

April ___, 2017

Coeur d'Alene Urban Renewal Agency
d/b/a ignite cda
Coeur d'Alene, Idaho

NOTE PURCHASE AND SECURITY AGREEMENT

Pursuant to this Note Purchase and Security Agreement (the “**Purchase Agreement**”), Washington Trust Bank, Coeur d'Alene, Idaho (the “**Purchaser**”) offers to purchase from the Coeur d'Alene Urban Renewal Agency d/b/a ignite cda (the “**Issuer**”) its Revenue Allocation Note, Series 2017 (Lake District Redevelopment Project) (the “**Note**”) in the principal amount of not to exceed \$10,000,000, subject to the terms and provisions outlined on the attached **Exhibit A** (incorporated herein by this reference), and in Resolution No. 17-03, adopted by the Board of Commissioners of the Issuer on April 19, 2017 (the “**Resolution**”), constituting the Issuer’s funding for the Project (defined below) in accordance with the Lake District Second Amended and Restated Urban Renewal Plan, adopted by the City of Coeur d'Alene, Idaho, by Ordinance No. 3337 on August 19, 2008, as amended by the First Amendment to the Lake District Second Amended and Restated Urban Renewal Plan adopted by the City by Ordinance No. 3542 on July 13, 2016 (the “**Lake District Plan**”). This Purchase Agreement is based upon the following terms and conditions:

1. Purchase Agreement; Closing. The Issuer shall sell and deliver to the Purchaser its Note; and the Purchaser shall purchase the Note in the principal amount of not to exceed \$10,000,000 at the interest rate set forth therein and on the attached **Exhibit A**, and accept delivery of the same on the Closing Date set forth on **Exhibit A**, subject to the terms and conditions contained in this Purchase Agreement and the satisfaction of all conditions precedent to the obligations of the Purchaser hereunder.
2. Payment. The Issuer agrees to repay the Note from Revenue Allocation Proceeds (as defined on the attached **Exhibit A**) in accordance with the payment terms outlined in **Exhibit A**.
3. Prepayment. The Note is prepayable in accordance with the terms outlined in **Exhibit A**.
4. Pledge; Security Agreement. The Issuer agrees to and hereby grants and pledges to the Purchaser a security interest in the Revenue Allocation Proceeds. This pledge is subordinate to the lien created by the Issuer’s Amended and Restated Revenue Allocation Note, Series 2016 (Lake District Redevelopment Project) in favor of Washington Trust

Bank dated November 1, 2016; the Issuer's Limited Recourse Promissory Note in favor of Ledger & Patano LLC (now Gringo Properties, L.L.C.) dated July 20, 2011; the Issuer's Limited Recourse Promissory Note in favor of Ice Plant Development, Inc., dated December 17, 2008; and the Issuer's Limited Recourse Promissory Note in favor of Coeur d'Alene Chamber of Commerce, dated February 20, 2008. This pledge shall be valid and binding from and after the date of issuance of the Note. The lien of this pledge is a lien valid and binding as against all parties, except prior lienholders, having claims of any kind in tort, contract or otherwise against the Issuer (except as herein otherwise provided), irrespective of whether such parties have notice hereof. The Issuer will execute and deliver to the Purchaser such financing statements, amendments to the foregoing and other documents as requested by the Purchaser and in a form satisfactory to the Issuer and the Purchaser to record and perfect the Purchaser's security interest and lien on the Revenue Allocation Proceeds.

5. Representations, Warranties and Agreements of the Issuer. The Issuer represents, warrants to, and agrees with the Purchaser as of the date and time of Closing that:
- a. The project financed hereunder shall constitute a "Project" within the meaning of Idaho Code Section 50-2903(13), and includes, but is not limited to, certain costs of (i) the proposed downtown structured parking facility, (ii) the Memorial Park element of the Four Corners Master Plan, (iii) other eligible capital expenditure projects within the Lake District Urban Renewal Area; and (iv) costs of issuing the Note (collectively, the "Project"). The Note proceeds are intended to finance the Project.
 - b. The Issuer is a public body corporate and politic duly created by and existing under the laws of the State of Idaho, has all necessary power and authority to enter into this Purchase Agreement and perform its duties under the Resolution and this Purchase Agreement, and that the Resolution, this Purchase Agreement and the Note will, when executed by an authorized representative of the Issuer, constitute legal, valid and binding obligations of the Issuer which are enforceable in accordance with their terms.
 - c. The execution and delivery of this Purchase Agreement, the Note and the Resolution, and the compliance with the provisions hereof and thereof, do not and will not conflict with or constitute on the part of the Issuer a violation of, breach of or default (with or without notice or lapse of time or both) under any constitutional provision, statute, indenture, law, charter provision, mortgage, deed of trust, resolution, note agreement or other agreement or instrument to which the Issuer is a party or by which the Issuer or any of its assets is presently bound, or, of any existing order, rule or regulation of any court or governmental agency or body having jurisdiction over the Issuer or any of its activities and property; and all consents, approvals, authorizations and orders of governmental or regulatory

authorities, if any, which are required for the consummation of the transactions contemplated in this Purchase Agreement have been obtained.

- d. There is no action, suit, proceeding or investigation at law or in equity before or by any court or government, city or body pending or, to the best of the knowledge of the Issuer, threatened against the Issuer, to restrain or enjoin the acceptance of this Purchase Agreement, the adoption of the Resolution or the execution and delivery of the Note, or the collection and application of the funds as contemplated by this Purchase Agreement, which, in the reasonable judgment of the Issuer, would have a material and adverse effect on the ability of the Issuer to pay the amounts due under the Note and this Purchase Agreement or which in any way would adversely affect the validity or enforceability of the Note, the Resolution or this Purchase Agreement or any instrument to which the Issuer is a party and is used or contemplated for use in the consummation of the transactions contemplated by this Purchase Agreement.
- e. All financial and other information that has been or will be provided to the Purchaser is sufficiently complete to give the Purchaser accurate knowledge of the Issuer's financial condition, including all material contingent liabilities. Since the date of the most recent financial statement provided to the Purchaser, there has been no material adverse change in the business condition (financial or otherwise), operations, properties or prospects of the Issuer.
- f. The Issuer has and will perform all its obligations, duties, covenants and agreements as set forth under the Resolution.

6. Closing Conditions.

- a. At or prior to Closing, the Purchaser shall have received the following:
 - (1) An executed counterpart of this Purchase Agreement;
 - (2) The Note, in definitive or temporary form, duly executed and authenticated;
 - (3) A certified copy of the adopted Resolution authorizing the Issuer to enter into the financing;
 - (4) The legal opinion of Hawley Troxell Ennis & Hawley LLP ("Bond Counsel") in the form attached as **Exhibit B** hereto;
 - (5) The legal opinion of Elam & Burke as counsel to the Issuer in the form attached as **Exhibit C** hereto;

- (6) A certificate of the authorized representative of the Issuer certifying to the Purchaser that:
 - (a) There is no action, suit, proceeding or investigation at law or in equity before or by any court or government, city or body pending or, to the best of the authorized representative's knowledge, threatened against the Issuer to restrain or enjoin the adoption of the Resolution or the execution and delivery of this Purchase Agreement and the Note, or the collection and application of funds as contemplated herein or by the Resolution and the Note, which, in the reasonable judgment of the Issuer, would have a material and adverse effect on the ability of the Issuer to pay the amounts due under the Note.
 - (b) Each of the representations and warranties set forth herein are true, accurate and complete in all material respects as of the date of delivery of the Note.
 - (c) The Issuer has complied with each of its covenants and agreements required to be complied with under the Resolution, the Note and this Purchase Agreement at or prior to the date of the delivery of the Note.
 - (d) The adoption of the Resolution and the execution and delivery of this Purchase Agreement and the Note do not and will not conflict in any material respect with or constitute on the part of the Issuer a breach of or default under any law, charter provision, court decree, administrative regulation, resolution, ordinance or other agreement or instrument to which the Issuer is a party or by which it is bound.
- (7) A certificate signed by authorized officers of the Issuer to the effect that the officers of the Issuer who signed or whose facsimile signatures appear on the Note were, on the date of execution thereof, the duly elected, qualified, and acting officers of the Issuer; and that their signatures are genuine or accurate facsimiles;
- (8) A certificate as to the Issuer's reasonable expectations with respect to tax matters relating to the Note;
- (9) A UCC Financing Statement naming Issuer as "Debtor," Purchaser as "Secured Party," and describing the Revenue Allocation Proceeds as "Collateral";
- (10) Such additional legal opinions, certificates, instruments, and documents as the Purchaser may reasonably request to evidence the truth, accuracy, and

completeness of the representations, warranties, and due performance by the Issuer of all agreements and conditions then to be satisfied by the Issuer; and

- (11) In addition, Issuer agrees to pay the Purchaser Fee (as described in **Exhibit A**), and the expenses of Purchaser, including but not limited to the legal fees and other miscellaneous fees and expenses incurred by Purchaser in connection with the purchase of the Note.

7. Special Covenants.

- a. Payment of Principal and Interest. The Issuer covenants that it will promptly pay the principal of, premium, if any, and interest on the Note at the place, on the dates, from the sources and in the manner provided herein and in the Note according to the true intent and meaning thereof. The principal of, premium, if any, and interest on the Note are payable solely from Revenue Allocation Proceeds.
- b. Books and Records. The Issuer covenants that so long as the Note is outstanding and unpaid, it will keep, or cause to be kept, proper books of record and account with respect to Revenue Allocation Proceeds.
- c. Tax Covenant. The Issuer hereby covenants for the benefit of the Purchaser that it will not take any action or omit to take any action with respect to the Note, the proceeds thereof, any other funds of the Issuer or the Project financed by the proceeds of the Note if such action or omission (i) would cause the interest on the Note to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) would cause interest on the Note to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code, except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the Note to lose its exclusion from State taxable income under present State law. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Note until the date on which all obligations of the Issuer in fulfilling the above covenant under the Code have been met.
- d. Against Encumbrances. The Issuer will not hereafter mortgage or otherwise encumber, pledge, or place any charge upon any of the Revenue Allocation Proceeds and will not issue any obligation or security payable in whole or in part from the Revenue Allocation Proceeds without the written consent of the Purchaser, which consent will not be unreasonably withheld.

- e. Cash on Hand. Upon issuance of the Note, Issuer shall maintain otherwise unrestricted cash in its accounts (“Cash on Hand Requirement”) in the amount of \$1,000,000. Beginning February 1, 2018, and on February 1 of each year until maturity of the Note, the Cash on Hand Requirement shall be adjusted annually to an amount equal to ten percent (10%) of the outstanding principal balance of the Note plus the unfunded commitment which is the difference between the total principal drawn on the Note as of the adjustment date and the original principal amount of the Note, less any principal payments received. If the Issuer’s total draws are less than the original principal amount of the Note and Issuer so notifies the Purchaser in writing that it will not make further draws, then the Cash on Hand Requirement will be equal to ten percent (10%) of the then outstanding principal balance of the Note.
8. Draws on the Note. If the Issuer is not in default under any agreement with Purchaser:
 - a. For three years from the date of delivery of the Note, the Issuer may request draws on the Note in total amount not to exceed the original principal balance of the Note. Such draws will be made by the submission of a Requisition in the form attached as Exhibit D hereto.
 - b. Requisitions will be funded within two (2) business days of submittal.
 - c. Total draws under the Note are limited to the principal amount of \$6,000,000 until the sale by the Issuer of real property within the Lake District Urban Renewal Area in the aggregate amount of \$1,300,000.
 - d. In the event Issuer notifies Purchaser in writing that it will not make further draws on the Note and the then outstanding principal balance of the Note is less than the original principal balance of the Note, then no further draws will be made.
 9. Remedies Upon an Event of Default. In case of default in any obligation of the Issuer under this Purchase Agreement or in the payment on this Note of any of the principal or interest, when the same shall become due and payable, the Purchaser shall provide notice of default to the Issuer and the Issuer shall have thirty (30) days to cure the default or if the default cannot be cured during that time, to take reasonable steps to cure the default. Thereafter, the Purchaser may exercise any remedy available at law or in equity.
 10. Attorney Fees. In the event of any claim, dispute or legal proceeding arising out of or relating to this Purchase Agreement, the party prevailing in such dispute shall be entitled to recover all reasonable fees and expenses (including, without limitation, costs of investigation, reasonable attorney fees and litigation expenses) incurred in connection therewith.
 11. Notices. Unless otherwise provided in this Purchase Agreement, all notices required under this Purchase Agreement shall be personally delivered or sent by first class mail,

postage prepaid, or by overnight courier, to the addresses set forth below, or sent by facsimile to the fax numbers listed below, or to such other addresses as the Purchaser and the Issuer may specify from time to time in writing. Notices and other communications shall be effective (i) if mailed, upon the earlier of receipt or three (3) days after deposit in the U.S. mail, first class, postage prepaid, (ii) if telecopied, when transmitted, or (iii) if hand delivered, by courier or otherwise (including telegram or mailgram), when delivered:

Issuer: Coeur d'Alene Urban Renewal Agency
dba ignite cda
Attn: Executive Director
105 N. 1st Street, Suite 100
Coeur d'Alene, Idaho 83814
Facsimile: 208.667.9338

Purchaser: Washington Trust Bank
218 Lakeside Avenue
Coeur d'Alene, ID 83814
Facsimile: 208.667.3635

12. Assignment. Upon acceptance, this Purchase Agreement is binding on the Issuer and Purchaser, and their successors and assignees. The Issuer agrees that it may not assign this Purchase Agreement without the Purchaser's prior consent.
13. Applicable Law. This Purchase Agreement shall be governed and interpreted in accordance with the laws of the State of Idaho.
14. Severability and Waivers. If any part of this Purchase Agreement is not enforceable, the rest of the Purchase Agreement may be enforced. The Purchaser retains all rights, even if the Purchaser makes a loan after default. If the Purchaser waives a default, it may enforce a later default. Any consent or waiver under this Purchase Agreement must be in writing.
15. Counterparts. This Purchase Agreement may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same agreement. A facsimile or .pdf signature page shall be acceptable to the parties for closing provided an original signature page is delivered via overnight courier to the applicable party.
16. Survival of Representations and Agreements. All representations, warranties and agreements of the Issuer herein shall remain operative and in full force and effect and shall survive (i) the execution and delivery of this Purchase Agreement and (ii) the purchase and delivery of the Note.

The Issuer's representations and warranties shall survive any investigation made by or for the Purchaser. The Issuer's representations and warranties in Section 5 shall survive expiration of this Purchase Agreement. Should the Issuer fail to satisfy any of the foregoing conditions, or if Purchaser's obligations are terminated for any reason permitted under this Purchase Agreement, then the Purchaser shall have no further obligations under this Purchase Agreement.

Respectfully submitted effective the ___ day of April, 2017.

Washington Trust Bank

By: _____
Darrell Raver, Vice President

Accepted and agreed to on behalf of the Coeur d'Alene Urban Renewal Agency d/b/a ignite cda, effective the ___ day of April, 2017.

By: _____
Scott Hoskins, Chair

Attest:

Anthony R. Berns, Executive Director

EXHIBIT A

Terms of Note

- A. Principal Amount: Not to exceed \$10,000,000 (subject to draws).
- B. Tax-Exempt Rate: Two and twenty one-hundredths percent (2.20%) per annum. Interest on the Note is excluded from gross income for federal and State of Idaho tax purposes; designation of Qualified Tax-Exempt obligations pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.
- C. Closing Date: May __, 2017.
- D. Maturity Date: August 1, 2022.
- E. Purchaser Fee and Other Costs: At Closing, the Issuer will pay the Purchaser fee of \$10,000, plus Purchaser counsel's fees up to \$4,000, and UCC filing fees, as applicable.
- F. Payments. The Note shall be payable in semi-annual payments based on the aggregate principal amount drawn, plus accrued interest thereon at the Tax-Exempt Rate, pursuant to an amortization schedule. The first amortized payment shall be due on the first February 1 or August 1 following draws totaling \$1,000,000. The amortization schedule shall be adjusted semi-annually on February 1 and August 1 thereafter based on amounts drawn until the Agency notifies Purchaser that no further draws shall be requested, and upon such notification, the final amortization schedule shall be prepared. Payments shall continue on the first day of each February and August until August 1, 2022, at which time all remaining unpaid portions of principal, together with all unpaid accrued interest, late charges and other amounts due herein are paid in full. In the event on any payment date the amortization schedule provides for a payment in excess of the total amount due on the Note, only the amount due on the Note will be due and payable, together with accrued interest thereon.
- G. Prepayment: Prepayable, in whole or in part on any date, upon 30 days' written notice to the Purchaser with no prepayment penalty.
- H. Security: Pledge of Revenue Allocation Proceeds (defined below) in favor of Purchaser, subject to prior liens described in the Note Purchase and Security Agreement.
- I. Revenue Allocation Proceeds: The incremental portion of taxes received by the Issuer under the authority of the provisions of Title 50, Chapters 20 and 29, Idaho Code, and the Lake District Second Amended and Restated Urban Renewal Plan, adopted by the City of Coeur d'Alene, Idaho, by Ordinance No. 3337 on August 19, 2008, as amended by the First Amendment to the Lake District Second Amended and Restated Urban Renewal Plan adopted by the City by Ordinance No. 3542 on July 13, 2016, as lawfully available.

- J. Bond Counsel: Hawley Troxell Ennis & Hawley LLP.
- K. 8038-G: Bond Counsel will file a Form 8038-G with the Internal Revenue Service.

EXHIBIT B

Form of Bond Counsel Opinion

EXHIBIT C

Form of Opinion of Elam & Burke

EXHIBIT D

Form of Requisition

REQUISITION NO. ____

The undersigned, COEUR D'ALENE URBAN RENEWAL AGENCY d/b/a ignite cda (the "Issuer"), hereby requests that Washington Trust Bank (the "Bank") make a disbursement of \$_____ into account number _____ held with the Bank on the Revenue Allocation Note, Series 2017, issued pursuant to that certain Note Purchase and Security Agreement dated as of April 19, 2017 (the "Agreement") between the Issuer and the Bank, all in accordance with the directions contained in this Requisition.

The nature of each item for which payment is proposed to be made is a proper charge against the costs of the Project, as defined in the Agreement and each such item is reasonable and necessary in connection with the Project.

Coeur d'Alene Urban Renewal Agency d/b/a ignite
cda

Date: _____

By: _____
Anthony Berns, Executive Director