expansions allowed by City regulations.
- d. Subject to the limitations of the Law and Act, providing incentives to improve nonconforming properties so they implement the design guidelines contained in this Plan to the extent possible and to encourage an orderly transition from nonconforming to conforming uses over the next twenty (20) years.
- e. Provide for advance funding by the developer/owner participant of those certain public improvements related to or needed for the private development. In that event, the Agency will agree as set out in the participation agreement to reimburse

a portion of, or all of, the costs of public improvements identified in the participation agreement from the revenue allocation generated by the private development. Though no specific advance funding by a developer/owner participant is shown in the cash analysis attachments, this Plan specifically allows for such advance.

303.2 City Fees

For any development covered by an owner participation agreement, the Agency shall have the authority, but not the obligation, to consider the payment of all or part of any City fee assessed on the development from revenue allocation proceeds to the extent allowed by law.

304 Cooperation with Public Bodies

Certain public bodies are authorized by state law to aid and cooperate, with or without consideration, in the planning, undertaking, construction, or operation of this Project. The Agency shall seek the aid and cooperation of such public bodies and shall attempt to coordinate this Plan with the activities of such public bodies in order to accomplish the purposes of redevelopment and the highest public good.

The Agency, by law, is not authorized to acquire real property owned by public bodies without the consent of such public bodies. The Agency will seek the cooperation of all public bodies which own or intend to acquire property in the Project Area. All plans for development of property in the Project Area by a public body shall be subject to Agency approval, in the event the Agency is providing any financial assistance.

Subject to applicable authority, the Agency may impose on all public bodies the planning and design controls contained in this Plan to ensure that present uses and any future development by public bodies will conform to the requirements of this Plan. The Agency is authorized to financially (and otherwise) assist any public entity in the cost of public land, buildings, facilities, structures, or other improvements of the Project Area as allowed by the Law and Act.

The Agency specifically intends to cooperate to the extent allowable with the City for the construction of street, streetscape, utility, and pedestrian improvements. The Agency shall also cooperate with the City on various relocation, screening, or underground projects, the providing of fiber optic capability, and the funding of water and sewer improvements. To the extent any public entity, including the City, has funded certain improvements such as water and sewer facilities or storm drainage improvements, the Agency may reimburse those entities for those expenses. The Agency shall also cooperate with any public entity having jurisdiction over rights-of-way for the improvement of streets within the Project Area and with the public bodies responsible for water and sewer improvements. The Agency also intends to cooperate and seek available assistance from state and federal sources for economic development.

In the event the Agency is participating in the public development by way of financial incentive or otherwise, the public body shall enter into a participation agreement with the

Agency and then shall be bound by the Plan and other land use elements and shall conform to those standards specified in Section 303.1 of this Plan.

305 Property Acquisition

305.1 Real Property

Only as specifically authorized herein, the Agency may acquire, through the voluntary measures described below, but is not required to acquire, any real property located in the Project Area where it is determined that the property is needed for construction of public improvements, required to eliminate or mitigate the deteriorated or deteriorating conditions, and as otherwise allowed by law. The acquisition shall be by any means authorized by law, including, but not limited to, the Law, the Act, and the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, but shall not include the right to invoke eminent domain authority except as authorized herein. The Agency is authorized to acquire either the entire fee or any other interest in real property less than a fee, including structures and fixtures upon the real property, without acquiring the land upon which those structures and fixtures are located.

The Agency intends to acquire any real property through voluntary or consensual gift, devise, exchange, or purchase. Such acquisition of property may be for the development of the public improvements identified in this Plan. Such properties may include properties owned by private parties or public entities. This Plan does not anticipate the Agency's widespread use of its resources for property acquisition, except for the construction of public improvements.

In the event the Agency identifies certain property which should be acquired to develop certain public improvements intended to be constructed under the provisions of this Plan, the Agency shall coordinate such property acquisition with any other public entity (e.g., without limitation, the City, the state of Idaho, or any of its authorized agencies), including the assistance of the Agency of funds to acquire said property either through a voluntary acquisition or the public entity's invoking of its eminent domain authority.

The Agency is authorized by this Plan to acquire the properties identified in Attachment 3 hereto, including but not limited to property to be acquired for the extension or expansion of certain rights-of-way.

It is in the public interest and is necessary, in order to eliminate the conditions requiring redevelopment and in order to execute this Plan, for the power of eminent domain to be employed by the Agency to acquire real property in the Project Area for the public improvements identified in this Plan, which cannot be acquired by gift, devise, exchange, purchase, or any other lawful method.

Under the provisions of the Act, the urban renewal plan "shall be sufficiently complete to indicate such land acquisition, demolition, and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area." Idaho Code § 50-2018(12). The Agency has generally described those properties by use

as set out in Attachment 3 for acquisition for the construction of public improvements. The Agency may also acquire property for the purpose of developing streetscape and public utilities. The Agency reserves the right to determine which properties identified, if any, should be acquired.

305.2 Personal Property

Generally, personal property shall not be acquired. However, where necessary in the execution of this Plan, the Agency is authorized to acquire personal property in the Project Area by any lawful means, including eminent domain for the purpose of developing the public improvements described in section 305.1.

306 Development by the Agency

To the extent now or hereafter permitted by law, the Agency is authorized to pay for, develop, or construct any publicly-owned building, facility, structure, or other improvement within the Project Area for itself or for any public body or entity, which buildings, facilities, structures, or other improvements are or would be of benefit to the Project Area. Specifically, the Agency may pay for, install, or construct the buildings, facilities, structures, and other improvements identified in Attachments 5.1-5.2, attached hereto and incorporated herein by reference.

307 Relocation of Persons (Including Individuals and Families), Business Concerns, and Others Displaced by the Project

If the Agency receives federal funds for real estate acquisition and relocation, the Agency shall comply with 24 C.F.R. Part 42, implementing the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

In the event the Agency's activities result in displacement, the Agency shall comply with, at a minimum, the standards set forth in the Law. The Agency shall also comply with all applicable state laws concerning relocation benefits. The Agency shall also coordinate with the various local, state, or federal agencies concerning relocation assistance.

308 Demolition and Clearance

The Agency is authorized (but not required) to demolish and clear buildings, structures, and other improvements from any real property in the Project Area as necessary to carry out the purposes of this Plan.

309 Property Disposition and Development

309.1 Disposition by the Agency

For the purposes of this Plan, the Agency is authorized to sell, lease, exchange, subdivide, transfer, assign, pledge, encumber by mortgage or deed of trust, or otherwise dispose

of any interest in real property under the reuse provisions set forth in Idaho Code § 50-2011. To the extent permitted by law, the Agency is authorized to dispose of real property by negotiated lease, sale, or transfer without public bidding.

Real property acquired by the Agency may be conveyed by the Agency and, where beneficial to the Project Area, without charge to any public body as allowed by law. All real property acquired by the Agency in the Project Area shall be sold or leased to public or private persons or entities for development for the uses permitted in this Plan.

309.2 Development by the Agency

To the extent now or hereafter permitted by law, the Agency is authorized to pay for, develop, or construct public improvements within the Project Area for itself or for any public body or entity, which public improvements are or would be of benefit to the Project Area. Specifically, the Agency may pay for, install, or construct the public improvements identified in Attachments 5.1-5.2, attached hereto and incorporated herein by reference, and may acquire or pay for the land required therefore.

The Agency may enter into contracts, leases, and agreements with the City or other public body or private entity pursuant to this section, and the obligation of the Agency under such contract, lease, or agreement shall constitute an indebtedness of the Agency as described in Idaho Code § 50-2909 which may be made payable out of the taxes levied in the Project Area and allocated to the Agency under Idaho Code § 50-2908(2)(b) and Section 504 to this Plan or out of any other available funds.

309.3 Development Plans

All development plans (whether public or private) prepared, pursuant to an owner participation or disposition and development agreement, shall be submitted to the Agency for approval and architectural review. All development in the Project Area must conform to those standards specified in Sections 408 and 412. Additionally, development must be consistent with all City ordinances.

310 [Reserved]

311 [Reserved]

312 Participation with Private Development or Public Development

Under the Law, the Agency has the authority to lend or invest funds obtained from the federal government for the purposes of the Law if allowable under federal laws or regulations. The federal funds that may be available to the Agency are governed by regulations promulgated by the Department of Housing and Urban Development for the Idaho Community Development Block Grant Program ("ICDBG"), the Economic Development Administration, the Small Business Administration, or other federal agencies. In order to enhance such grants, the Agency's use of revenue allocation funds is critical.

Under those regulations the Agency may participate with the private sector in the development and financing of those private projects that will attain certain federal objectives.

The Agency may, therefore, use the federal funds for the provision of assistance to private for-profit business, including, but not limited to, grants, loans, loan guarantees, interest supplements, technical assistance, and other forms to support, for any other activity necessary or appropriate to carry out an economic development project.

As allowed by law, the Agency may also use funds from any other sources for any purpose set forth under the Law or Act.

The Agency may enter into contracts, leases, and agreements with the City, or other public body or private entity, pursuant to this section, and the obligation of the Agency under such contract, lease, or agreement shall constitute an indebtedness of the Agency as described in Idaho Code § 50-2909 which may be made payable out of the taxes levied in the Project Area and allocated to the Agency under Idaho Code § 50-2908(2)(b) and Section 504 to this Plan or out of any other available funds.

313 Conforming Owners

The Agency may, at the Agency's sole and absolute discretion, determine that certain real property within the Project Area presently meets the requirements of this Plan, and the owner of such property will be permitted to remain as a conforming owner without a participation agreement with the Agency, provided such owner continues to operate, use, and maintain the real property within the requirements of this Plan.

314 Arts Funding

The Agency encourages public art and performing arts through joint ventures with private developers and in cooperation with the City. Whenever possible, any Agency arts funding will be used to leverage additional contributions from developers, other private sources, and public or quasi-public entities for purposes of including public art within the streetscape projects identified in this Plan.

400 USES PERMITTED IN THE PROJECT AREA

401 Designated Land Uses

The Agency intends to rely upon the overall land use designations and zoning classifications of the City, as depicted on Attachment 4 and as set forth in the City's Comprehensive Plan, including the future land use map and zoning classifications, as may be amended. For the most part, the Project Area is proposed as residential, commercial, retail and office development. Provided, however, nothing herein within this Plan shall be deemed to be granting any particular right to zoning classification or use.

402 [Reserved]

403 Public Rights-of-Way

The Project Area includes portions of Chubbuck Road and Interstate -15. The proposed development contemplates a new Interstate 15 interchange (Siphon Road) and several new City roads including the local road connecting the new Interstate 15 interchange to Olympus Drive. The new roadway will be constructed in conjunction with any applicable policies and design standards of the City (and State and Federal, as the case may be) regarding dedicated rights-of-way.

Additional improvements to existing streets and easements may be created, improved, or extended in the Project Area as need for development. Existing streets, easements, and irrigation or drainage laterals or ditches may be abandoned, closed, or modified as necessary for proper development of the Project Area, in conjunction with any applicable policies and standards of the City regarding changes to dedicated rights-of-way, and appropriate irrigation or drainage districts regarding changes to laterals or ditches.

Any changes in the existing interior or exterior street layout shall be in accordance with the objectives of this Plan and the City's design standards; shall be effectuated in the manner prescribed by State and local law; and shall be guided by the following criteria:

- a. A balancing of the needs of proposed and potential new developments for adequate vehicular access, vehicular parking, and delivery loading docks with the similar needs of any existing developments permitted to remain. Such balancing shall take into consideration the rights of existing owners and tenants under the rules for owner and tenant participation adopted by the Agency for the Project and any participation agreements executed thereunder;
- b. The requirements imposed by such factors as topography, traffic safety, and aesthetics; and
- c. The potential need to serve not only the Project Area and new or existing developments, but to also serve areas outside the Project Area by providing convenient and efficient vehicular access and movement.

The public rights-of-way may be used for vehicular and/or pedestrian traffic, as well as for public improvements, public and private utilities, and activities typically found in public rights-of-way.

404 Interim Uses

Pending the ultimate development of land by developers and participants, the Agency is authorized to use or permit the use of any land in the Project Area for interim uses that are not in conformity with the uses permitted in this Plan. However, any interim use must comply with applicable City Code.

405 Development in the Project Area Subject to the Plan

All real property in the Project Area, under the provisions of an owner participation agreement, is made subject to the controls and requirements of this Plan. No such real property shall be developed, rehabilitated, or otherwise changed after the date of the adoption of this Plan, except in conformance with the provisions of this Plan.

405.1 Construction Shall Comply with Applicable Federal, State, and Local Laws and Ordinances and Agency Development Standards

All construction in the Project Area shall comply with all applicable state and local laws and codes in effect from time to time. In addition to applicable codes, ordinances, or other requirements governing development in the Project Area, additional specific performance and development standards may be adopted by the Agency to control and direct redevelopment activities in the Project Area in the event of a disposition and development agreement or owner participation agreement.

406 Design for Development

Within the limits, restrictions, and controls established in this Plan, the Agency is authorized to establish heights of buildings, density, land coverage, setback requirements, design criteria, traffic circulation, traffic access, and other development and design controls necessary for proper development of both private and public areas within the Project Area. Any development must also comply with the City's zoning ordinance regarding heights, setbacks, density and other like standards.

In the case of property which is the subject of an owner participation agreement with the Agency, no new improvement shall be constructed, and no existing improvement shall be substantially modified, altered, repaired, or rehabilitated, except in accordance with this Plan. Under those agreements the architectural, landscape, and site plans shall be submitted to the Agency and approved in writing by the Agency. One of the objectives of this Plan is to create an attractive and pleasant environment in the Project Area. Therefore, such plans shall give consideration to good design, open space, and other amenities to enhance the aesthetic quality of the Project Area. The Agency shall not approve any plans that do not comply with this Plan. The Agency reserves the right to impose such design standards on an ad hoc, case by case basis through the approval process of the owner participation agreement or disposition and development agreement. Any change to such approved design must be consented to by the Agency and such consent may be conditioned upon reduction of Agency's financial participation towards the Project.

In the event the Agency adopts design standards or controls, those provisions will thereafter apply to each site or portion thereof in the Project Area. Those controls and standards will be implemented through the provisions of any owner participation agreement or by appropriate covenants appended to the land and instruments of conveyance executed pursuant thereto. These controls are in addition to any standards and provisions of any applicable City

building or zoning ordinances; provided, however, each and every development shall comply with all applicable City zoning and building ordinance.

407 Nonconforming Uses

The Agency may permit an existing use to remain in an existing building and site usage in good condition, which use does not conform to the provisions of this Plan, provided that such use is generally compatible with existing and proposed developments and uses in the Project Area. The owner of such a property must be willing to enter into an owner participation agreement and agree to the imposition of such reasonable restrictions as may be necessary to protect the development and use of the Project Area.

The Agency may authorize additions, alterations, repairs, or other improvements in the Project Area for uses which do not conform to the provisions of this Plan where such improvements are within a portion of the Project where, in the determination of the Agency, such improvements would be compatible with surrounding Project uses and development.

All nonconforming uses shall also comply with the City Ordinances.

408 Design Guidelines for Development under a Disposition and Development Agreement or Owner Participation Agreement

Under an owner participation agreement, the design guidelines and land use elements of the Plan shall be achieved to the greatest extent feasible, though the Agency retains the authority to grant minor variations under Section 407.10 of this Plan and subject to a negotiated agreement between the Agency and the developer or property owner.

Under those agreements, the architectural, landscape, and site plans shall be submitted to the Agency and approved in writing by the Agency. In such agreements, the Agency may impose additional design controls. One of the objectives of this Plan is to create an attractive pedestrian environment in the Project Area. Therefore, such plans shall give consideration to good design and amenities to enhance the aesthetic quality of the Project Area. These additional design standards or controls will be implemented through the provisions of any owner participation agreement. These controls are in addition to any standard and provisions of any applicable City building or zoning ordinances; provided, however, each and every development shall comply with all applicable City zoning and building ordinances.

500 METHODS OF FINANCING THE PROJECT

501 General Description of the Proposed Financing Method

The Agency is authorized to finance this Project with revenue allocation proceeds, financial assistance from the City, state of Idaho, federal government, interest income, developer advanced funds, donations, loans from private financial institutions (line of credit), or any other available source, public or private, including assistance from any taxing district or any public entity.

The Agency is also authorized to obtain advances, borrow funds, and create indebtedness in carrying out this Plan. The Agency may also consider an inter-fund transfer from other urban renewal project areas and a grant from the City. The principal and interest on such advances, funds, and indebtedness may be paid from any funds available to the Agency. The City, as it is able, may also supply additional assistance through City loans and grants for various public facilities.

The City or any other public agency may expend money to assist the Agency in carrying out this Project.

502 Revenue Funds

As allowed by law and subject to restrictions as are imposed by law, the Agency is authorized to issue notes or bonds from time to time, if it deems appropriate to do so, in order to finance all or any part of the Project. Neither the members of the Agency nor any persons executing the bonds are liable personally on the bonds by reason of their issuance.

503 Other Loans and Grants

Any other loans, grants, guarantees, or financial assistance from the United States, the state of Idaho, including ICDBG funds, or any other public or private source will be utilized if available. The Agency may consider funding sources through Local Improvement Districts as authorized by state law. Neither the members of the Agency nor any persons executing such loans or grants shall be liable on the loans or grants by reason of their issuance.

The Agency also intends to seek appropriate private contributions, where applicable, to assist in the funding of the activities described herein.

504 Revenue Allocation Financing Provisions

The Agency hereby adopts revenue allocation financing provisions as authorized by the Act, effective retroactively to January 1, 2018. These revenue allocation provisions shall apply to all taxing districts which are located in or overlap the Revenue Allocation Area shown and described on Attachments 1 and 2 to this Plan. The Agency shall take all actions necessary or convenient to implement these revenue allocation financing provisions. The Agency specifically finds that the equalized assessed valuation of property within the Revenue Allocation Area is likely to increase as a result of the initiation of the Project.

The Agency, acting by one or more resolutions adopted by its Board, is hereby authorized to apply all or any portion of the revenues allocated to the Agency pursuant to the Act to pay as costs are incurred or to pledge all or any portion of such revenues to the repayment of any moneys borrowed, indebtedness incurred, or notes or bonds issued by the Agency to finance or to refinance the Project Costs (as defined in Idaho Code § 50-2903(14)) of one or more urban renewal projects.

Upon enactment of a City Council ordinance finally adopting these revenue allocation financing provisions and defining the Revenue Allocation Area described herein as part of the Plan, there shall hereby be created a special fund of the Agency into which the County Treasurer shall deposit allocated revenues as provided in Idaho Code § 50-2908. The Agency shall use such funds solely in accordance with Idaho Code § 50-2909 and solely for the purpose of providing funds to pay the Project Costs, including any incidental costs, of such urban renewal projects as the Agency may determine by resolution or resolutions of its Board.

A statement listing proposed public improvements and facilities, a schedule of improvements, an economic feasibility study, estimated project costs, fiscal impact upon other taxing districts, and methods of financing project costs required by Idaho Code § 50-2905 is included in Attachments 5.1-5.5 to this Plan. This statement necessarily incorporates estimates and projections based on the Agency's present knowledge and expectations. The Agency is hereby authorized to adjust the presently anticipated urban renewal projects and use of revenue allocation financing of the related Project Costs if the Board deems such adjustment necessary or convenient to effectuate the general objectives of the Plan in order to account for revenue inconsistencies and unknown future costs. Agency revenue and the ability to fund reimbursement of eligible Project Costs is more specifically detailed in the annual budget.

The Agency may also appropriate funds consisting of revenue allocation proceeds on an annual basis without the issuance of notes or bonds. The Agency has also provided for obtaining advances or loans from the City or Agency, or from the Agency's other revenue allocation area, or private entity and financial institutions in order to immediately commence construction of certain of the public improvements. Revenues will continue to be allocated to the Agency until the improvements identified in Attachments 5.1-5.2 are completely constructed or until any obligation to the City or any other public entity, other revenue allocation area, or private entity are fulfilled. Attachments 5.1-5.5 incorporate estimates and projections based on the Agency's present knowledge and expectations concerning the length of time to complete the improvements and estimated future revenues. The activity may take longer depending on the significance and timeliness of development. Alternatively, the activity may be completed earlier if revenue allocation proceeds are greater or the Agency obtains additional funds from another source.

The revenue allocation proceeds are hereby irrevocably pledged for the payment of the principal and interest on the advance of monies or making of loans or the incurring of any indebtedness such as bonds, notes, and other obligations (whether funded, refunded, assumed, or otherwise) by the Agency to finance or refinance the Project in whole or in part.

The Agency is authorized to make such pledges as to specific advances, loans, and indebtedness as appropriate in carrying out the Project.

The Agency reserves the right to either pay for Project Costs from available revenue (pay as you go basis) or borrow funds by incurring debt through notes or other obligations.

Revenue allocation proceeds are deemed to be only a part of the proposed funding sources for the payment of public improvements and other project improvements. Additionally,

project funding is proposed to be phased for the improvements, allowing various sources of funds to be accumulated for use.

504.1 Economic Feasibility Study

Attachment 5.2 constitutes the Economic Feasibility Study ("Study") as supported by Attachments 5.1, 5.3, 5.4, and 5.5 for the urban renewal area prepared by Phil Kushlan, Kushlan Associates. The Study constitutes the financial analysis required by the Act and is based upon existing information from the developers, the Agency and the City. Projections are based upon input from the Agency, property owners, developers, City and other public entities.

The Study also relies on information included in the Market Analysis, dated June 2018, and prepared by Chris Zahas, Leland Consulting Group (the "Market Study"). The Market Study is attached hereto as Attachment 5.5.

504.2 Assumptions and Conditions/Economic Feasibility Statement

The information contained in Attachments 5.1-5.5 assumes certain completed and projected actions. Under the provisions of the Act, the revenue allocation shall continue until the debt or other obligations or other project activity is completed or satisfied, or as otherwise set forth in the Act. All debt is projected to be repaid no later than the duration period of the Plan. The total amount of bonded indebtedness (and all other loans or indebtedness) and the amount of revenue generated by revenue allocation are dependent upon the extent and timing of private development. Should all of the development take place as projected, the project indebtedness could be extinguished earlier, dependent upon the bond sale documents or other legal obligations. Should private development take longer to materialize or should the private development be substantially less than projected, then the amount of revenue generated will be substantially reduced and debt may continue for its full term.

The Plan and the Plan Attachments incorporate estimates and projections based on the Agency's present knowledge and expectations. The Plan proposes certain public improvements as set forth in Attachments 5.1 and 5.2, which will facilitate development in the Revenue Allocation Area.

The assumptions set forth in the Study are based upon the best information available to the Agency through public sources or discussions with property owners, developers, City and others. The information has been analyzed by the Agency and its consultants in order to provide an analysis that meets the requirements set forth under the Law and Act. At the point in time when the Agency may seek a loan from lenders or others, a more detailed and then-current financial pro forma will be presented to those lenders or underwriters for analysis to determine the borrowing capacity of the Agency. As set forth herein, the Agency reserves the right to fund the Project on a "pay as you go" basis. The Agency Board will prioritize the activities set forth in this Plan and determine what funds are available and what activities can be funded. The Agency will establish those priorities through its mandated annual budgetary process.

The assumptions concerning revenue allocation proceeds are based upon certain assessed value increases, assumed tax levy rates, and the Market Analysis as more specifically set forth in Attachments 5.1-5.5. In projecting new construction, the consultants considered the construction of the new Interstate 15 interchange, the construction of the local road connecting the interchange to Olympus Drive, proposed project plans provided by the developers, the developers anticipated build-out timeline, and historical market absorption rates for commercial, retail and residential improvements. The types of new construction expected in the Project Area are: commercial, office, medical and nursing facility, residential, including residential above retail and office, live-work residences, higher density townhome, and single-family homes, lodging and retail. Developers have identified significant interest in these development types. The Project Area has potential for a significant increase in residential growth as interest has been expressed for new construction single family, condominium and higher density living, particularly with regard to the close access and walkability to the County-owned recreation center. Several large parcels in the Project Area have recently been acquired for development purposes. Other owners have expressed interest in developing their properties or selling to a developer. However, without a method to construct the identified public improvements such as main water and sewer lines and street infrastructure, development is unlikely to occur in much of the Project Area.

The financial analysis set forth in Attachments 5.3-5.4 has taken into account and excluded levies that do not flow to the Agency consistent with Idaho Code § 50-2908.

It is understood that application of certain exemptions, including the homeowner's exemption and Idaho Code § 63-602K, which provides for personal property tax exemption to businesses may have the effect of reducing the increment value, which in turn reduces revenue.

504.3 Ten Percent Limitation¹

Under the Act, the base assessed valuation for all revenue allocation areas cannot exceed gross/net ten percent (10%) of the current assessed taxable value for the entire City. According to the Bannock County Assessor. The total assessed taxable value for the City as of January 1, 2017, less homeowners' exemptions, is \$2,510,768,942.00. Therefore, the 10% limit is \$251,076,894.00.

The adjusted base assessed value of each of the existing revenue allocation areas as of January 1, 2017, is as follows:

North Yellowstone Urban Renewal District	\$8,918,151
Naval Ordnance Urban Renewal District	\$3,449,470
North Portneuf Urban Renewal District	\$4,409,661
Pocatello Airport Urban Renewal District	\$995,883

¹ Due to the timing of the assessment process and creation of this Plan, the 2017 values have been used to establish compliance with the 10% limitation. Using the 2017 values, the total value of the existing revenue allocation areas combined with the value of this Project Area are less than 1.5% of the total value of the City. Even assuming an increase in values for 2018, the combined values of the revenue allocation areas would not exceed 10% of the current assessed value for the entire City.

The estimated base value for the proposed Northgate District (after the agricultural exemption is lifted) is \$15,964,566.

The adjusted base values for the combined revenue allocation areas total \$33,737,731, which is less than 10% of the City's 2017 value.

504.4 Financial Limitation

The Study identifies several capital improvement projects. Use of any particular funding source for any particular purpose is not assured or identified. Use of the funding source shall be conditioned on any limiting authority, including any limitations set forth in the Law, the Act, or by contract. If revenue allocation funds are unavailable, then the Agency will need to use a different funding source for that improvement.

The amount of funds available to the Agency from revenue allocation financing is directly related to the assessed value of new improvements within the Revenue Allocation Area. Under the Act, the Agency is allowed the revenue allocation generated from inflationary increases and new development value. Increases have been assumed based upon the projected value of new development as that development occurs along with possible land reassessment based on a construction start.

The Study, with the various estimates and projections, constitutes an economic feasibility study. Costs and revenues are analyzed, and the analysis shows the need for public capital funds during the project. Multiple financing sources including proposed revenue allocation notes, annual revenue allocations, developer contributions, city contributions, interfund loan, and other funds are shown. This Study identifies the kind, number, and location of all proposed public works or improvements, a detailed list of estimated project costs, a description of the methods of financing illustrating project costs, and the time when related costs or monetary obligations are to be incurred. See Idaho Code § 50-2905. Based on these funding sources, the conclusion is that the project is feasible.

The information contained in the Study assumes certain projected actions. First, the Agency has projected an advance from the City, County and Agency to assist with funding the planning, engineering and construction of the new Interstate 15 interchange. Additionally, the Agency has projected an advance from the City and the Agency to assist with funding the local road connecting the new Interstate 15 interchange to Olympus Drive. Under the provisions of the Act, the revenue allocation may continue until the end of the Plan term. Second, as set forth in Section 504.2, the total amount of indebtedness and the amount of revenue generated by revenue allocation is dependent upon the extent and timing of private development. The proposed timing for the public improvements may very well have to be adjusted depending upon the availability of some of the funds and the Agency's ability to finance any portion of the Project. **Any adjustment to Project timing or funding is technical or ministerial in nature and shall not be considered a modification of the Plan pursuant to Idaho Code Section 50-2903A.**

Attachments 5.1-5.2 list those public improvements the Agency intends to reimburse the developer for through the term of the Plan. The costs of improvements are estimates only as it is impossible to know with any certainty what the costs of improvements will be in future years. There is general recognition that construction costs fluctuate and are impacted by future unknowns, such as, the cost of materials and laborers. Final costs will be determined by way of construction contract public bidding or by an agreement between the developer/owner and Agency. The listing of public improvements does not commit the Agency to any particular level of funding; rather, identification of the activity in the Plan allows the Agency to negotiate the terms of any reimbursement with the developer.

The Agency reserves its discretion and flexibility in deciding which improvements are more critical for redevelopment, and the Agency intends to coordinate its public improvements with associated development by private developers/owners. The Agency also intends to coordinate its participation in the public improvements with the receipt of certain grants or loans which may require the Agency's participation in some combination with the grant and loan funding.

Generally, the Agency expects to develop those improvements identified in Attachments 5.1-5.2 first, in conjunction with private development within the Project Area generating the increment as identified in Attachments 5.1-5.4.

The Plan has shown that the equalized valuation of the Revenue Allocation Area as defined in the Plan is likely to increase as a result of the initiation and completion of urban renewal projects pursuant to the Plan.

504.5 [Reserved]

504.6 Participation with Local Improvement Districts

Under the Idaho Local Improvement District Code, Chapter 17, Title 50, Idaho Code, the City has the authority to establish local improvement districts for various public facilities, including, but not limited to, streets, curbs, gutters, sidewalks, storm drains, landscaping, and other like facilities. To the extent allowed by the Law and the Act, the Agency reserves the authority to participate in the funding of local improvement district facilities. This participation may include either direct funding to reduce the overall cost of the LID or to participate as an assessed entity to finance the LID project.

504.7 Issuance of Debt and Debt Limitation

Any debt incurred by the Agency as allowed by the Law and Act shall be secured by revenue allocation funds as allowed by the Act. All such debt shall be repaid within the duration of this Plan, except as may be authorized by law.

504.8 Impact on Other Taxing Districts and Levy Rate

An estimate of the overall impact of the revenue allocation project on each taxing district is shown in the Study.

The assessed value for each property in a revenue allocation area consists of a base value and an increment value. The base value is the assessed value as of January 1 of the year in which a revenue allocation area is approved by a municipality, with periodic adjustments allowed by Idaho law. The increment value is the difference between the base assessed value and current assessed value in any given year while the property is in a revenue allocation area. Under Section § 63-802, Idaho Code, taxing entities are constrained in establishing levy rates by the amount each budget of each taxing district can increase on an annual basis. Taxing entities submit proposed budgets to the County Board of Commissioners, which budgets are required to comply with the limitations set forth in Section 63-802, Idaho Code. Therefore, the impact of revenue allocation on the taxing entities is more of a product of the imposition of Idaho Code § 63-802, than the effect of urban renewal.

The County Board of Commissioners calculates the levy rate required to produce the proposed budget amount for each taxing entity using the assessed values which are subject to each taxing entity's levy rate. Assessed values in urban renewal districts which are subject to revenue allocation (incremental values) are not included in this calculation. The combined levy rate for the taxing entities is applied to the incremental property values in a revenue allocation area to determine the amount of property tax revenue which is allocated to an urban renewal agency. The property taxes generated by the base values in the urban renewal districts and by properties outside revenue allocation areas are distributed to the other taxing entities. Properties in revenue allocation areas are subject to the same levy rate as they would be outside a revenue allocation area. The difference is how the revenue is distributed. If the overall levy rate is less than assumed, the Agency will receive fewer funds from revenue allocation.

In addition, without the Revenue Allocation Area and its ability to pay for public improvements and public facilities, fewer substantial improvements within the Revenue Allocation Area would be expected during the term of the Plan; hence, there would be lower increases in assessed valuation to be used by the other taxing entities.

One result of new construction occurring outside the revenue allocation area (Idaho Code §§ 63-802 and 63-301A) is the likely reduction of the levy rate as assessed values increase for property within each taxing entity's jurisdiction. From and after December 31, 2006, Idaho Code § 63-301A prohibits taxing entities from including, as part of the new construction roll, the increased value related to new construction within a revenue allocation area until the revenue allocation authority is terminated. Any new construction within the Project Area is not available for inclusion by the taxing entities to increase their budgets. Less tax revenue will be available to those taxing entities. Upon termination of this Plan, the taxing entities will be able to include the accumulated new construction roll value in setting the following year's budget and revenue from such value is not limited to the three percent increase allowed in Idaho Code § 63-802(1)(a).

As the 2018 certified levy rates are not determined until late September 2018, the 2017 certified levy rates have been used in the Study for purposes of the analysis. For Tax Year 2017², those districts and rates for the parcels located within the City are as follows:³

<u>Taxing Districts</u>	<u>Levy Rates:</u>
Bannock County	.005365305
City of Pocatello	.011281940
Pocatello School District #25	.000000000
Bannock Ambulance	.000400000
Bannock County Road & Bridge	.000674609
Mosquito Abatement	.000027026
TOTAL LEVY ⁴	.017748880

For Tax Year 2017⁵, those districts and rates for the parcels located within the unincorporated County are as follows:⁶

<u>Taxing Districts</u>	<u>Levy Rates:</u>
Bannock County	.005365305
Pocatello School District #25	.000000000
Bannock Ambulance	.000400000
Bannock County Road & Bridge	.000674609
Portneuf Library	.000583499
Mosquito Abatement	.000027026
TOTAL LEVY ⁷	.007050439

Commented [MC1]: Bannock Fire?

² Due to the timing of the taxing districts' budget and levy setting process, certification of the 2018 levy rates did not occur until this Plan had been prepared and considered by the Agency. In order to provide a basis to analyze the impact on the taxing entities, the 2017 levy rates are used. Use of the 2017 levy rates provides a more accurate base than estimating the 2018 levy rates.

³ It is unclear how the personal property tax exemption set forth in Idaho Code § 63-602KK may impact the levy rate.

⁴ Net of voter approved bonds and levies.

⁵ Due to the timing of the taxing districts' budget and levy setting process, certification of the 2018 levy rates did not occur until this Plan had been prepared and considered by the Agency. In order to provide a basis to analyze the impact on the taxing entities, the 2017 levy rates are used. Use of the 2017 levy rates provides a more accurate base than estimating the 2018 levy rates.

⁶ It is unclear how the personal property tax exemption set forth in Idaho Code § 63-602KK may impact the levy rate.

⁷ Net of voter approved bonds and levies.

The Study has made certain assumptions concerning the levy rate. First, it is anticipated the parcels currently located outside the jurisdictional boundaries of the City and in unincorporated Bannock County will be annexed into the City. As a result, the levy rate applied to parcels within the boundaries of the City has been used to estimate revenue. Second, the levy rate is estimated to stay level for the life of the revenue allocation area. As the actual impact of the termination of the revenue allocation areas on the levy rate is unknown, the Study has assumed a conservative levy rate of .017, which is estimated to stay level for the life of the revenue allocation area. The annual increment value is expected to increase by approximately 3% (1% annual increase in land values and a 2% annual increase in improvement values) over the term of the Plan once the improvements have been completed and fully assessed by the County. If the overall levy rate is less than projected, or if expected development fails to occur as estimated, the Agency shall receive fewer funds from revenue allocation.

Pursuant to Idaho Code § 50-2908, the Agency is not entitled to revenue allocation proceeds from certain levy increases which are allowed by either specific statutory authorization or approved by an election of the qualified electors of the particular taxing district. Therefore, for any levy election, the Agency will not receive revenue allocation funds which would have been generated by imposing that levy on the assessed valuation within the Project Area. The Study has taken this statute into account. This is also the reason there is no anticipated impact to Pocatello School District #25.

505 Phasing and Other Fund Sources

The Agency anticipates funding only a portion of the entire cost of the public improvements shown on Attachments 5.1-5.5. Other sources of funds shall include City and developer participation. Agency participation shall be determined by the amount of revenue allocation funds generated.

506 Lease Revenue, Parking Revenue, and Bonds

Under the Law (Idaho Code § 50-2012), the Agency is authorized to issue revenue bonds to finance certain public improvements identified in the Plan. Under that type of financing, the public entity would pay the Agency a lease payment annually which provides certain funds to the Agency to retire the bond debt. Another variation of this type of financing is sometimes referred to as conduit financing, which provides a mechanism where the Agency uses its bonding authority for the Project, with the end user making payments to the Agency to retire the bond debt. These sources of revenues are not related to revenue allocation funds and are not particularly noted in the Study, because of the "pass through" aspects of the financing. Under the Act, the economic feasibility study focuses on the revenue allocation aspects of the Agency's financial model.

These financing models typically are for a longer period of time than the 20-year period set forth in the Act. However, these financing models do not involve revenue allocation funds, but rather funds from the end users which provide a funding source for the Agency to continue to

own and operate the facility beyond the term of the Plan as allowed by Idaho Code § 50-2905(8) as those resources involve funds not related to revenue allocation funds.

507 Membership Dues and Support of Community Economic Development

The Act is premised upon economic development being a valid public purpose. To the extent allowed by the Law and the Act, the Agency reserves the authority to use revenue allocation funds to contract with non-profit and charitable organizations established for the purpose of supporting economic development and job creation. Additionally, the Agency reserves the authority to expend revenue allocation funds to join, participate and support non-profit organizations established to support Agency best practices and administration. The line item of Operating Expenses within the Study shall be deemed to include expenditures for the purposes described in this section as may be deemed appropriate during the annual budgetary process.

600 ACTIONS BY THE CITY AND COUNTY

The City and County shall aid and cooperate with the Agency in carrying out this Plan and shall take all actions necessary to ensure the continued fulfillment of the purposes of this Plan and to prevent the recurrence or spread in the area of conditions causing deterioration. Actions by the City and County shall include, but not be limited to, the following:

- a. Institution and completion of proceedings necessary for changes and improvements in private and publicly owned public utilities within or affecting the Project Area.
- b. Revision of zoning (if necessary) within the Project Area to permit the land uses and development authorized by this Plan.
- c. Imposition wherever necessary of appropriate controls within the limits of this Plan upon parcels in the Project Area to ensure their proper development and use.
- d. Provision for administrative enforcement of this Plan by the City after development. The City and the Agency may develop and provide for enforcement of a program for continued maintenance by owners of all real property, both public and private, within the Project Area throughout the duration of this Plan.
- e. Building Code enforcement.
- f. Performance of the above actions and of all other functions and services relating to public peace, health, safety, and physical development normally rendered in accordance with a schedule which will permit the redevelopment of the Project Area to be commenced and carried to completion without unnecessary delays.

- g. Institutional and completion of proceedings necessary for the establishment of a local improvement district under Chapter 17, Title 50, Idaho Code.
- h. The undertaking and completing of any other proceedings necessary to carry out the Project.
- i. Administration of Idaho Community Development Block Grant funds that may be made available for this Project.
- j. Appropriate agreements with the Agency for administration, supporting services, funding sources, and the like.
- k. Imposition, whenever necessary of controls within the limits of this Plan upon parcels in the Project Area to ensure their proper development and use.
- l. The waiver of any hookup or installation fee for sewer, water, or other utility services for any facility owned by any public agency, including any Agency facility.
- m. Joint funding of certain public improvements, including but not limited to improvements to sewer treatment facilities.
- n. Use of public entity labor, services, and materials for construction of the public improvements listed in this Plan.
- o. The waiver of any city impact fee for development within the Project Area.

The foregoing actions to be taken by the City do not constitute any commitment for financial outlays by the City.

Actions by the County shall include, but not be limited to, entering into an agreement with the Agency and/or the City as may be necessary to make improvements to the portion of the Project Area located within the boundaries of the County. The foregoing actions to be taken by the County do not constitute any commitment for financial outlays by the County.

601 Maintenance of Public Improvements

The Agency has not identified any commitment or obligation for long-term maintenance of the public improvements identified. The Agency will need to address this issue with the appropriate entity, public or private, who has benefited from or is involved in the ongoing preservation of the public improvement.

700 ENFORCEMENT

The administration and enforcement of this Plan, including the preparation and execution of any documents implementing this Plan, shall be performed by the Agency and/or the City.

800 DURATION OF THIS PLAN, TERMINATION, AND ASSET REVIEW

Except for the nondiscrimination and nonsegregation provisions which shall run in perpetuity, the provisions of this Plan shall be effective, and the provisions of other documents formulated pursuant to this Plan, shall be effective for twenty (20) years from the effective date of the Plan subject to modifications and/or extensions set forth in Idaho Code § 50-2904. The revenue allocation authority will expire on December 31, 2038, except for any revenue allocation proceeds received in calendar year 2039, as contemplated by Idaho Code § 50-2905(7).

Idaho Code § 50-2093(5) provides the Agency shall adopt a resolution of intent to terminate the revenue allocation area by September 1. In order to provide sufficient notice of termination to the affected taxing districts to allow them to benefit from the increased budget capacity, the Agency will use its best efforts to provide notice of its intent to terminate this Plan and its revenue allocation authority by May 1, 2039, or if the Agency determines an earlier terminate date, then by May 1 of the early termination year:

- a. When the Revenue Allocation Area plan budget estimates that all financial obligations have been provided for, the principal of and interest on such moneys, indebtedness, and bonds have been paid in full or when deposits in the special fund or funds created under this chapter are sufficient to pay such principal and interest as they come due, and to fund reserves, if any, or any other obligations of the Agency funded through revenue allocation proceeds shall be satisfied and the Agency has determined no additional project costs need be funded through revenue allocation financing, the allocation of revenues under Idaho Code § 50-2908 shall thereupon cease; any moneys in such fund or funds in excess of the amount necessary to pay such principal and interest shall be distributed to the affected taxing districts in which the Revenue Allocation Area is located in the same manner and proportion as the most recent distribution to the affected taxing districts of the taxes on the taxable property located within the Revenue Allocation Area; and the powers granted to the urban renewal agency under Idaho Code § 50-2909 shall thereupon terminate.
- b. In determining the termination date, the Plan shall recognize that the Agency shall receive allocation of revenues in the calendar year following the last year of the revenue allocation provision described in the Plan.
- c. For the fiscal year that immediately predates the termination date, the Agency shall adopt and publish a budget specifically for the projected revenues and expenses of the Plan and make a determination as to whether the Revenue Allocation Area can be terminated before January 1 of the termination year pursuant to the terms of Idaho Code § 50-2909(4). In the event that the Agency determines that current tax year revenues are sufficient to cover all estimated expenses for the current year and all future years, by May 1, but in any event, no later than September 1, the Agency shall adopt a resolution advising and notifying the local governing body, the county auditor, and the State Tax Commission,

recommending the adoption of an ordinance for termination of the Revenue Allocation Area by December 31 of the current year, and declaring a surplus to be distributed as described in Idaho Code § 50-2909 should a surplus be determined to exist. The Agency shall cause the ordinance to be filed with the office of the county recorder and the Idaho State Tax Commission as provided in Idaho Code § 63-215.

Upon termination of the revenue allocation authority of the Plan to the extent the Agency owns or possesses any assets, the Agency shall dispose of any remaining assets by granting or conveying or dedicating such assets to the City.

As allowed by Idaho Code § 50-2905(8), the Agency may retain assets or revenues generated from such assets as loans; the Agency shall have resources other than revenue allocation funds to operate and manage such assets. Similarly, facilities which provide a least income stream to the Agency for full retirement of the facility debt will allow the Agency to meet debt services obligations and provide for the continued operation and management of the facility.

For those assets which do not provide such resources or revenues, the Agency will likely convey such assets to the City, depending on the nature of the asset.

Upon termination of the revenue allocation authority of the Plan, to the extent the Agency owns or possesses any assets, the Agency shall dispose of any remaining assets by granting or conveying or dedicating such assets to the City.

900 PROCEDURE FOR AMENDMENT OR MODIFICATION

To the extent there is any outstanding obligation, this Plan shall not be modified pursuant to the provisions set forth in Idaho Code § 50-2903A. Modification of this Plan results in a reset of the base assessment roll values to the current values in the year of modification as more fully set forth in Idaho Code § 50-2903A subject to certain limited exceptions contained therein. As more specifically identified above, the Agency's projections are based on estimated values, estimated levy rates, estimated future development, and estimated costs of future construction/improvements. Annual adjustments as more specifically set forth in the Agency's annual budget will be required to account for more/less estimated revenue and prioritization of projects (if necessary). Any adjustments for these stated purposes is technical and ministerial and is not deemed a modification under Idaho Code § 50-2903A.

1000 SEVERABILITY

If any one or more of the provisions contained in this Plan to be performed on the part of the Agency shall be declared by any court of competent jurisdiction to be contrary to law, then such provision or provisions shall be null and void and shall be deemed separable from the remaining provisions in this Plan and shall in no way affect the validity of the other provisions of this Plan.

1100 ANNUAL REPORT AND OTHER REPORTING REQUIREMENTS

Under the Law, the Agency is required to file with the City, on or before March 31 of each year, a report of the Agency's activities for the preceding calendar year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such calendar year. This annual report shall be considered at a public meeting to report these findings and take comments from the public.

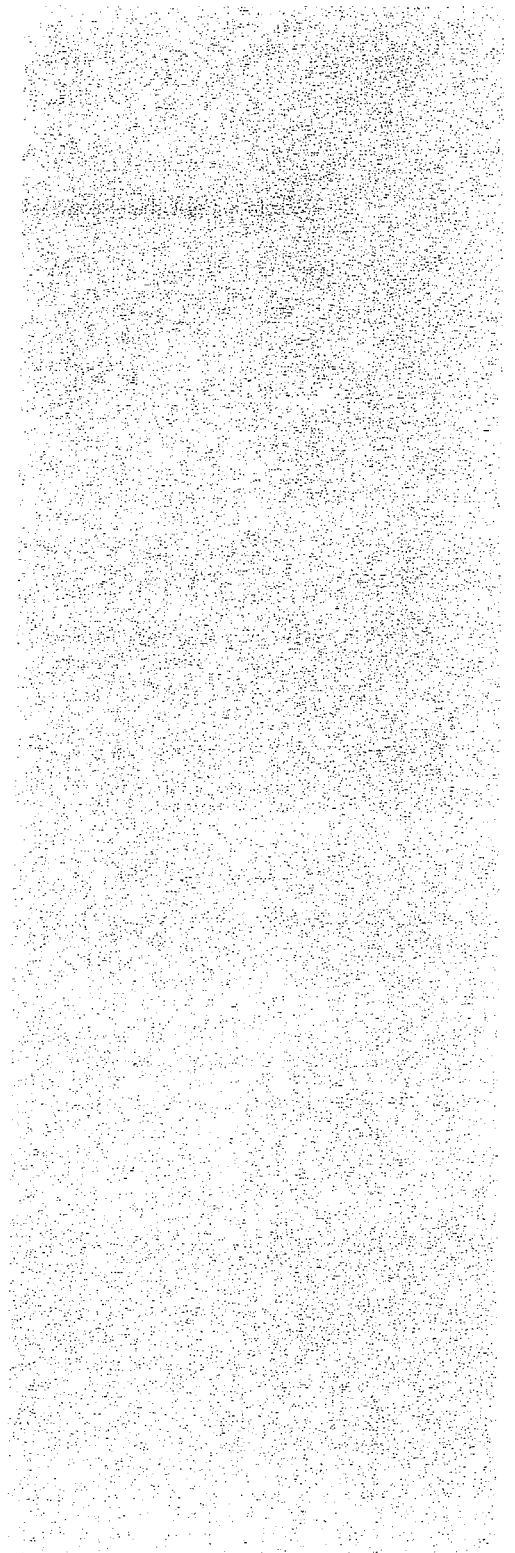
Additionally, the Agency must comply with certain other reporting requirements as set forth in Idaho Code § 67-450E, the local government registry portal, Idaho Code § 50-2913, the tax commission plan repository, and Idaho Code § 50-2903A, the tax commission's plan modification annual attestation. Failure to report the information requested under any of these statutes results in significant penalties, including loss of increment revenue, and the imposition of other compliance measures by the Bannock County Board of County Commissioners.

1101 APPENDICES, ATTACHMENTS, EXHIBITS, TABLES

All attachments and tables referenced in this Plan are attached and incorporated herein by their reference. All other documents referenced in this Plan but not attached are incorporated by their reference as if set forth fully.

Attachment 1

Map of Urban Renewal Project Area and Revenue Allocation Area



Attachment 2

Description of Urban Renewal Project Area and Revenue Allocation Area

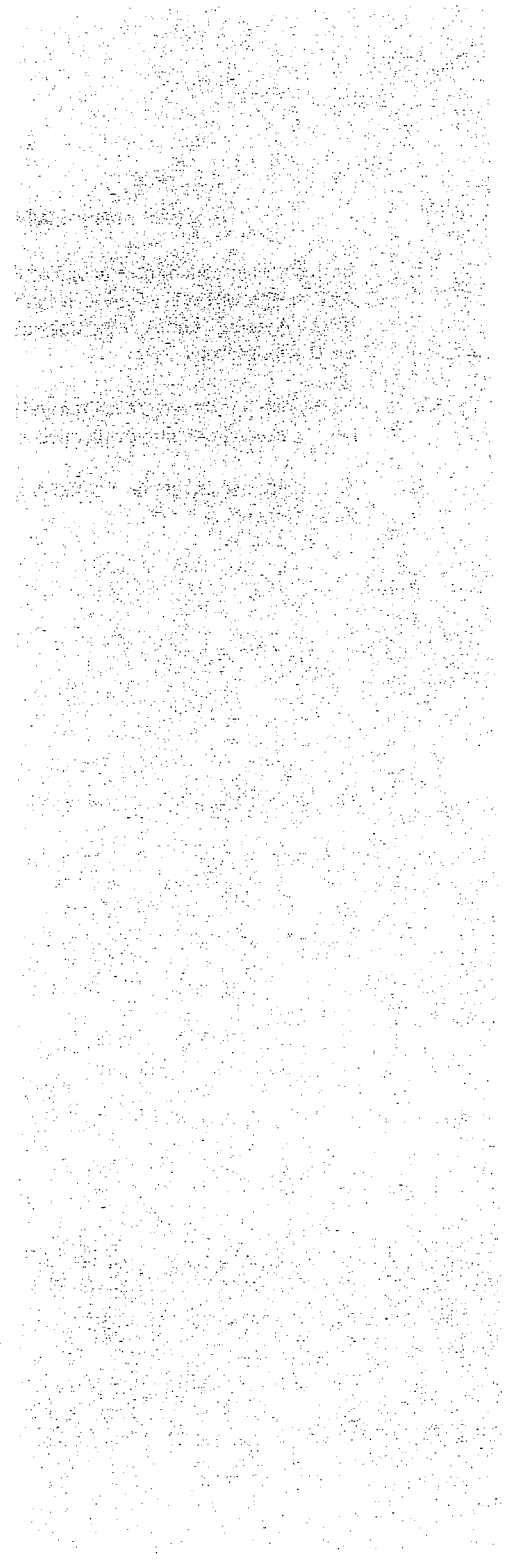
Attachment 3

Private Properties Which May Be Acquired by Agency

1. Property is intended to be acquired that is necessary for the extension or expansion of certain rights-of-way. No other particular properties have been identified for acquisition by the Agency. The Agency does not intend to purchase property for future development by private persons.
2. The Agency reserves the right to acquire any additional right-of-way or access routes near or around existing or planned rights-of-way.
3. The Agency reserves the right to acquire property needed for the development of public improvements.

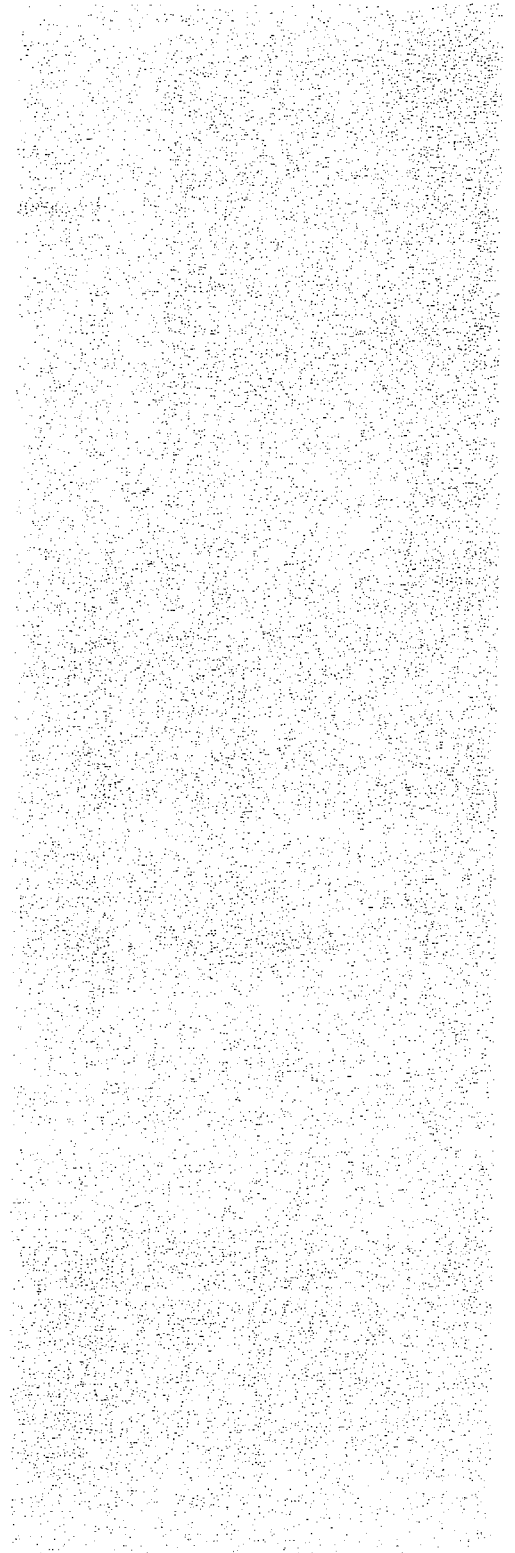
Attachment 4

**Map Depicting Expected Land Uses and Current Zoning Map
of the Project Area**



Attachment 5.1

Public Improvements within the Revenue Allocation Area



Attachment 5.2
Economic Feasibility Study

Attachment 5.3

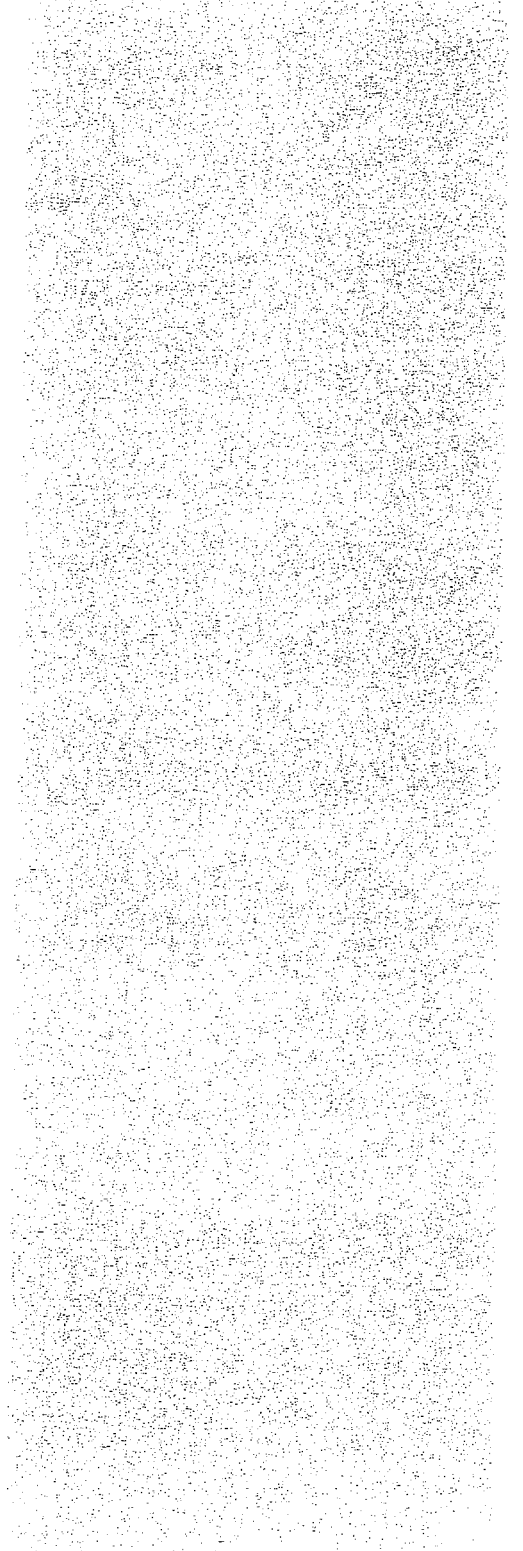
**Estimated Net Taxable Value of Growth and New Private Development and Annual Revenue
Allocation in the Northgate Urban Renewal Project**



Attachment 5.4

**Estimated Annual Revenues and Costs in the Northgate Urban Renewal Project
(Cash Flow Analysis)**

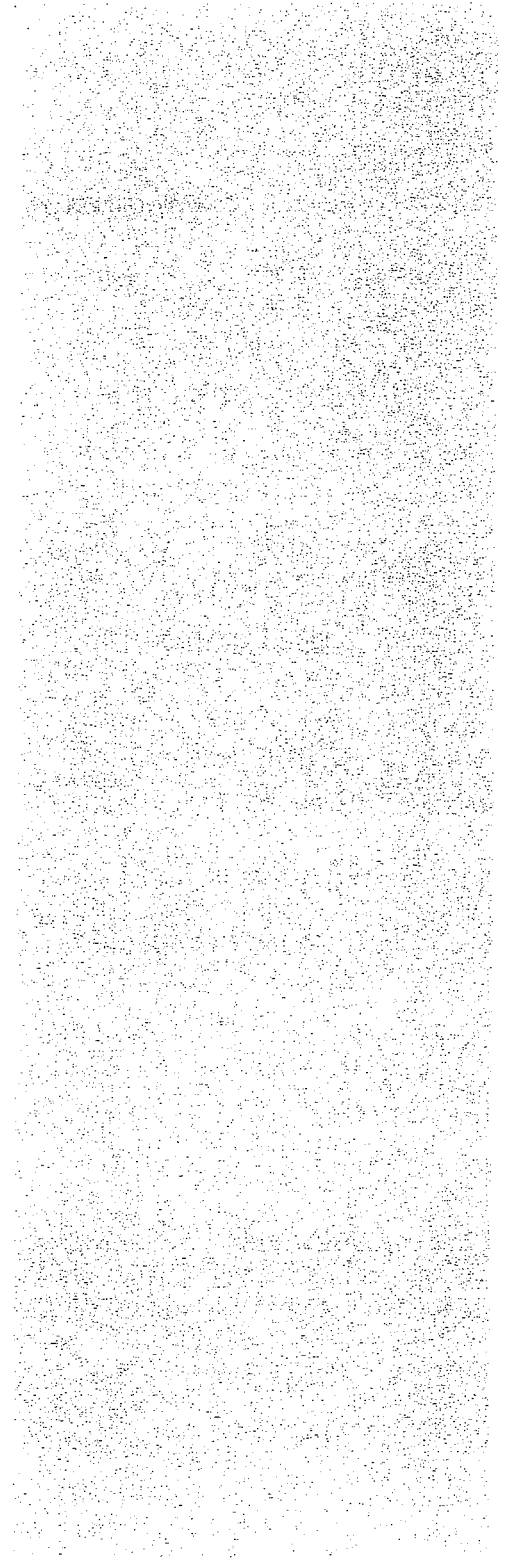
Attachment 5.5
Market Analysis



Attachment 6
Agricultural Consents

Attachment 7

Bannock County Board of County Commissioners Resolution No. ____ (eligibility)



Attachment 8

Pocatello City Council Resolution No. ____ (eligibility)

PROOF OF PUBLICATION



STATE OF IDAHO
County of Bannock

LN25569

KAREN MASON

being first duly sworn on oath deposes and says:

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 in general circulation therein.

This document or notice, a true copy of which is attached, was published in the said Idaho STATE JOURNAL, on the following dates:

Sept. 9, 2018 Aug. 2018
Sept. 10, 2018 Aug. 2018
Sept. 11, 2018 Aug. 2018
Sept. 12, 2018 Aug. 2018

This newspaper has been continuously and regularly published in said County for a period of seventy-eight weeks prior to the date of said notice of advertisement and is in full compliance within the meaning of the laws of the State of Idaho.

HO
BANNOCK

On this 29th. of Aug. in the year of 2018, before me, a Notary Public, personally appeared KAREN MASON 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
Lori A. Sekot
Residing at Pocatello exp. 7/20/21

Pocatello Development Authority
Pocatello, Idaho

Annual Budget for 2018-2019

The annual budget for the fiscal year beginning October 1, 2018 through September 30, 2019 has appropriated \$9,156,642 to defray the expenses and liabilities of the Pocatello Development Authority for said fiscal year.

Be it ordained by the board members of the Pocatello Development Authority, Pocatello, Idaho:

Section 1: That the sum of \$9,156,642 be, and the same is appropriated to defray the necessary expenses and liabilities of the Pocatello Development Authority, Pocatello, Idaho for the fiscal year beginning October 1, 2018.

Section 2: The objects and purposes for which such appropriation is made, and the amount of each object and purpose is as follows:

Annual PDA Budget 2018-2019	Revenues	Expenditures	Use of Reserves Approved
General Fund	\$ 176,828	\$1,545,393	\$1,368,565
North Yellowstone	\$1,501,658	\$5,737,996	\$4,236,338
Naval Ordnance	\$ 234,790	\$1,127,195	\$ 892,405
North Portneuf	\$ 40,432	\$ 200,893	\$ 160,461
Pocatello Regional Airport	\$ 96,092	\$ 545,164	\$ 449,072
	<u>\$2,049,800</u>	<u>\$9,156,642</u>	

The budget was adopted on August 15, 2018 during the monthly meeting.

Submitted by
Pocatello Development Authority Treasurer
/s/Joyce A. Stroschein

August 29, 2018
LN25569

