

**DRAFT**

UNITED STATES OF AMERICA

NO. R-1

Up to \$7,000,000

**STATE OF IDAHO**

**COEUR D'ALENE URBAN RENEWAL AGENCY d/b/a IGNITE CDA**

**REVENUE ALLOCATION NOTE, SERIES 2018  
(RIVER DISTRICT REDEVELOPMENT PROJECT)**

ISSUE DATE: November 20, 2018

INTEREST RATE PER ANNUM: 3.30%

REGISTERED OWNER: WASHINGTON TRUST BANK

TAX IDENTIFICATION #: 82-0506262

PRINCIPAL AMOUNT: UP TO SEVEN MILLION AND NO/100s DOLLARS

MATURITY DATE August 1, 2028

THE COEUR D'ALENE URBAN RENEWAL AGENCY d/b/a IGNITE CDA, an independent public body corporation and politic, duly organized and existing under the laws of the state of Idaho (the "Agency"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount indicated above, or actual amount drawn not exceeding the Principal Amount, together with interest thereon computed on the outstanding Principal Amount pursuant to the Note Purchase and Security Agreement dated October 17, 2018, by and between the Agency and the Registered Owner (the "Purchase Agreement").

This Note shall be payable in semi-annual payments based on the aggregate principal amount drawn, plus accrued interest thereon at the above Interest 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 March 1 and September 1 thereafter based on amounts drawn until the Agency notifies the Registered Owner that no further draws hereunder 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, 2028, at which time all remaining unpaid

REVENUE ALLOCATION NOTE -1

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.

Both principal of and interest on this Note are payable in lawful money of the United States of America. This Note is a special limited obligation of the Agency and is not an obligation of the City of Coeur d'Alene (the "City"), the State of Idaho or any political subdivision thereof other than the Agency, and neither the full faith and credit nor the taxing power of the City or the State of Idaho is pledged to the payment of the Note. The Agency has no taxing power.

This Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under Resolution No. \_\_\_\_ of the Agency, passed on October 17, 2018 (the "Resolution"), until the Certificate of Authentication hereon shall have been manually signed by the Executive Director of Agency, as Note Registrar. Any capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Note Resolution or the Purchase Agreement.

Principal of this Note is subject to prepayment upon 30 days written notice with no prepayment penalty.

Principal and interest due hereunder shall be payable from any lawfully available sources of the Agency, including, but not limited to Revenue Allocation Proceeds, as defined in the Purchase Agreement. Such payment shall be secured by a pledge of Revenue Allocation Proceeds subordinate to the lien created by the Issuer's (i) June 2007 Limited Recourse Promissory Note in favor of Riverstone West, LLC; (ii) May 2013 Limited Recourse Promissory Note in favor of Mill River Seniors; (iii) May 2013 Limited Recourse Promissory Note in favor of Riverstone West Apartments, subsequently transferred to March 2016 Mortgage Investment Trust Corporation; (iv) October 2012 Limited Recourse Promissory Note in favor of Riverstone West Phase 2; (v) December 2015 Limited Recourse Promissory Note in favor of Active West, LLC; and (vi) December 2015 Limited Recourse Promissory Note in favor of Riverstone West Apartments III, LLC.

In case of default in any obligation of the Issuer under the 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. In the event of any default under this Note, or in the event that any dispute arises (whether or not such dispute is with the Agency) relating to the interpretation, enforcement or performance of this Note, the prevailing party in the litigation, or the Registered Owner if the fees and costs are incurred in a non-litigation proceeding, will be entitled to collect from the Agency all reasonable fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, expert witnesses, mediators and court reporters.

Interest on this Note is excluded from gross income for federal and Idaho state income tax purposes. This Note has been designated as “qualified tax-exempt obligations” for the purpose and within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. This Note is the only bond or similar obligation of the City for which a designation as “qualified tax-exempt obligations” has been made in the current year.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Idaho and resolution of the Agency to exist, to have happened, and to have been performed precedent to and in the issuance of this Note do exist, have happened, and have been performed in due time, form and manner as prescribed by law, and that the amount of this Note, together with all other obligations or indebtedness of the Agency, does not exceed any constitutional or statutory limitations of indebtedness.

IN WITNESS WHEREOF, the Agency has caused this Note to be signed by the manual or facsimile signature of its Chair, attested by the manual or facsimile signature of its Executive Director, as of this 20<sup>th</sup> day of November, 2018.

COEUR D’ALENE URBAN RENEWAL  
AGENCY d/b/a IGNITE CDA

\_\_\_\_\_  
Scott Hoskins, Chair

Attest:

\_\_\_\_\_  
Anthony R. Berns, Executive Director

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is the Coeur d'Alene Urban Renewal Agency d/b/a ignite cda, Revenue Allocation Note, Series 2018, dated as of November 20, 2018, as described in the Resolution.

Date of Authentication and Registration: \_\_\_\_\_, 2018

Note Registrar:

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Anthony R. Berns, Executive Director of  
Coeur d'Alene Urban Renewal Agency d/b/a  
ignite cda

Name and Address  
of Registered Owner:

Washington Trust Bank  
218 Lakeside Avenue  
Coeur d'Alene, ID 83814

**DRAFT**

**COEUR D'ALENE URBAN RENEWAL AGENCY  
(d/b/a IGNITE CDA)**

**RESOLUTION NO. \_\_\_\_**

**BY THE BOARD OF COMMISSIONERS OF THE COEUR D'ALENE URBAN RENEWAL AGENCY D/B/A IGNITE CDA:**

A RESOLUTION of the Board of Commissioners of the Coeur d'Alene Urban Renewal Agency d/b/a ignite cda, the urban renewal agency of the City of Coeur d'Alene, Idaho, authorizing the issuance and sale to Washington Trust Bank of its Revenue Allocation Note, Series 2018 (River District Redevelopment Project), in the principal amount of up to \$7,000,000 to finance in part the redevelopment of the River District Urban Renewal Area, including but not limited to financing costs of (i) any eligible capital expenditure projects within the River District Urban Renewal Area authorized under the River District Redevelopment Plan, as amended, and (ii) costs of issuing the Series 2018 Note (collectively, the "Project"); authorizing the date, maturity, and other terms of the Note and the accompanying Note Purchase and Security Agreement; authorizing the Chair, Vice Chair and Executive Director to take appropriate action and providing an effective date.

THIS RESOLUTION is made on the date hereinafter set forth by the Coeur d'Alene Urban Renewal Agency d/b/a ignite cda (the "Agency"), an independent public body corporate and politic, authorized under the authority of the Idaho Urban Renewal Law of 1965, Title 50, Chapter 20 of the Idaho Code, as amended (the "Law"), and the Local Economic Development Act, Title 50, Chapter 29, as amended (the "Act"), a duly created and existing urban renewal agency for the City of Coeur d'Alene, Idaho (the "City").

WHEREAS, by Resolution No. 97-151, dated August 5, 1997, the City Council ("City Council") of the City created the Agency, an independent public body, corporate and politic created by and existing under the authority of the Law and the Act;

WHEREAS, following notice duly published and a public hearing, the City Council adopted its Ordinance No. 3155 on November 18, 2003, approving the River District Redevelopment Plan, and making certain findings;

WHEREAS, following notice duly published and a public hearing, the City Council adopted its Ordinance No. 3543 on July 13, 2016, approving the First Amendment to the River District Redevelopment Plan, and making certain findings (the River District Redevelopment Plan, together with the First Amendment hereinafter collectively, the “River District Plan”);

WHEREAS, the Agency, by Resolution adopted on September 27, 2018, approved the Second Amendment to the River District Plan (the “Second Amendment”) providing for (i) the deannexation of certain City-owned property from the existing River District Urban Renewal Area, (ii) the annexation of two geographic areas adjacent and contiguous to the existing River District Renewal Area, and (iii) the update of certain provisions of the River District Plan;

WHEREAS, upon submittal of the proposed Second Amendment to the City, and following required notice and public hearing, the City intends to adopt the proposed Second Amendment in December 2018;

WHEREAS, pursuant to the Act and River District Plan, and any future amendments thereto, the Agency is authorized to borrow money to carry out the purposes and various projects under the River District Plan and to enter into and carry out contracts or agreements in connection therewith; and at this time the Agency desires to finance in part the redevelopment of the River District Urban Renewal Area, including but not limited to, the Project as described in the title hereto;

WHEREAS, the Agency has found that the Project will promote redevelopment that is consistent with the goals of the River District Plan and any future amendments thereto;

WHEREAS, the Agency intends to enter into a Note Purchase and Security Agreement (the “Purchase Agreement”) with Washington Trust Bank (the “Bank”) in the form presented to the Board of Commissioners of the Agency (the “Board”) and attached hereto as Exhibit A, under which the Agency will borrow up to \$7,000,000 to be used to finance the Project;

WHEREAS, the Agency desires to evidence the indebtedness under the Purchase Agreement by issuance to the Bank of its Revenue Allocation Note, Series 2018 (River District Redevelopment Project) (the “Note”) in the principal amount of up to \$7,000,000, in the form presented to the Board and attached hereto as Exhibit B;

WHEREAS, the Note shall be paid from and secured by the Revenue Allocation Proceeds received by the Agency on a subordinate basis, as further described in the Purchase Agreement;

WHEREAS, as required by Section 50-2012, Idaho Code, the Agency published notice of this meeting in the Coeur d’Alene Press on October 10, 2018, indicating the Agency’s intent to adopt this Resolution on October 17, 2018, and to issue the Note to finance the Project; and

WHEREAS, the Board finds it in the best interest of the Agency and the public to approve the form and terms of the Purchase Agreement and the Note.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COEUR D’ALENE URBAN RENEWAL AGENCY D/B/A IGNITE CDA:

Section 1. Recitals. The above recitals are true and correct.

Section 2. Definitions. The following words and terms as used in this Resolution shall have the following meanings for all purposes of this Resolution, and as previously defined in the WHEREAS clauses hereof, unless some other meaning is plainly intended. Capitalized terms not defined herein have the meaning set forth in the Purchase Agreement.

“Agency” means the Coeur d’Alene Urban Renewal Agency d/b/a ignite cda, an independent public body corporate and politic, duly organized and existing under the laws of the State of Idaho.

“Bank” means Washington Trust Bank, and any successor to the business and assets thereof.

“Board” means the Board of Commissioners of the Agency, as the same shall be duly and regularly constituted from time to time.

“Code” means the Federal Internal Revenue Code of 1986, as amended. Any reference to a provision of the Code shall include applicable regulations of the Department of the Treasury promulgated or proposed with respect to such provisions.

“Note” means the Agency’s Revenue Allocation Note, Series 2018 (River District Redevelopment Project) issued in the principal amount of up to \$7,000,000, fully incorporated herein and set forth as Exhibit B hereto.

“Note Register” means the registration books maintained by the Note Registrar for the purpose of identifying ownership of the Note.

“Note Registrar” means the Agency’s Executive Director for the purposes of registering and authenticating the Note, maintaining the Note Register, affecting the transfer of ownership of the Note and paying interest on and principal of the Note.

“Purchase Agreement” means the Note Purchase and Security Agreement entered into between the Bank and the Agency, fully incorporated herein, and set forth as Exhibit A hereto.

“Revenue Allocation Area” means the River District Urban Renewal Area designated as a revenue allocation area pursuant to City Ordinance No. 3155, as amended by the First Amendment to the River District Redevelopment Plan adopted by City Ordinance No. 3543, and as proposed to be amended by the City in December 2018 pursuant to the Second Amendment to the River District Redevelopment Plan.

“Revenue Allocation Proceeds” means that 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 River District Redevelopment Plan, adopted by the City of Coeur d’Alene, Idaho, by Ordinance No. 3155 on November 18, 2003, as amended by the First Amendment to the River District Redevelopment Plan adopted by the City by Ordinance No. 3543 on July 13, 2016, and as proposed to be amended by the City in December 2018 pursuant to the Second Amendment to the River District Redevelopment Plan, as lawfully available.

“Taxes” means all levies on ad valorem basis upon land, real property, personal property or any other property, tangible or intangible, included within the Revenue Allocation Area.

Section 3. Purpose, Authorization and Description of Note. To finance the Project and costs of issuance of the Note, the Agency shall issue the Note to the Bank in the principal amount of up to \$7,000,000. The Note shall be designated the "Coeur d'Alene Urban Renewal Agency d/b/a ignite cda, Revenue Allocation Note, Series 2018 (River District Redevelopment Project)," shall be dated as of the date of its delivery to the Bank, shall be fully registered as to both principal and interest, shall be in the denomination of up to \$7,000,000, and shall be numbered in such manner and with any additional designation as the Note Registrar deems necessary for the purposes of identification. The Note shall be issued pursuant to the Purchase Agreement. The form, terms and provisions of the Purchase Agreement and the Note, set forth as Exhibit A and B hereto, are hereby approved and incorporated by reference as if set forth fully herein.

Section 4. Registration and Payment. The Executive Director is hereby appointed as registrar, paying agent and transfer agent for the Note (the “Note Registrar”). The Note Registrar shall keep sufficient records for the registration and transfer of the Note. The Note Registrar is authorized, on behalf of the Agency, to authenticate and deliver the Note to the Bank, to transfer or exchange the Note in accordance with the provisions of such Note and this Resolution and to carry out all other duties of the Note Registrar under this Resolution.

Both principal of and interest on the Note shall be payable in lawful money of the United States of America pursuant to the terms of the Note. Upon final payment of all installments of principal and interest thereon, the Note shall be submitted to the Note Registrar for cancellation and surrender. The Note is not transferable except to a successor to the business or assets of the Bank.

Section 5. Execution of Purchase Agreement and Note. The Purchase Agreement and Note shall be executed on behalf of the Agency by the manual or facsimile signature of the Chair or Vice Chair, and attested by the manual or facsimile signature of the Executive Director.

Only such Note as shall bear thereon a Certificate of Authentication in the form set forth in Exhibit B attached hereto, manually executed by the Note Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution. Such Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this Resolution.

In case any of the officers who shall have executed the Note shall cease to be such officer or officers of the Agency before the Note so signed shall have been authenticated or delivered by the Note Registrar, or issued by the Agency, the Note may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the Agency as though those who signed the same had continued to be such officers of the Agency. The Note may also be signed and attested on behalf of the Agency by such persons as at the actual date of execution of the Note shall be the proper officers of the Agency although at the original date of the Note any such person shall not have been such officer of the Agency.



Section 6. Lost or Destroyed Note. If the Note is lost, stolen, or destroyed, the Note Registrar may authenticate and deliver a new Note of like amount and tenor to the registered owner upon the owner's paying the expenses and charges of the Agency and the Note Registrar in connection with preparation and authentication of the replacement Note and upon his or her filing with the Executive Director evidence satisfactory to the Executive Director that such Note was actually lost, stolen, or destroyed and of his or her ownership, and upon furnishing the Agency with indemnity satisfactory to the Board Chair.

Section 7. Limited Obligation. The Note is a special limited obligation of the Agency and is not an obligation of the City, the State of Idaho or any political subdivision thereof other than the Agency, and neither the full faith and credit nor the taxing power of the City or the State of Idaho is pledged to the payment of the Note. The Agency has no taxing power.

Section 8. Sale of Note. The Board hereby accepts and approves the offer of the Bank to purchase the Note on the terms and conditions set forth in the Note, Purchase Agreement, and in this Resolution. The Note shall be issued and delivered to the Bank upon payment of the purchase price specified in the Note.

Section 9. Tax Covenants. The Agency hereby covenants for the benefit of the Bank 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 Agency 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 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 that for taxable years of corporations beginning before January 1, 2018, 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.

Section 10. Designations as "Qualified Tax-Exempt Obligations." The Agency hereby designates the Note as "qualified tax-exempt obligations" for the purpose and within the meaning of Section 265(b)(3) of the Code. The Agency hereby certifies that the Note is the only bond or similar obligation of the Agency for which a designation as "qualified tax-exempt obligations" has been made in the current year.

Section 11. General Authorization; Approval of Documents; Prior Acts. The Chair, Vice Chair, Executive Director, and other appropriate officers, agents and representatives of the Agency are hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate, or desirable to carry out the terms and provisions of, and complete the transactions contemplated by, this Resolution.

The Chair, the Vice Chair, and the Executive Director of the Agency are each hereby authorized to take all action necessary or desirable in conformity with the Law to finance the

Project, including without limitation, the execution and delivery of all other agreements, documents and certificates to be delivered in connection with the sale and delivery of the Note.

The Chair, Vice Chair, and the Executive Director of the Agency are further authorized and directed to publish notice of the adoption of this Resolution, substantially in the form set forth in Exhibit C attached hereto.

All acts taken pursuant to the authority of this Resolution but prior to its effective date are hereby ratified and confirmed.

Section 12. Severability. If any one or more of the covenants and agreements provided in this Resolution 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 covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this Resolution and shall in no way affect the validity of the other provisions of this Resolution or of the Note or Purchase Agreement.

Section 13. Effective Date. This Resolution shall be in full force and effect immediately upon its adoption and approval.

[Signatures Appear on Following Page]

PASSED by the Coeur d'Alene Urban Renewal Agency d/b/a ignite cda, on October 17, 2018.

COEUR D'ALENE URBAN RENEWAL  
AGENCY D/B/A IGNITE CDA

By: \_\_\_\_\_  
Scott Hoskins, Chair

ATTEST:

By: \_\_\_\_\_  
Anthony R. Berns, Executive Director

I, the undersigned, Executive Director of the Coeur d'Alene Urban Renewal Agency d/b/a ignite cda, hereby certify that the foregoing Resolution is a full, true, and correct copy of Resolution No. \_\_\_\_, duly adopted at a meeting of the Agency; the meeting was held at the Community Room at the Coeur d'Alene Public Library, at 702 E. Front Ave., Coeur d'Alene, Idaho, on October 17, 2018; all members of the Board had due notice thereof; and a majority of the members were present.

After Motion by Commissioner \_\_\_\_\_ to adopt the foregoing Resolution, and second by Commissioner \_\_\_\_\_, the Commissioners voted as follows and the Resolution was adopted by roll call as follows:

COMMISSIONER GOODLANDER

COMMISSIONER HOSKINS

COMMISSIONER WIDMYER

COMMISSIONER JORDAN

COMMISSIONER METTS

COMMISSIONER ARMON

COMMISSIONER CHAPKIS

COMMISSIONER GARCIA

COMMISSIONER ENGLISH

I further certify that the Resolution has not been amended, modified, or rescinded since the date of its adoption, and is now in full force and effect.

DATED \_\_\_\_\_, 2018.

\_\_\_\_\_  
Executive Director

**EXHIBIT A**

**Form of Note Purchase and Security Agreement**

**EXHIBIT B**

**Form of Note**

**EXHIBIT C**

**Notice of Adoption of Resolution**

**DRAFT**

[October 17], 2018

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 2018 (River District Redevelopment Project) (the “**Note**”) in the principal amount of not to exceed \$7,000,000, subject to the terms and provisions outlined on the attached **Exhibit A** (incorporated herein by this reference), and in Resolution No. \_\_\_\_, adopted by the Board of Commissioners of the Issuer on October 17, 2018 (the “**Resolution**”), constituting the Issuer’s funding for the Project (defined below) in accordance with the River District Redevelopment Plan, adopted by the City of Coeur d'Alene, Idaho (the “**City**”), by Ordinance No. 3155 on November 18, 2003, as amended by the First Amendment to River District Redevelopment Plan adopted by the City by Ordinance No. 3543 on July 13, 2016 (collectively, the “**River District Plan**”). Further amendment to the River District Plan by the City is scheduled to occur in December, 2018, pursuant to the Second Amendment to River District Plan (the “**Second Amendment**”), which Second Amendment was approved by the Issuer on September 27, 2018, and is further described under Section I, Revenue Allocation Proceeds, of the attached **Exhibit A**.

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 \$7,000,000 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: (i) June 2007 Limited Recourse Promissory Note in favor of Riverstone West, LLC; (ii) May 2013 Limited Recourse Promissory Note in favor of Mill River Seniors; (iii) May 2013 Limited Recourse Promissory Note in favor of Riverstone West Apartments, subsequently transferred to March 2016 Mortgage Investment Trust Corporation; (iv) October 2012 Limited Recourse Promissory Note in favor of Riverstone West Phase 2; (v) December 2015 Limited Recourse Promissory Note in favor of Active West, LLC; and (vi) December 2015 Limited Recourse Promissory Note in favor of Riverstone West Apartments III, LLC. 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, if any, 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 related to the Atlas Waterfront Project, including (i) any eligible capital expenditure projects within the River District Urban Renewal Area authorized under the River District Plan, and any amendments thereto; and (ii) 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.
  - (e) The Issuer has consented to the amendment of the River District Plan pursuant to the proposed Second Amendment.
- (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 that for taxable years of corporations beginning before January 1, 2018, 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. Annual Financial Statements. The Issuer covenants to deliver to the Purchaser the Issuer's annual financial statements, commencing FYE 2018, no later than thirty (30) days upon receipt thereof.
  - f. Cash on Hand. Upon issuance of the Note, Issuer shall maintain otherwise unrestricted cash in its River District accounts ("Cash on Hand Requirement") in the amount of \$700,000. Beginning March 1, 2019, and semiannually on each September 1 and March 1 thereafter until maturity of the Note, and on the next business day if such dates fall on a holiday or weekend, the Cash on Hand Requirement shall be adjusted 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.
  - g. Plan Amendments. By execution of this Purchase Agreement, the Purchaser consents to the deannexation proposed under the Second Amendment. The Issuer covenants that it will not consent to a deannexation other than the deannexation occurring pursuant to the Second Amendment without the Purchaser's prior consent to such proposed deannexation.
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. 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. 1<sup>st</sup> 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.

*[The following page is the execution page.]*

Respectfully submitted effective the \_\_\_ day of \_\_\_\_\_, 2018.

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 17<sup>th</sup> day of October, 2018.

By: \_\_\_\_\_  
Scott Hoskins, Chair

Attest:

\_\_\_\_\_  
Anthony R. Berns, Executive Director



## EXHIBIT A

### Terms of Note

- A. Principal Amount: Not to exceed \$7,000,000 (subject to draws).
- B. Tax-Exempt Rate: Three and thirty one-hundredths percent (3.30%) 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: November 20, 2018.
- D. Maturity Date: August 1, 2028.
- E. Purchaser Fee and Other Costs: At Closing, the Issuer will pay the Purchaser fee of \$7,000, plus Purchaser counsel's fees up to \$3,500, 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 the Maturity Date, 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, if any, 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 River District Redevelopment Plan adopted by the City under Ordinance No. 3155 on November 18, 2003, as amended by the First Amendment to River District Redevelopment Plan adopted by the City by Ordinance No. 3543 on July 13, 2016, as lawfully available, and as proposed to be amended by the City pursuant to the Second

Amendment to the River District Redevelopment Plan, which contemplates the (i) the deannexation of certain City-owned property from the existing River District Urban Renewal Area, (ii) the annexation of two geographic areas adjacent and contiguous to the existing River District Renewal Area, and (iii) the update of certain provisions of the River District Redevelopment Plan.

- 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 2018, issued pursuant to that certain Note Purchase and Security Agreement dated as of October 17, 2018 (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