

**SECOND AMENDMENT TO THE
RIVER DISTRICT REDEVELOPMENT PLAN**

URBAN RENEWAL PROJECT

COEUR D'ALENE URBAN RENEWAL AGENCY
(formerly known as Lake City Development Corporation and now known as ignite cda)

CITY OF COEUR D'ALENE, IDAHO

Ordinance No. 3155
Adopted November 18, 2003
Effective November 26, 2003

**First Amendment to the
River District Redevelopment Plan**
Ordinance No. 3543
Adopted July 13, 2016
Effective July 15, 2016

**Second Amendment to the
River District Redevelopment Plan**
Ordinance No. 3624
Adopted December 4, 2018
Effective Retroactive to January 1, 2018

BACKGROUND

This Second Amendment (“Second Amendment”) to the River District Redevelopment Plan (the “Plan”) amends the Plan for the following purposes: 1) to deannex a strip of approximately 2 acres of partially vacated right-of-way owned by the City of Coeur d’Alene (the “City”) on the south side of Seltice Way from the plan area/revenue allocation area created by the Plan, commonly referred to as the “River District Project Area,” as amended by the First Amendment to the Plan in 2016, which deannexed approximately 56 acres of developed parcels from the River District Project Area; 2) to deannex a strip of approximately 1.5 acres along the northwestern boundary of the River District Project Area adjacent to the Riverstone Development and including a portion of the existing Prairie Trail; 3) to deannex a strip of approximately .2 acres along the southwestern boundary of the River District Project Area to adjust a boundary along the Riverstone Development; 4) to add approximately 9 acres of open land contiguous to the River District Project Area on the south side of Seltice Way; and 5) to add approximately 2 acres of open land contiguous to the western boundary of the River District Project Area and adjacent to the Riverstone Development. The scope of this Second Amendment is limited to addressing the deannexation from, and the addition of area to, the River District Project Area. It is important to note this Second Amendment to the Plan does not extend the Plan’s duration. The Plan terminates on December 31, 2027; however, revenue allocation proceeds will be received in 2028 pursuant to Idaho Code § 50-2905(7).

This Second Amendment to the Plan, which deannexes and adds area to the River District Project Area, does not result in a reset of the base assessment roll values to the current equalized assessed values in the year following the amendment or modification of the Plan. House Bill 606, effective July 1, 2016, amended the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended (the “Act”), firmly establishing “[f]or plans adopted or modified prior to July 1, 2016, and for subsequent modifications of those urban renewal plans, the value of the base assessment roll of property within the revenue allocation area shall be determined as if the modification had not occurred.” Idaho Code § 50-2903(4). Though the provisions of Idaho Code § 50-2903A do not apply to the Plan, a plan amendment or modification to accommodate a deannexation in the revenue allocation area boundary or to add area to an existing revenue allocation area pursuant to Idaho Code § 50-2033 are specifically identified exceptions to a base reset. Idaho Code § 50-2903A(1)(a)(ii) and (iii). This highlights the legislative support for these types of amendments.

The deannexation of the three strips of land from the River District Project Area will have no impact on the affected taxing districts because the property is City-owned and/or otherwise tax exempt. To the extent there is any taxable value associated with the deannexed parcels it would be insignificant and result in no real budgetary impact on the affected taxing districts. The Coeur d’Alene Urban Renewal Agency, formerly known as Lake City Development Corporation and now known as ignite cda (the “Agency”) does not receive any discernible revenues from the deannexed areas. Since the property is tax exempt, there is no increment value to be included in the net taxable value of the taxing district when calculating the property tax levies pursuant to section 63-803, Idaho Code. Likewise, there is no value to be included on the new construction roll by virtue of the deannexations.

Idaho Code § 50-2033 permits an urban renewal agency to add area to an existing revenue allocation area one (1) time “so long as the total area to be added is not greater than ten percent (10%) of the existing revenue allocation area and the area to be added is contiguous to the existing revenue allocation area . . .” Idaho Code § 50-2033. Contiguity cannot be established solely by a shoestring or public or railroad right-of-way. See Idaho Code § 50-2033. The two geographic areas to be added to the River District Project Area are contiguous to the existing Project Area and combined are less than 10% of the existing revenue allocation area.

A separate base assessment value will be established for the open land areas to be added to the River District Project Area, effective retroactive to January 1, 2018. The Agency will receive an allocation of revenues from the added area from any increases in value above the base value through the remaining years of the Plan. The base values for the original Project Area will continue to be retroactive to January 1, 2003.

The area to be added to the River District Project Area was deemed to be a deteriorated area and/or a deteriorating area under the Law and the Act and, therefore, eligible for inclusion into the existing revenue allocation area pursuant to the Atlas Mill Site Urban Renewal Eligibility Report, prepared by Panhandle Area Council, dated February 14, 2017 (the “Eligibility Report”). The Eligibility Report was submitted to the Agency, which by adoption of Resolution No. 17-04 on May 10, 2017, found the additional area to be eligible and authorized the transmission of the Eligibility Report and Resolution to the Coeur d’Alene City Council, together with the Agency’s recommendation that the area be designated as appropriate for an urban renewal project, and seeking direction from the City Council to proceed with an urban renewal plan amendment. The Coeur d’Alene City Council by adoption of Resolution No. 17-036 on May 16, 2017, found the area under consideration to be a deteriorating area or a deteriorated area in the City, as defined by the Law and the Act, and authorized preparation of a new plan area and/or a plan amendment.

AMENDMENTS TO THE PLAN

1. Definitions. Capitalized terms not otherwise defined herein shall have the respective meanings ascribed to such terms in the Plan, as amended by the First Amendment to the Plan.

2. The following defined terms in the Plan, as amended by the First Amendment to the Plan, are further amended throughout the Plan as follows:

a. Delete “Amended Project Area” and replace with “Second Amended Project Area” except where specifically referenced in this Second Amendment.

b. Delete references to “Attachment 5” and replace with “Attachment 5, as supplemented by Attachments 5A and 5B” except where specifically referenced in this Second Amendment.

3. Amendment to Section 100 of the Plan. Section 100 is amended by deleting the list of attachments and replacing it as follows:

Legal Description of the Amended Project Area and Amended Revenue Allocation Area Boundaries (Attachment 1);

Legal Descriptions of the Boundaries of the Deannexed Areas (Attachment 1A);

Legal Descriptions of the Boundaries of the Additional Areas (Attachment 1B);

Amended Project Area- Amended Revenue Allocation Area Boundary Map (Attachment 2);

Boundary Map of the Deannexed Areas (Attachment 2A);

Boundary Map of the Additional Areas (Attachment 2B);

Properties Which May Be Acquired by the Agency (Attachment 3);

Map Depicting Expected Land Uses and Current Zoning Within the Second Amended Project Area (Attachment 4); **[Intentionally Omitted—No Amendment]**

Economic Feasibility Study for the River District Urban Renewal Area, Including 2018 Update (Attachment 5)

Supplement to the Economic Feasibility Study for the River District Urban Renewal Area: Financial Analysis Related to the 2016 Deannexation (Attachment 5A)

Second Supplement to the Economic Feasibility Study for the River District Urban Renewal Area for the Area Added by the Second Amendment (Attachment 5B)

4. Amendment to Section 102.1 of the Plan, as amended by the First Amendment to the Plan. Section 102.1 entitled “CONFORMANCE WITH STATE OF IDAHO URBAN RENEWAL LAW OF 1965, AS AMENDED” is amended by adding new paragraphs to the end of the language added by the First Amendment to the Plan as follows:

Subsequent to the First Amendment, in 2017, the Agency and City reviewed approximately three areas for deannexation from the Amended Project Area as follows: a strip of approximately 2 acres of partially vacated¹ right-of-way to the south of Seltice Way owned by the City; a strip of approximately 1.5 acres along the northwestern boundary of the Amended Project Area adjacent to the Riverstone Development and including a portion of the existing Prairie Trail; and a strip of approximately .2 acres along the southwestern boundary of the Amended Project Area to adjust a boundary along the Riverstone Development. At the same time, the Agency and City also reviewed

¹ Partial vacation of the right-of-way shall occur no later than the date the City Council adopts its ordinance approving the Second Amendment.

approximately 11 acres² of open land adjacent and contiguous to the Amended Project Area for an eligibility determination for an urban renewal project. The additional area to be added to the Amended Project Area was reviewed and determined to be eligible by Agency Resolution 17-04 on May 10, 2017. The additional area was certified as eligible by the City Council on May 16, 2017, by adoption of City Council Resolution No. 17-036.

With the adoption of Resolution No. 17-036, the City Council found the additional area to be a deteriorated area and/or a deteriorating area existing in the City as defined by the Law and Act and authorized preparation of a plan amendment. The approximately 4 acres subject to deannexation and the approximately 11 acres being added to the Amended Project Area hereby create the “Second Amended Project Area.”

This Second Amendment to the River District Redevelopment Plan (the “Second Amendment”) was prepared and submitted to the Agency for its review and approval. The Agency approved the Second Amendment by the adoption of Agency Resolution No. 18-07 on September 27, 2018 and submitted the Second Amendment to the City Council with its recommendation for adoption.

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

Pursuant to the Law and Act, the City Council having published due notice thereof, held a public hearing on the Second Amendment. Notice of the hearing was duly published in the *Coeur d’Alene Press*, a newspaper having general circulation in the City. The City Council adopted the Second Amendment on December 4, 2018, by Ordinance No. 3624.

5. Amendment to Section 103 of the Plan. Section 103 is amended by adding new paragraphs following the first paragraph as follows:

During 2017, the City, Agency, and other interested parties began to examine the need to expand the Amended Project Area to include all or a portion of the abandoned lumber mill site, often referred to as the former “Atlas Mill” site, and all or a portion of a former railroad right-of-way. All structures related to the mill operation have been razed. The approximately 11 acres total of open land to be added to the Amended Project Area is separated into two separate geographic areas. The first area is estimated to be 2 acres and is adjacent and contiguous to the western boundary of the development commonly referred to as the Riverstone development. The second area is estimated to be 9 acres and is adjacent and contiguous to a portion of the southern boundary of the Amended Project Area along Seltice Way. The City owns the areas to be added to the Amended Project

² The approximately 11 acres reviewed for eligibility was included within the scope and boundaries of a larger study area.

Area and is in the process of annexing the areas into the City.³ It is anticipated that shortly after approval of the Second Amendment the Agency will acquire all or a portion of the proposed expansion area from the City.

The areas to be added to the Amended Project Area lack public infrastructure such as internal roadways limiting access to the parcels and impairing development potential. Additionally, water and sewer lines will need to be extended into portions of the Second Amended Project Area. There are fire suppression issues that prevent significant development within the expansion area. The abandoned mill site will require site remediation due to contamination from mill operations. Generally, the lack of public infrastructure has resulted in the economic underdevelopment of the area. Prior to its acquisition by the City, the location of the former railroad right-of-way presented a significant impediment to development of the area as it precluded the ability to assemble lots for development. Further, the large parcel size is a detriment to urban development. There are no pedestrian amenities within the expansion area, which lacks sidewalks, curbs, gutters, and street-lighting. The area to be added also contains unsanitary conditions, including excessive amounts of junk, trash, and weeds throughout the area.

The Plan proposes improvements to public infrastructure and other publicly owned assets throughout the expansion area, creating the framework for the development of mixed-use, residential, commercial, and retail areas, cultural centers, medical facilities, educational facilities, multi-purpose athletic and performance facilities, other public facilities and improvements, including, but not limited to streets, streetscapes, water and sewer improvements, environmental remediation/site preparation, parking, community facilities, and pedestrian/bike paths and trails. The expansion area is underdeveloped or vacant and is not being used to its highest and best use due to deterioration of site and other improvements, environmental deficiencies, the age and obsolescence of infrastructure, the predominance of defective or inadequate street layout, need for modern traffic requirements, insanitary and unsafe conditions, faulty lot layout and inadequate utility infrastructure needed for development. The foregoing conditions have arrested or impaired growth in the expansion area.

6. Amendment to Plan to add new Section 105. The Plan is amended to add new Section 105 as follows:

105 Open Land Criteria

This Second Amendment contemplates Agency acquisition of property within the Second Amended Project Area requiring the area meets 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 area or deteriorating area set forth in Idaho Code §§ 50-2018(8), (9) and 50-2903(8). The issues listed only in Idaho Code § 50-

³ Acquisition and annexation shall occur no later than the date the City Council adopts its ordinance approving the Second Amendment.

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 for Agency acquisition and development for residential uses if the City Council determines there is a shortage of housing of sound standards and design which is decent, safe and sanitary in the City, that the need for housing will be increased as a result of the clearance of slums in other areas, that the conditions of blight in the area and the shortage of decent, safe and sanitary housing contributes to an increase in the spread of disease and crime and constitutes a menace to the public health, safety, morals, or welfare, and that the acquisition of the area for residential uses is an integral part of and essential to the program of the City. Due to the City’s expected growth, the need for housing is significant and integral to a successful mixed-use project area.

Open land areas qualify for Agency acquisition and development for primarily nonresidential uses if acquisition is necessary to facilitate the proper growth and development of the Project Area in accordance with City planning objectives 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, a deficient street system, lack of fire protection facilities, economic disuse, unsuitable topography and environmental issues are all conditions which delay or impair development of the open land areas and satisfy the open land conditions as more fully supported by the Atlas Mill Site Urban Renewal Eligibility Report, prepared by Panhandle Area Council, dated February 14, 2017.

7. Amendment to Section 200 of the Plan, as amended by the First Amendment to the Plan. Section 200, as amended by the First Amendment to the Plan, entitled “DESCRIPTION OF THE AMENDED PROJECT AREA” is deleted and replaced as follows:

DESCRIPTION OF THE SECOND AMENDED PROJECT AREA

The boundaries of the Amended Project Area and of the Amended Revenue Allocation Area pursuant to the First Amendment are described in Attachment 1 and are shown on the Amended Project Area and Amended Revenue Allocation Area Boundary Map, in Attachment 2.

Pursuant to the Second Amendment, the boundaries of the deannexed areas are described in the Legal Descriptions of the Boundaries of the Deannexed Areas in Attachment 1A and are shown on the Boundary Map of the Deannexed Areas in Attachment 2A. The boundaries of the areas added to the Amended Project Area, pursuant to the Second Amendment, are described in the Legal Descriptions of the Boundaries of the Additional Areas in Attachment 1B and are shown on the Boundary Map of the Additional Areas in Attachment 2B.

The attachments referenced above are attached hereto and are incorporated herein by reference.

8. Amendment to Section 301 of the Plan.

a. Section 301 is amended by deleting paragraph 6 and replacing it as follows:

6. The installation, construction, or reconstruction of streets and utilities, including, removal, burying, or relocation of overhead utilities; extension of electrical distribution lines and transformers; improvement of irrigation and drainage ditches and laterals; addition of fiber optic lines or other communication systems; and improvement of storm drainage facilities, flood control facilities, parking facilities, and other public improvements, including but not limited to, water and sewer improvements, fire protection systems, 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; and other public improvements, including parks, pedestrian/bike paths and trails, plazas, open space, riverfront access points and docks, and other recreational facilities; other public improvements related to the development of mixed-use residential, commercial, secondary waterfront commercial and retail areas, cultural centers, medical facilities, educational facilities, multi-purpose athletic and performance facilities and other public facilities that may be deemed appropriate by the Board;

b. Section 301 is amended by deleting paragraph 10 and replacing it as follows:

10. The preparation and assembly of adequate sites for the development and construction of facilities for mixed-use, residential, commercial and retail areas, cultural centers, medical facilities, educational facilities, multi-purpose athletic and performance facilities and other public or governmental use;

c. Section 301 is amended by adding paragraph 13 as follows:

13. The remediation of certain site conditions and other environmental remediation to encourage development of land by private enterprise.

9. Amendment to Section 302 of the Plan, as amended by the First Amendment to the Plan. Section 302, as amended by the First Amendment to the Plan, is further amended by deleting the first sentence of the second paragraph and replacing it as follows:

The Second Amended Project Area includes the area as described in Section 200.

10. Amendment to Section 304 of the Plan. Section 304 of the Plan is amended by adding a sentence to the end of the first paragraph as follows:

In order to implement this Plan, the City will transfer all City owned real property in the expansion area, the boundaries of which are shown on Attachment 2B, to the Agency on January 2, 2019.

11. Amendment to Section 305.1 of the Plan. Section 305.1 of the Plan is amended by deleting and replacing the last paragraph as follows:

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)(b). The Agency has identified its intent to acquire and/or participate in the development of certain public improvements in this Plan, and to encourage development opportunities consistent with the Plan. The public improvements are intended to be dedicated to the City upon completion. The area to be acquired is set forth in Attachment 3. The Agency reserves the right to determine which properties, if any, should be acquired. The open land areas qualify for Agency acquisition as further set forth in Section 105 of Plan, as amended.

12. Amendment to Section 402 of the Plan. Section 402 of the Plan is amended by deleting the paragraph and replacing it as follows:

The Agency intends to rely upon the overall land use designations and zoning classifications of the City, as may be amended, and as set forth in the City’s Comprehensive Plan and the Coeur d’Alene City Code, including the future land use map and zoning classifications, as may be amended. Following annexation, the zoning classification for the Project Area is expected to be C-17, which is intended as a broad spectrum commercial district that permits limited service, wholesale/retail, and heavy commercial in addition to allowing a full range of residential development products. Provided, however, nothing herein within this Plan shall be deemed to be granting any particular right to zoning classification or use.

13. Amendment to Section 504 of the Plan, as amended by the First Amendment to the Plan.

a. Section 504 is amended by deleting the first sentence of the first paragraph and replacing it as follows: The Agency hereby adopts revenue allocation financing provisions as authorized by the Act, Chapter 29, Title 50, Idaho Code, effective retroactively to January 1, 2003, for the original Project Area, as amended by the First Amendment, and effective retroactively to January 1, 2018, for the area added to the Amended Project Area by the Second Amendment.

b. Section 504, as amended by the First Amendment to the Plan, is further amended by deleting the first and second sentences of the fourth paragraph and replacing it as follows: A statement listing proposed public improvements and facilities, an economic feasibility study, estimated project costs, fiscal impact upon other taxing districts, and methods of financing project costs required by Idaho Code Section 50-2905

is included in Attachment 5, as updated in 2018, for the Amended Project Area, and in Attachment 5B for the 2018 expansion. The estimated financial impact to the Agency as a result of the deannexation of developed parcels from the existing Project Area pursuant to the First Amendment is set forth in Attachment 5A. The information contained in Attachment 5B necessarily incorporates estimates and projections based on the Agency's present knowledge and expectations and includes analysis and assessment based on the additional estimated 11 acres added to the Amended Project Area. There is no financial impact to the Agency or the taxing districts as a result of the deannexation of the three strips of land totaling an estimated 4 acres because the property is City-owned, tax exempt and/or has insignificant taxable value resulting in no budgetary impact. The Agency does not receive any discernible revenues from the deannexed areas. Since the property is tax exempt, there is no increment value to be included in the net taxable value of the taxing district when calculating the property tax levies pursuant to Idaho Code § 63-803. Likewise, there is no value to be included on the new construction roll by virtue of the deannexation.

14. Amendment to Section 504.1 of the Plan, as amended by the First Amendment to the Plan. Section 504.1, as amended by the First Amendment to the Plan, is further amended by deleting Section 504.1, as amended, and replacing it as follows:

Attachment 5 consists of the Economic Feasibility Study for the Urban Renewal Area prepared by Keyser Marston Associates, Inc. and includes updated projections prepared by the Executive Director of the Agency, in 2018. Attachment 5A includes the estimated financial impact to the Agency as a result of the deannexation of certain developed parcels from the existing Project Area pursuant to the First Amendment prepared by the Panhandle Area Council. Attachment 5B consists of the Economic Feasibility Study (entitled Financial Feasibility Study) for the area added pursuant to the Second Amendment prepared by Welch Comer Engineers in association with Heartland LLC Real Estate Advisors. Primary contacts are Phil Boyd, P.E. and Matt Anderson, respectively. (collectively, Attachments 5, 5A, and 5B are referred to as the "Study").

Further detail supporting the data provided in Attachment 5B is included in the Atlas Site Masterplan for Atlas Waterfront Project, dated September 2018 (the "Comprehensive Report"). The Comprehensive Report more broadly supports the anticipated spectrum of development for the greater project over three revenue allocation areas based on the significant work with stakeholders and is available for review and copying at the Agency's office.

15. Amendment to Section 504.3 of the Plan, as amended by the First Amendment to the Plan. Section 504.3, as amended by the First Amendment to the Plan, is further amended by deleting Section 504.3, as amended, and replacing it as follows:

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 Kootenai County Assessor, the assessed taxable value for the City

as of January 1, 2017⁴, less homeowners' exemptions is \$4,487,283,826. Therefore, the 10% limit is \$448,728,383.

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

Existing River District Project Area	\$16,047,528
2018 River District Project Area Amendment ⁵	\$1,790,106
Existing Lake District Project Area	\$126,124,003
2018 Lake District Project Area Amendment	\$1,400,953
Atlas District Project Area	\$8,885,404
TOTAL:	\$154,247,994

The adjusted base values for the combined revenue allocation areas total \$154,247,994, which is less than 10% of the City's 2017 taxable value.

Further Idaho Code § 50-2033 provides that after July 1, 2011: "[a]n urban renewal plan that includes a revenue allocation area may be extended only one (1) time to extend the boundary of the revenue allocation so long as the total area to be added is not greater than ten percent (10%) of the existing revenue allocation area and the area to be added is contiguous to the existing revenue allocation area but such contiguity cannot be established solely by a shoestring or strip of land which comprises a railroad or public right-of-way." The Amended Project Area, less approximately 4 acres deannexed from the Amended Project Area, consists of 307 acres; therefore, the 10% geographic limit is approximately 30 acres. The area to be added to the Amended Project Area, which is adjacent and contiguous to the Amended Project Area, consists of approximately 11 acres, which is less than 10% of the acreage included in the Amended Project Area.

16. Amendment to Section 504.8 of the Plan. Section 504.8 of the Plan is amended by deleting Section 504.8 and replacing it as follows:

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 addition of the geographic area to the

⁴ Due to the timing of the assessment process and creation of this Second Amendment, the 2017 values have been used to establish compliance with the 10% limitation. Using the 2017 values, the total value of the existing and proposed revenue allocation areas combined with the value of this Second Amended Project Area are less than 4% 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 taxable value for the entire City.

⁵ The Second Amendment to the River District Project Area also includes deannexation of three strips of land from the Amended Project Area. The deannexation will have no impact on this analysis as the property to be deannexed is owned by the City, is tax exempt and/or has no discernible taxable value.

Amended Project Area does not reset the base; however, for the area added, the base value is the assessed value as of January 1 of the year in which the municipality approved the expansion, or in this instance January 1, 2018. The increment value is the difference between the adjusted base assessed value and current assessed taxable value in any given year while the property is in a revenue allocation area. Under Idaho Code § 63-802, 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 Idaho Code § 63-802. Therefore, the impact of revenue allocation 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 assessed values of properties in the urban renewal districts and by properties outside revenue allocation areas are distributed to the 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 remaining 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 of 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 Second Amended Project Area is not available for inclusion by the taxing entities to increase their budgets. Upon termination of this Plan, or further deannexations, 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).

Pursuant to the Second Amendment and the Economic Feasibility Study concerning the expansion, as 2018 certified levy rates are not determined until late

September 2018, the 2017 certified levy rates have been used in the Study⁶. Those taxing districts and rates are as follows:

Kootenai County	.002970344
City of Coeur d'Alene	.005314476
Coeur d'Alene School District #271	.000010319
Kootenai County Ambulance	.000162808
Post Falls Highway District	.000566224
North Idaho Junior College	.000981595
Kootenai County Hospital	.000000000
TOTAL:	.010005766

The Study has made certain assumptions concerning the levy rate. First, it is anticipated the parcels currently located outside the jurisdictional boundary of the City and in unincorporated Kootenai County that are included in the Project Area 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 in the expansion area. Second, the 2017 levy rate is estimated to remain constant for the life of the revenue allocation area. The Study has assumed a conservative levy rate. The annual increment value is expected to increase by an estimated 2% over the remaining term of the Plan. If the overall levy rate is less than projected, or the land values do not increase as expected, or 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 Second Amended Project Area. The Study has taken this statute into account.

17. Amendment to Section 500 of the Plan. Section 500 of the Plan is amended by the addition of new Section 505 entitled "MEMBERSHIP DUES AND SUPPORT OF COMMUNITY ECONOMIC DEVELOPMENT" as follows:

505 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

⁶ Due to the timing of the taxing districts' budget and levy setting process, certification of the 2018 levy rates did not occur until this Second Amendment 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.

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.

18. Amendment to Section 600 of the Plan. Section 600 of the Plan is amended by the addition of new subsection (m) as follows:

(m) Transfer of City owned real property in the in the expansion area, the boundaries of which are shown on Attachment 2B, to the Agency on January 2, 2019.

19. Amendment to Section 800 of the Plan. Section 800 of the Plan is amended by deleting Section 800 and replacing it as follows⁷:

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-four (24) years from the effective date of the adoption of the original Plan by the City Council in 2003, subject to modifications and/or extensions set forth in Idaho Code §§ 50-2904 and 50-2905(7). The revenue allocation authority will expire on December 31, 2027, except for any revenue allocation proceeds received in calendar year 2028, as contemplated by Idaho Code § 50-2905(7).

Idaho Code § 50-2903(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, 2028⁸, 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

⁷ This amendment does not seek to extend the duration of the Agency's revenue allocation authority; rather, the intent is to update this Section to better reflect the Idaho law provisions governing termination.

⁸ Due to the difference between the tax year and the budget-levy setting cycle, this date contemplates the Agency's receipt of revenue allocation from assessments in 2027, consistent with Idaho Code § 50-2905(7).

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, subject to the following paragraph, the Agency intends to dispose of any remaining assets by granting or conveying or dedicating such assets to the City, unless based on the nature of the asset, disposition to another public entity is more appropriate.

As allowed by Idaho Code § 50-2905(8), the Agency may retain 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. Similarly, facilities which provide a lease 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.

20. Amendment to Section 1100 of the Plan. Section 1100 of the Plan is deleted and replaced with new Section 1100 entitled "ANNUAL REPORT AND OTHER REPORTING REQUIREMENTS" as follows:

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, and Idaho Code § 50-2913, the tax commission plan repository. 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 Kootenai County Board of County Commissioners.

21. Amendment to Plan to add new Attachment 1A. The Plan is amended to add new Attachment 1A entitled “Legal Descriptions of the Boundaries of the Deannexed Areas,” attached hereto.

22. Amendment to Plan to add new Attachment 1B. The Plan is amended to add new Attachment 1B entitled “Legal Descriptions of the Boundaries of the Additional Areas,” attached hereto.

23. Amendment to Plan to add new Attachment 2A. The Plan is amended to add new Attachment 2A entitled “Boundary Map of the Deannexed Areas,” attached hereto.

24. Amendment to Plan to add new Attachment 2B. The Plan is amended to add new Attachment 2B entitled “Boundary Map of the Additional Areas,” attached hereto.

25. Amendment to Attachment 3 of the Plan. Attachment 3 entitled “Private Properties Which May be Acquired by Lake City Development Project” is deleted and replaced with Attachment 3 entitled “Properties Which May be Acquired by the Agency,” attached hereto.

26. Amendment to Attachment 5 of the Plan. Attachment 5 entitled “Economic Feasibility Study for the River District Urban Renewal Area” is supplemented to include updated 2018 projections through the duration of the Plan.

27. Amendment to Plan to add new Attachment 5B. The Plan is amended to add new Attachment 5B entitled “Second Supplement to the Economic Feasibility Study for the River District Urban Renewal Area for the Area Added by the Second Amendment,” attached hereto.

28. River District Redevelopment Plan, as amended by the First Amendment, Remains in Effect. Except as expressly modified in this Second Amendment, the Plan and the Attachments thereto, as amended by the First Amendment, remain in full force and effect.

Attachment 1A

Legal Descriptions of the Boundaries of the Deannexed Areas

BEGINNING at said Point "A".

Thence North $89^{\circ} 56' 08''$ East a distance of 145.89 feet;

Thence South $46^{\circ} 43' 12''$ West a distance of 244.81 feet to a point on a spiral curve as shown on the plat of Riviera Place as recorded in Book L, Page 194, records of Kootenai County, Idaho;

Thence southwesterly along said spiral to a point, the chord of which bears South $43^{\circ} 01' 10''$ West a distance of 197.82 feet, said point being the beginning of a curve to the left having a radius of 522.86 feet;

Thence southwesterly along said curve through an arc length of 159.87 feet a central angle of $17^{\circ} 31' 08''$, a chord bearing of South $27^{\circ} 00' 44''$ West and a chord distance of 159.25 feet to the beginning of a spiral curve as shown on said plat of Riviera Place;

Thence southwesterly along said spiral to a point, the chord of which bears South $15^{\circ} 29' 11''$ West a distance of 67.99 feet to the southwest corner of Lot 1, Block 1 of said Riviera Place;

Thence North $72^{\circ} 15' 30''$ West a distance of 94.04 feet to the beginning of a curve to the left having a radius of 180.00 feet;

Thence westerly along said curve through an arc length of 5.83 feet, a central angle of $01^{\circ} 51' 17''$, a chord bearing of North $73^{\circ} 11' 09''$ West and a chord distance of 5.83 feet, to the existing River District Boundary;

Thence along said River District Boundary North $15^{\circ} 10' 32''$ East a distance of 71.84 feet to the beginning of a non-tangent curve to the right having a radius of 622.86 feet;

Thence northeasterly along said River District Boundary along said curve through an arc length of 210.00 feet, a central angle of $19^{\circ} 19' 04''$, a chord bearing of North $28^{\circ} 09' 39''$ East and a chord distance of 209.01 feet;

Thence along said River District Boundary North $43^{\circ} 43' 05''$ East a distance of 192.14 feet;

Thence along said River District Boundary North $46^{\circ} 39' 59''$ East a distance of 141.19 feet to said Point A said point being the **POINT OF BEGINNING**;

TOGETHER WITH;

A portion of Government Lot 3 and the Northeast Quarter of Section 10, Township 50 North, Range 4 West, Boise Meridian, described as follows;

Commencing at the North quarter corner of said Section 10, said corner bears South $89^{\circ} 11' 44''$ East a distance of 2650.43 feet from the Northwest corner of said Section 10; Thence along the west line of said Northeast Quarter, South $03^{\circ} 12' 44''$ West a distance of 1181.56 feet; Thence South $86^{\circ} 47' 16''$ East a distance of 44.40 feet to the existing River District Boundary, said point being the **TRUE POINT OF BEGINNING**.

The Second Amendment shall deannex the following parcels from the Existing River District Project Area:

- 1) a strip of approximately 2 acres of partially vacated right-of-way owned by the City on the south side of Seltice Way
- 2) a strip of approximately 1.5 acres along the northwestern boundary of the existing River District Project Area adjacent to the Riverstone Development and including a portion of the existing Prairie Trail; and
- 3) a strip of approximately .2 acres along the southwestern boundary of the existing River District Project Area to adjust a boundary along the Riverstone Development;

and more particularly described as follows:

A portion of Government Lots 1, 2, and the Northeast Quarter of Section 10, Township 50 North, Range 4 West, Boise Meridian, described as follows; into

Commencing at the North quarter corner of said Section 10, said corner bears South 89°11'44" East a distance of 2650.43 feet from the Northwest corner of said Section 10; Thence South 03°12'44" West a distance of 151.20 feet, said point being the **TRUE POINT OF BEGINNING.**

Thence South 88° 20' 20" East a distance of 500.92 feet;

Thence South 46° 39' 59" West a distance of 20.94 feet to the southerly right of way of Seltice way said point also being on the existing River District Boundary and herein designated as Point "A";

Thence along said right of way and District Boundary North 89° 30' 26" West a distance of 2221.61 feet;

Thence North 00° 29' 34" East a distance of 49.13 feet;

Thence South 89° 30' 34" East a distance of 1196.30 feet;

Thence South 00° 29' 26" West a distance of 14.69 feet;

Thence South 89° 30' 34" East a distance of 60.00 feet;

Thence South 88° 20' 20" East a distance of 479.70 feet to the **TRUE POINT OF BEGINNING;**

TOGETHER WITH;

A portion of the Northeast Quarter of Section 10, Township 50 North, Range 4 West, Boise Meridian, described as follows;

Thence along said River District Boundary North 32° 15' 52" East a distance of 40.08 feet to the beginning of a non-tangent curve to the right having a radius of 572.50 feet;

Thence southeasterly along said River District Boundary along said curve through an arc length of 161.28 feet, a central angle of 16° 08' 29", a chord bearing of South 30° 48' 01" East and a chord distance of 160.75 feet;

Thence South 22° 43' 47" East a distance of 96.00 feet to the beginning of a curve to the left having a radius of 594.50 feet;

Thence southeasterly along said curve through an arc length of 89.15 feet, a central angle of 08° 35' 30", a chord bearing of South 27° 01' 32" East and a chord distance of 89.06 feet, to the existing River District Boundary;

Thence along said River District Boundary North 56° 46' 02" West a distance of 86.66 feet to the beginning of a non-tangent curve to the right having a radius of 622.96 feet;

Thence northerly along said River District Boundary along said curve through an arc length of 194.58 feet, a central angle of 17° 53' 48", a chord bearing of North 15° 20' 28" West and a chord distance of 193.79 feet;

Thence along said River District Boundary North 56° 45' 40" West a distance of 68.76 feet to the **TRUE POINT OF BEGINNING**;

Containing approximately 158,550 square feet or 3.640 acres more or less.

The area to be deannexed from the Existing River District Project Area and Revenue Allocation Area is also depicted in the map below

Attachment 1B

Legal Descriptions of the Boundaries of the Additional Areas

The area added to the Existing River District Project Area and Revenue Allocation Area herein referred to is described as follows:

An area consisting of approximately 11 acres of undeveloped land as follows:

- 1) approximately 9 acres of undeveloped land contiguous to the existing River District Project Area on the south side of Seltice Way; and
- 2) approximately 2 acres of undeveloped land contiguous to the western boundary of the existing River District Project Area and adjacent to the Riverstone Development.

and more particularly described as follows:

A portion of Government Lot 1 of Section 10, Township 50 North, Range 4 West, Boise Meridian, described as follows;

Commencing at the North quarter corner of said Section 10, said corner bears South 89°11'44" East a distance of 2650.43 feet from the Northwest corner of said Section 10; Thence along the North line of said section, North 89°11'44" West a distance of 2324.70 feet; Thence South 00°48'16" West a distance of 173.10 feet to the southerly right of way of Seltice Way, said point on the south line of the existing River District Boundary being the **TRUE POINT OF BEGINNING**.

Thence along said south line South 89° 32' 37" East a distance of 427.41 feet to the beginning of a curve to the right having a radius of 776.54 feet;

Thence easterly along said south line, along said curve through an arc length of 156.17 feet, a central angle of 11° 31' 22", a chord bearing of South 83° 46' 56" East and a chord distance of 155.91 feet;

Thence South 00° 29' 34" West a distance of 92.77 feet;

Thence South 75° 15' 01" East a distance of 110.00 feet;

Thence South 70° 03' 03" East a distance of 120.00 feet;

Thence South 54° 46' 02" East a distance of 172.71 feet;

Thence South 00° 20' 45" East a distance of 213.53 feet;

Thence South 89° 39' 15" West a distance of 173.87 feet to the beginning of a curve to the right having a radius of 2029.50 feet;

Thence northwesterly along said curve through an arc length of 370.44 feet, a central angle of 10° 27' 29", a chord bearing of North 85° 07' 00" West and a chord distance of 369.93 feet to the beginning of a non-tangent compound curve to the right having a radius of 90.00 feet;

Thence northwesterly along said curve through an arc length of 58.07 feet, a central angle of 36° 58' 17", a chord bearing of North 61° 24' 07" West and a chord distance of 57.07 feet;

Thence South 53° 47' 47" West a distance of 282.44 feet to the beginning of a non-tangent curve to the right having a radius of 237.00 feet;

Thence northwesterly along said curve through an arc length of 146.98 feet, a central angle of 35° 32' 01", a chord bearing of North 23° 42' 43" West and a chord distance of 144.64 feet;

Thence North 05° 56' 42" West a distance of 237.54 feet;

Thence North 08° 06' 52" West a distance of 66.05 feet;

Thence North 10° 11' 02" West a distance of 172.89 feet to the **TRUE POINT OF BEGINNING**;

TOGETHER WITH;

A portion of Government Lot 2 and the Northeast quarter of Section 10, Township 50 North, Range 4 West, Boise Meridian, described as follows;

Commencing at the North quarter corner of said Section 10, said corner bears South 89°11'44" East a distance of 2650.43 feet from the Northwest corner of said Section 10; Thence along said quarter section line South 03°12'44" West a distance of 704.36 feet to the beginning of a non-tangent curve to the right having a radius of 180.00 feet, said point being the **TRUE POINT OF BEGINNING**.

Thence northeasterly along said curve through an arc length of 173.71 feet, a central angle of 55° 17' 37", a chord bearing of North 78° 14' 24" East and a chord distance of 167.05 feet to the West line of the Existing River District Boundary;

Thence along said west line the following twelve courses;

- 1) South 15° 10' 32" West 36.61 feet;
- 2) South 13° 30' 45" West 42.25 feet;
- 3) South 56° 45' 40" East 26.10 feet;
- 4) South 32° 15' 52" West 76.43 feet;
- 5) South 13° 27' 19" West 77.54 feet;
- 6) South 32° 15' 52" West 108.41 feet;
- 7) South 56° 53' 00" East 25.00 feet;
- 8) South 32° 15' 52" West 23.76 feet;
- 9) South 56° 45' 40" East 26.39 feet;
- 10) South 07° 12' 38" West 27.82 feet;
- 11) South 56° 45' 40" East 11.83 feet;

12) South $32^{\circ} 15' 52''$ West 87.94 feet to the beginning of a non-tangent curve to the left having a radius of 572.50 feet;

Thence northwesterly along said curve through an arc length of 262.70 feet, a central angle of $26^{\circ} 17' 26''$, a chord bearing of North $52^{\circ} 00' 58''$ West and a chord distance of 260.40 feet;

Thence North $27^{\circ} 50' 32''$ East a distance of 259.86 feet to the beginning of a curve to the right having a radius of 180.00 feet;

Thence northeasterly along said curve through an arc length of 71.47 feet, a central angle of $22^{\circ} 45' 04''$, a chord bearing of North $39^{\circ} 13' 04''$ East and a chord distance of 71.01 feet to the **TRUE POINT OF BEGINNING**.

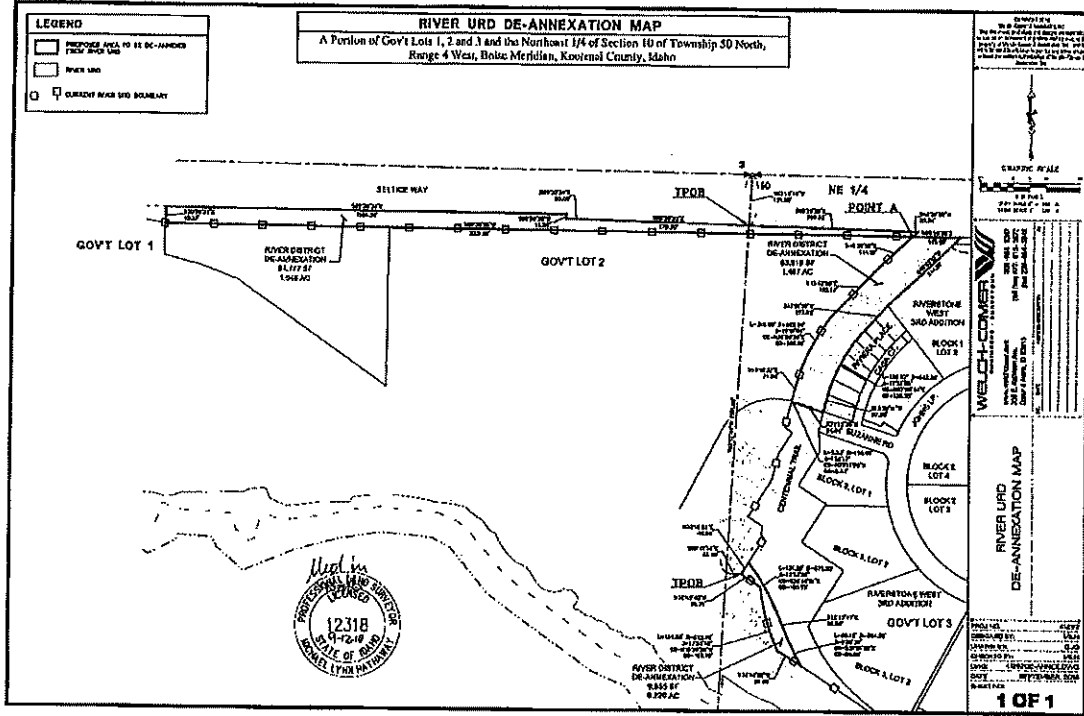
Containing 467,837 square feet or 10.740 acres more or less.

The area added to the Existing River District Project Area and Revenue Allocation Area is also depicted in the map below.

Attachment 2A

Boundary Map of the Deannexed Areas

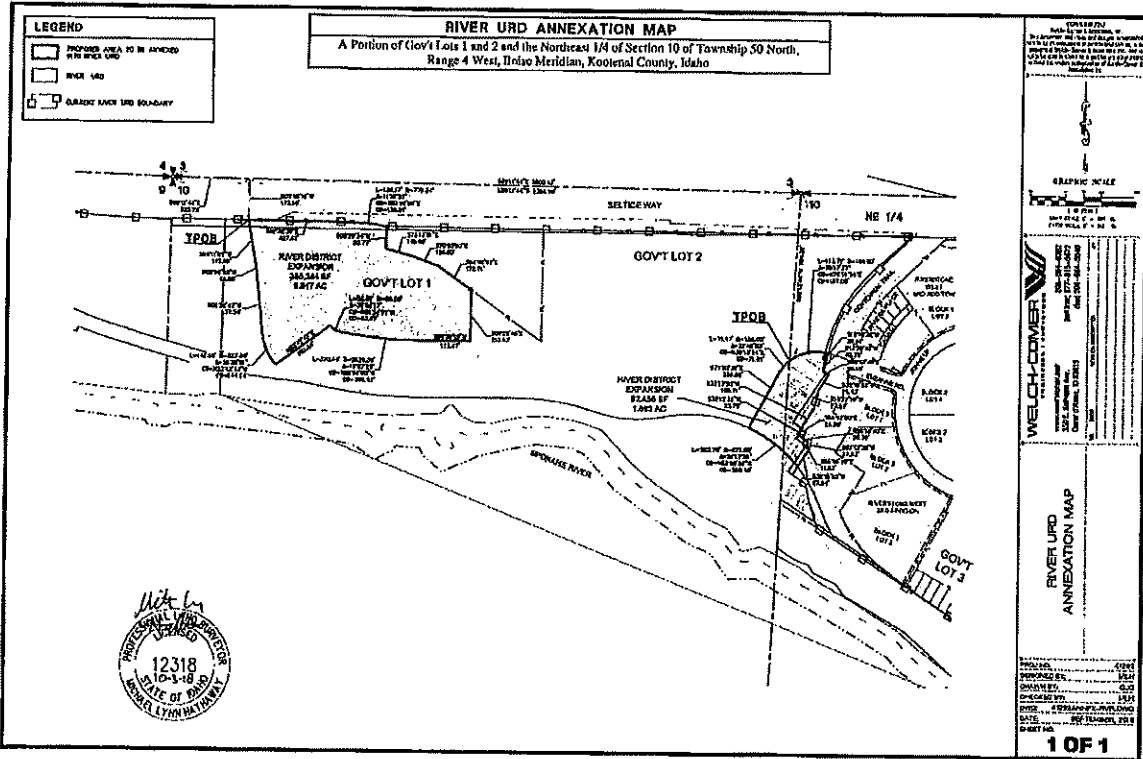
The area to be deannexed from the Existing River District Project Area and Revenue Allocation Area is also depicted in the map below



Attachment 2B

Boundary Map of the Additional Areas

The area added to the Existing River District Project Area and Revenue Allocation Area is also depicted in the map below.



Attachment 3

Properties (Public and/or Private) Which May Be Acquired by Agency

1. The Agency intends to acquire all property owned by the City within the Project Area. Further, although not specifically identified, the Agency may also acquire private property parcels to:
 - a) assemble with adjacent parcels to facilitate redevelopment;
 - b) assemble with adjacent rights-of-way to improve configuration and enlarge parcels for redevelopment;
 - c) reconfigure sites for development and possible extension of streets or pathways
 - d) assemble for future transfer to qualified developers to facilitate development consistent with the Plan.
 - e) assemble for the construction of improvements consistent with the Plan.
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 to provide adequately sized sites for high priority projects for the development of public improvements (the exact location of which has not been determined).
4. Other parcels may be acquired for the purpose of facilitating catalyst or demonstration projects, constructing public parking, constructing new streets or pathways, enhancing public spaces, or to implement other elements of the urban renewal plan strategy and/or the Master Plan for the Project Area.

Attachment 5

2018 Update

RIVER DISTRICT - FINANCIAL ANALYSIS MODEL

ASSUMPTIONS:	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Fiscal Year (FY)	136,526,650	154,062,064	154,062,064	154,062,064	154,062,064	154,062,064	154,062,064	154,062,064	154,062,064	154,062,064	154,062,064
Tax Increment (TI) Valuation											

Levy Rate:	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Total Levy (Percent)	1.000576600	1.000576600	1.0005766	1.0005766	1.0005766	1.0005766	1.0005766	1.0005766	1.0005766	1.0005766	1.0005766
Total TI Revenue (held constant)	1,366,054	1,541,509	1,541,509	1,541,509	1,541,509	1,541,509	1,541,509	1,541,509	1,541,509	1,541,509	1,541,509
Net TI Revenue	1,366,054	1,541,509	1,541,509	1,541,509	1,541,509	1,541,509	1,541,509	1,541,509	1,541,509	1,541,509	1,541,509
LESS: Public Art (@2%)	27,321	30,830	30,830	30,830	30,830	30,830	30,830	30,830	30,830	30,830	30,830
EQUALS: net TI revenue to ignite cda	1,338,733	1,510,679	1,510,679	1,510,679	1,510,679	1,510,679	1,510,679	1,510,679	1,510,679	1,510,679	1,510,679

FUND BEGINNING BALANCE:	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
TI Revenue Collected	4,991,062	2,995,441	2,717,496	2,423,016	2,111,698	1,783,234	1,437,509	1,155,468	923,023	675,125	411,493
Other ignite cda Revenue Sources	1,338,733	1,510,679	1,510,679	1,510,679	1,510,679	1,510,679	1,510,679	1,510,679	1,510,679	1,510,679	1,510,679
Total River District Revenue	4,980	2,500	2,550	2,601	2,633	2,706	2,760	2,815	2,872	2,929	2,988
esc.	6,334,775	4,508,620	4,280,725	3,936,295	3,625,030	3,296,619	2,950,748	2,668,962	2,436,574	2,188,733	1,925,159

EXPENSES & DEBT SERVICE	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Expense - Administration	99,453	99,900	101,898	103,936	106,015	108,135	110,298	112,504	114,754	117,049	119,390
Expense - Ann. Oper. Expense	428,999	278,181	280,963	283,772	286,610	289,476	292,371	295,295	298,248	301,230	304,242
R. West - Ph. 1 - increment towards debt	366,496	393,156	401,019	409,040	417,220	425,565	434,076	442,758	451,613	460,645	469,858
R. West - Ph. 1 Interest (cap \$2M)	0	0	0	0	0	0	0	0	0	0	0
Riverstone West - Ph. 1 Principal	94,966	132,636	135,289	137,995	140,755	143,570	146,441	149,366	152,341	155,366	158,441
R. West - Ph. 2 - increment towards debt	31,940	28,846	26,638	24,421	22,203	20,085	18,067	16,149	14,331	12,603	11,075
R. West - Ph. 2 Interest (cap \$246.9K)	0	0	0	0	0	0	0	0	0	0	0
Riverstone West - Ph. 1 Principal	63,026	103,790	108,651	113,604	118,645	123,776	129,087	134,569	140,222	146,045	152,037
MR Seniors - increment towards debt	11,450	12,177	12,421	12,669	12,923	13,181	13,445	13,713	13,988	14,267	14,553
MR Seniors Interest (cap \$97.8K)	0	0	0	0	0	0	0	0	0	0	0
MR Seniors Principal	11,450	12,177	12,421	12,669	12,923	13,181	13,445	13,713	13,988	14,267	14,553
RW Apts. - increment towards debt	13,111	13,129	13,392	13,660	13,933	14,212	14,496	14,786	15,081	15,383	15,691
RW Apts. Interest (cap \$118.5K)	0	0	0	0	0	0	0	0	0	0	0
RW Apts. Principal	13,111	13,129	13,392	13,660	13,933	14,212	14,496	14,786	15,081	15,383	15,691
RW III Apts. - increment towards debt	6,982	7,207	7,351	7,498	7,648	7,801	7,957	8,116	8,279	8,444	8,613
RW Apts. III Interest (cap \$84K)	0	0	0	0	0	0	0	0	0	0	0
RW Apts. III Principal	6,982	7,207	7,351	7,498	7,648	7,801	7,957	8,116	8,279	8,444	8,613
Circuit @ Selfice - inrem. towards debt	17,876	31,945	32,584	33,236	33,901	34,579	35,270	35,976	36,695	37,429	38,177
Circuit Interest (cap \$103.4K)	9,112	8,270	7,712	7,061	6,399	5,704	4,974	4,210	3,430	2,614	1,765
Circuit Principal	8,764	23,675	24,873	26,175	27,502	28,875	30,296	31,765	33,265	34,815	36,412
Subtotal: OPA's/IRAs	510,882	590,251	602,056	614,097	626,379	638,907	651,519	664,216	676,995	689,859	702,809
Selfice Way Project: capital improvement \$\$	2,300,000										
Debt: WTIB Note 2018 Series Note (\$7.0M @ 3.9%)		822,792	822,792	822,792	822,792	822,792	822,792	822,792	822,792	822,792	822,792
2018 Series Note Funds & Cash Balance Expenditures *		5,800,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
FUND ENDING BALANCE	2,995,441	2,717,496	2,423,016	2,111,698	1,783,234	1,437,509	1,155,468	923,023	675,125	411,493	170,021

* = includes loan to Atlas District (FY19), and could include funds for public infrastructure (streets, water sewer), sidewalks, site remediation, parking, parks, ped/bike trails, public facilities (museum, convention center, community center, public safety buildings).

Attachment 5B

Second Supplement to the Economic Feasibility Study for the River District Urban Renewal
Area for the Area Added by the Second Amendment

WELCH-COMER

208-664-9382
877-815-5672 (toll free)
208-664-5946 (fax)

350 E. Kathleen Avenue
Coeur d'Alene, ID 83815

FINANCIAL FEASIBILITY REPORT

FOR

AMENDED LAKE DISTRICT URBAN RENEWAL PLAN
AMENDED RIVER DISTRICT URBAN RENEWAL PLAN
ATLAS DISTRICT URBAN RENEWAL PLAN

SUBMITTED TO IGNITE CDA

OCTOBER 2018

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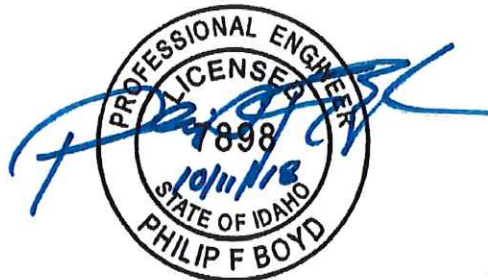
HEARTLAND

WELCH-COMER 
ENGINEERS | SURVEYORS

FINANCIAL FEASIBILITY REPORT
AMENDED LAKE DISTRICT URBAN RENEWAL PLAN
AMENDED RIVER DISTRICT URBAN RENEWAL PLAN
ATLAS DISTRICT URBAN RENEWAL PLAN

PROJECT NO. 41292.03

SUBMITTED TO:
ignite cda



OCTOBER 2018

PREPARED BY:



350 E. Kathleen Avenue
Coeur d'Alene, ID 83815
208-664-9382 ♦ 208-664-5946 Fax
E-Mail: wc@welchcomer.com

H E A R T L A N D

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Seattle, WA 98101
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1 EXECUTIVE SUMMARY

The Stimson Mill Site, located adjacent to the Spokane River, was used for lumber mill operations for more than 100 years (See Figure 1). In 2005, Stimson Lumber closed. The Stimson Mill Site was acquired by Blackrock Development in 2006, foreclosed by Washington Trust Bank in 2013 and later sold in three large parcels. The 21-acre parcel ("Rivers Edge") and 3.8-acre parcel ("Triangle Piece") were acquired by Douglass Properties and are still owned by Douglass entities (See Figure 2). The City is in discussions with Douglass to trade the City parcel that crosses the Rivers Edge parcel for the Triangle Piece and a 40-foot waterfront public easement. The third 45-acre parcel ("Atlas Site") changed ownership several times and numerous private developers evaluated the Atlas Site for development, but passed because of the site's unique and complicated characteristics, including the City owned 4-acre former railroad right of way that crosses the site.

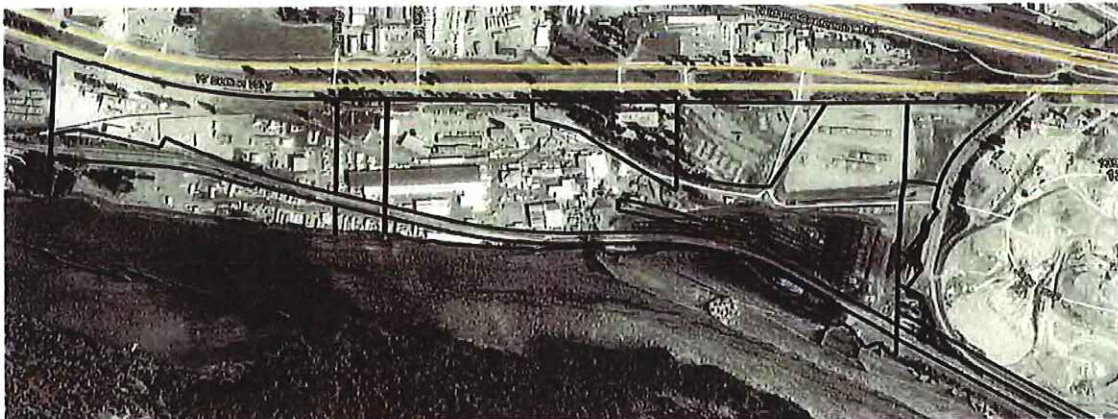


Figure 1: The Stimson Mill Site Circa 1998

In 2017, the City of Coeur d'Alene recognized the opportunity to, in collaboration with the City's urban renewal agency, ignite cda, to achieve two major community objectives:

1. Preserve waterfront property for the community.
2. Stimulate private development in a blighted portion of the City's area of impact.



Figure 2: Stimson Mill Site circa 2017 with Parcel Ownership

In 2018, the City purchased the Atlas Site and the City and ignite cda initiated a master planning and financial feasibility analysis to evaluate “what it would take” to create a market driven development that would adequately fund, through land sales and ignite cda tax increment funds (“TIF”), the Atlas Site purchase, remediation, infrastructure improvements and preservation of the waterfront as public space. ignite cda engaged Welch Comer Engineers and their team of real-estate advisors (Heartland, LLC), urban planners (GGLO) and landscape architects (BWA) to evaluate the options, engage the public, collaborate with the City and ignite cda and ultimately develop a project that will meet the City and ignite cda’s objectives.

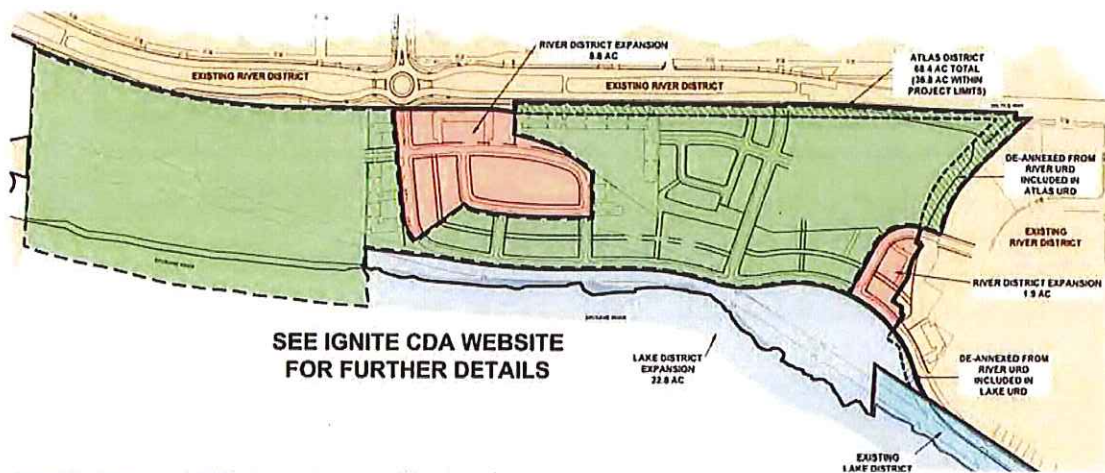


Figure 3: Proposed URD Expansion and Creation Areas

The result of this effort is a development master plan of the Atlas Site primarily focused on a variety of residential product types, to capture multiple market segments, along with a smaller amount of destination commercial areas. The financial analysis indicates that this type of development will fund, through land sales and TIF, the necessary infrastructure improvements and preservation of nearly 4,000 lineal feet (lf) of waterfront and 22 acres as public space, 12.5 acres on the waterfront and 9.5 acres in an upland area.

The master plan contemplates expansion of the River and Lake Districts and creation of the new Atlas District which includes the Atlas Site, Rivers Edge and Triangle Piece sites. ignite cda will lead the Atlas Site land development process, constructing the infrastructure “backbone” and disposing of the large neighborhood blocks to developers/builders through the request for proposal (“RFP”) process. Development standards will be created, following applicable City standards, for use in the RFPs to ensure consistent and market valuable/stable products are constructed, while also allowing flexibility to adjust to market changes over the six to eight-year absorption period. ignite cda TIF funds will be used to complete the waterfront public space improvements early in the schedule to allow the public to enjoy the public space and to stimulate investment on the adjacent development land. ignite cda also contemplates participation in development projects in the Rivers Edge and Triangle Piece which may include infrastructure and public space improvements.

The Atlas Site Financial Feasibility model demonstrates that, based on estimated costs and revenues, the Atlas Site can be redeveloped and achieve the City and ignite cda objectives. The financial feasibility model also demonstrates that TIF would be available to aid redevelopment of other parcels in the Stimson Mill Site area.

The Atlas Site development implementation plan anticipates change will occur due to market conditions and this reality will be woven into the process and products developed for development implementation to increase the opportunity for success.

2 INTRODUCTION

The City and ignite cda completed the Atlas Site Master Planning process that resulted in a development plan shown in Figure 4. The master planning process, including community engagement efforts, are summarized in the Atlas Site Waterfront Improvement Project Master Plan ("Master Plan"). The Master Plan is intended to achieve the following objectives:

1. Fund the Atlas Site land purchase, site remediation and infrastructure and public space improvements through land sales and TIF.
2. Preserve the waterfront land area as public space.
3. Create a unique and desirable addition to the City.



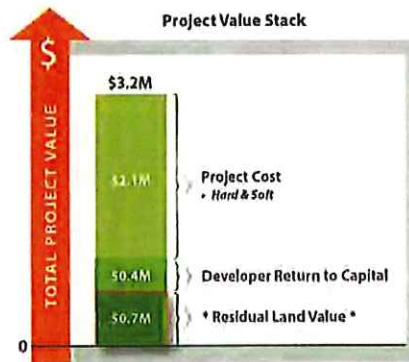
Figure 4: Atlas Waterfront Project Land Development Concept Plan

The purpose of this document is to demonstrate the financial feasibility of the projects contemplated by the expanded Lake and River Districts and the new Atlas District. This document summarizes the real-estate market analysis, conceptual site and infrastructure improvement plans and costs and outlines a development implementation strategy necessary for a viable project funded through land sales and TIF. The market and financial analyses also consider the proposed re-development of the Rivers Edge and Triangle Piece properties (See Figures 5 and 6).

3 REAL-ESTATE ANALYSIS

3.1 MARKET ASSESSMENT

As the basis for the financial model, to determine the funding to be generated by land sales of developed property and the TIF from the developed property value, Heartland conducted a Residual Land Value analysis (“RLV Analysis”) for the specific land uses that are planned for the Atlas Site. RLV Analysis is a useful method for calculating the amount a developer can pay for land given the assumed value of the development, the assumed project costs, and the developer’s desired profit. These values are calculated in 2018\$. The assumptions related to each of these components used for the Atlas Site are described in more detail below and the full set of inputs for each use are listed in Appendix 6.5.1.



- Developer analyzes market-specific costs and returns* to make a decision on the feasibility of development
- *Residual Land Value (“RLV”)*: Amount the developer can afford to pay for the land

Figure 7: RLV – Land Value from a Developer's Perspective

3.1.1 VALUE OF DEVELOPMENT

For this analysis, Heartland used two different methods for calculating the value of development based on whether the development is for-sale or rental product. For for-sale products such as single-family homes, townhomes, and condos, the total value is calculated based on the likely price of a finished unit sale minus the cost of sale. The total value of other uses such as rental apartments, retail, and medical office uses are calculated by looking at a property’s projected annual revenue stream (NOI) in 2018\$ and then applying an investor return requirement (or cap rate) to that income stream.

3.1.2 ASSUMED PROFIT

In this analysis, Heartland assumed that any developer who would buy land on the Atlas Site would require around 15% profit on total costs (excluding land) to compensate for the assumed risks of construction, leasing, and sales of product that they would develop.

3.1.3 PROJECT COST

For this analysis, it is assumed that most of the project site costs (earthworks, road construction, utilities) would be completed prior to the sale of land. Given this assumption, Heartland only included “block-level costs” associated with the development. More discussion regarding why this strategy was determined to be preferable is discussed in Section 4.2.1. These costs include land transaction costs, the cost of construction of the product, and site costs such as surface parking, utility

hookups, and alley constructions. The summary of these projected costs and profit are shown in Appendix 6.5.

3.1.4 RLV ANALYSIS

Based on the assumptions and the resulting RLV outputs, Heartland calculated land value for each of the types of land-uses based both on a \$/land SF, \$/unit for the residential uses, and \$/gross square footage area (GFA) for the non-residential uses. A summary of the results and the basic programmatic assumption for each use are discussed below:

Land Uses	Land Value/SF	Land Value per Lot/Unit
Single Family	\$20	\$112,000
Condo	\$17	\$18,000
Townhome	\$13	\$30,000
Low-rise MF	\$6	\$6,000
Non-Residential Uses	Land Value/SF	Value per GFA
Retail	\$7	\$300
Medical Office	\$7	\$400

Table 1: Estimated Residual Land Value by Product Type

These estimated land values in (2018\$) provide rough order magnitude revenue assumptions in which to determine how much ignite cda could achieve with future land sales once basic site development has been completed.

3.2 LAND DEVELOPMENT OPTIONS

Based on the RLV analysis, the Consultant Team worked together to develop a development/phasing strategy for the Atlas Site that would be designed to provide a diversity of uses as well as ensure that the projected revenue generated from land sales and TIF is enough to cover the projected project costs. This phasing strategy is based on the phasing map shown in Figure 8.

3.2.1 PHASING

The Atlas Site is planned to be developed in four phases. In each phase, lands sales for development will help to offset infrastructure costs associated with that phase and public space development costs. If there is a surplus of revenue compared to the costs, this surplus will be rolled over in the next phase to offset additional infrastructure/public space development costs. The key components of this phasing strategy are documented as follows:



Figure 8: Development Concept Plan and Phasing

Phase 1 Development: Phase 1 comprises around 35 acres of land, or 55% of the entire site, and includes 10 acres of the expanded Lake District, 13.5 acres of the expanded River District, and 11 acres in the new Atlas District. Phase 1 includes all six land-use types (Single-family homes, townhomes, condos, low-rise rental apartments, retail, and medical office). The assumed development sequencing for Phase 1 consists of the following:

Triangle Piece: The Triangle Piece is a 3.85-acre parcel currently owned by Atlas Mill Development Corporation. The parcel is located on Seltice Way in the proposed Atlas District. The City and Triangle Piece property owner are in the process of exchanging a parcel of City land, also in the Atlas District, for the Triangle Piece and a waterfront public access easement across the Rivers Edge parcel to the west of the Atlas Site, also within the Atlas District. Provided the land exchange occurs, the Triangle Piece could be sold quickly as the land requires minimal earthwork and site development costs. Initial analysis indicates this property would work well for medical office. For this analysis, the parcel is projected to close in Q1 2020 at a price of \$1.1M and is projected to take two years to fully develop. The faster this parcel can be sold, the quicker the proceeds from the sale as well as the tax increment from development will be available to help pay for the site development costs for the rest of the Atlas District.

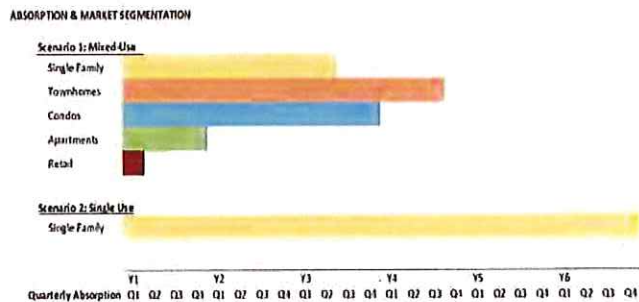


Figure 9: Timeline Showing the Absorption Advantage for Mixed Use Product Type Compared to a Single Product Type

Phase 1 Atlas District Other Uses: Land for other parts of Phase 1 of the Atlas District are projected to be sold after site development is completed for Phase 1 in Q3 2020. These blocks are assumed to be developed with retail and townhome product and expected to take two years to fully build out with construction set to be completed in Q1 2023 and TIF starting in Q2 2022 from the Triangle Piece development.

Phase 1 Lake District: Construction of the public space along the river is projected to start in Q2 2019 and take three quarters to be completed in Q1 2020 prior to the start of construction for all the development outside of the Triangle Parcel.

Phase 1 River District: River District land is projected to be sold after site development is completed for Phase 1 in Q3 2020. These blocks are assumed to be developed with single-family homes, townhomes, rental housing, and condos and are expected to take two years to fully build out with construction

set to be completed in Q1 2023 and tax increment revenue starting in Q2 2021 and ending in Q4 2028.

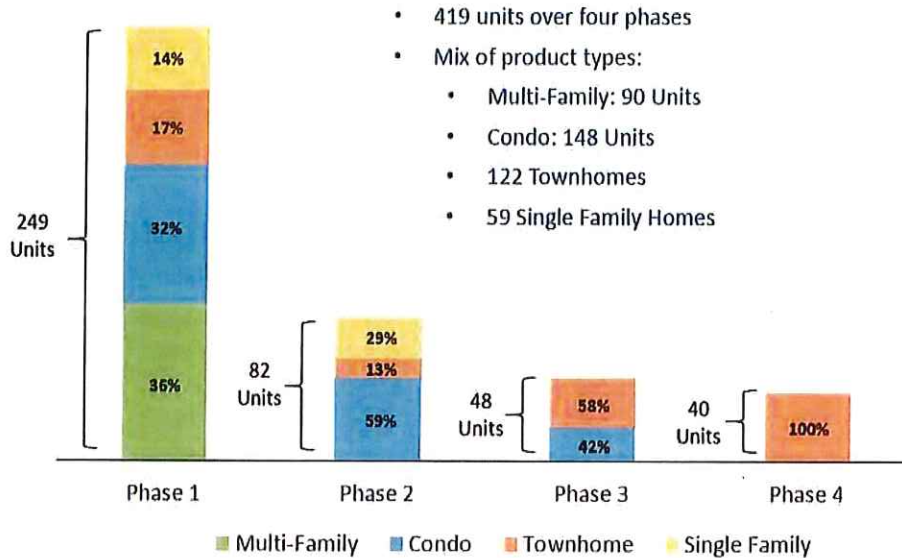


Figure 10: Atlas Site Product Type by Phase

Phase 2 Development: Phase 2 comprises around 5.6 acres of land entirely within the proposed Atlas District and includes the construction of the main feeder road from Seltice Way to the new road along the waterfront public space. Phase 2 land is expected to sell, after this new road has been completed, in Q3 2021 and the projected townhome and condo product is estimated to take two years to fully build out with construction set to be completed in Q1 2024 with tax increment revenue starting in Q3 2022.

Phase 3 Development (Atlas): Phase 3 comprises around 15.3 acres of land and includes the construction of the public space off Seltice way as well as adjacent townhome, rental apartment and condo development. Phase 3 land is expected to sell after public space and other site development is complete in Q1 2023 and the projected residential development is estimated to take two years to fully build out with construction completing in Q2 2025 with tax increment revenue starting in Q4 2023.

Phase 4 Development (Atlas): Phase 4 comprises around 5.8 acres of land expected to be a single-family development. Phase 4 finished lots are expected to sell after site development is complete in Q2 2024 and the lots are estimated to sell in two years by Q3 2026 with tax increment revenue starting in Q1 2025.

3.2.2 RIVERS EDGE PROPERTY

In addition to the land revenue and TIF generated from the development of the Atlas Site, TIF from the 25.7-acre adjacent Rivers Edge and Triangle Piece parcels are projected to create funding that may be used for the site development costs on the Atlas Site. It is assumed that around 800 rental apartments would be constructed on

the property starting in 2022 and would take ten years to fully build out. TIF funds would be available to assist with redevelopment of the Rivers Edge and the Triangle Piece. As noted in the executive summary, the City and Douglass are in the process of completing a land trade that would also include a 40-foot public waterfront easement along the Rivers Edge parcel. TIF funds may be available to assist with constructing public improvements in this corridor.

3.2.3 ABSORPTION

Based on the development sequencing discussed above, the estimated absorption by quarter for each phase is as follows:

Unit Absorption by Phase by Product per quarter

Phase	Townhome	Condo	Low-rise MF	Single Family	TOTAL	Absorption Time (Yrs.)
1	9.5	5.0	7.5	2.9	25	3
2	1.8	13.5	0.0	0.0	15	2
3	2.5	0.0	7.5	0.0	10	2
4	0.0	0.0	0.0	4.5	5	2
Rivers Edge			20		20	10

Table 2: Estimated Product Absorption by Phase

3.3 FINANCIAL ANALYSIS

Based on the RLV analysis and the Development Phasing Timeline, site development costs, and programmatic assumptions, the consultant team worked to develop a financial model that would show on a quarterly basis that projected revenue for the redevelopment of the Atlas Site would cover the projected site development costs, including the public space. The financial model framework is shown in Appendix 6.4 and the annual cashflow model is shown in Appendix 6.6. In this model both costs, and revenues are escalated at 2% per year to account for projected land specialization and cost inflation.

3.3.1 TOTAL PROJECT SOURCES

The total project sources are funds that are being used to purchase the land, develop the public space, and complete all site development and remediation costs for the Atlas Site. These sources can be divided into 4 categories, ignite cda sources, City funding, TIF, and Real Estate Land Sales. As can be seen Table 3, the Total Sources used to fund the project is around \$109M. Over 40% or \$43.8M of the funds for the redevelopment are TIF with the majority (\$39.7M) of the TIF coming from the newly created Atlas District. The estimated TIF is based on estimated future property values (using a 2% annual growth rate) and the 2017 tax levy rate held constant.

Sources	Total Project
River District	\$3,700,000
Lake District	\$3,700,000
Atlas District	\$2,100,000
City Funding	
General Fund	\$0
Wastewater Loan	\$7,850,000
Tax Increment	
River District Phase 1	\$4,085,577
Atlas District	\$39,687,557
Rivers Edge Property	\$32,418,328
Real Estate Sales	
Triangle Parcel	\$1,154,361
Phase 1	\$6,767,852
Phase 2	\$1,919,167
Phase 3	\$995,729
Phase 4	\$4,602,257
Total Sources	\$108,980,829

Table 2: Estimated Funding Sources

3.3.2 TOTAL PROJECT USES

The total Atlas Site project uses show what is being funded through 2039. As can be seen in Table 4, the uses can be divided into six categories, initial land costs, operating costs, debt repayment, intended wastewater fund reimbursement, costs to construct the public space (including public space in Rivers Edge), infrastructure costs, and construction of community facilities. Additionally, the uses contemplate reimbursing the City for the railroad right of way (ROW) land they acquired in 2010. The total uses for the redevelopment are around \$96.1M which is fully covered by the \$109.0M in sources.

Uses	Total \$ (2018\$)
Land Acquisition	-\$7,850,000
Operating Costs (Atlas District)	-\$7,283,551
Intended Reimbursement	
Wastewater Fund (Lake District) for land acquisition	-\$193,454
Wastewater Fund (River District) for land acquisition	-\$2,018,165
Wastewater Fund (Atlas District) for land acquisition	-\$6,700,886
Atlas District ROW Repay to City for land acquisition	-\$557,328
Debt	
Atlas District Repay to River District	-\$2,213,490
Public Space Development	
Public Space Improvement*	-\$2,500,000
Phase 1	-\$2,825,400
Phase 2	\$0
Phase 3	-\$2,141,917
Infrastructure	
Phase 1	-\$7,190,796
Phase 2	-\$2,005,683
Phase 3	-\$1,883,432
Phase 4	-\$4,865,022
Community Facilities	
Cultural Center	-\$7,750,000
Educational Facility	-\$3,250,000
Multi Purpose Athletic / Perf. Facilities	-\$10,500,000
Other Public Facilities **	-\$17,600,000
Medical Facility	-\$6,750,000
Total Uses	-\$96,079,124

Surplus/Gap	\$12,901,705
--------------------	---------------------

Table 4: Estimated Funding Uses

* could include public infrastructure (streets, water, sewer) sidewalks, site remediation, site preparation, parking, parks, ped/bike trails, riverfront access, docks in the Atlas Site, Rivers Edge and Triangle Piece,

** could include facilities such as museums, convention center, community centers, public safety building.

3.3.3 ANNUAL TIMELINE

The annual breakdown of these sources and uses through 2039 are graphically summarized below and are shown in more detail in Appendix 6.6. In the initial years 2018-2024, site development costs are offset by land sales and initial sources from ignite cda. After 2024, tax increment revenue from Atlas District (through 2039) and from River District (through 2028) are used to pay for construction of over \$45M in community facilities.

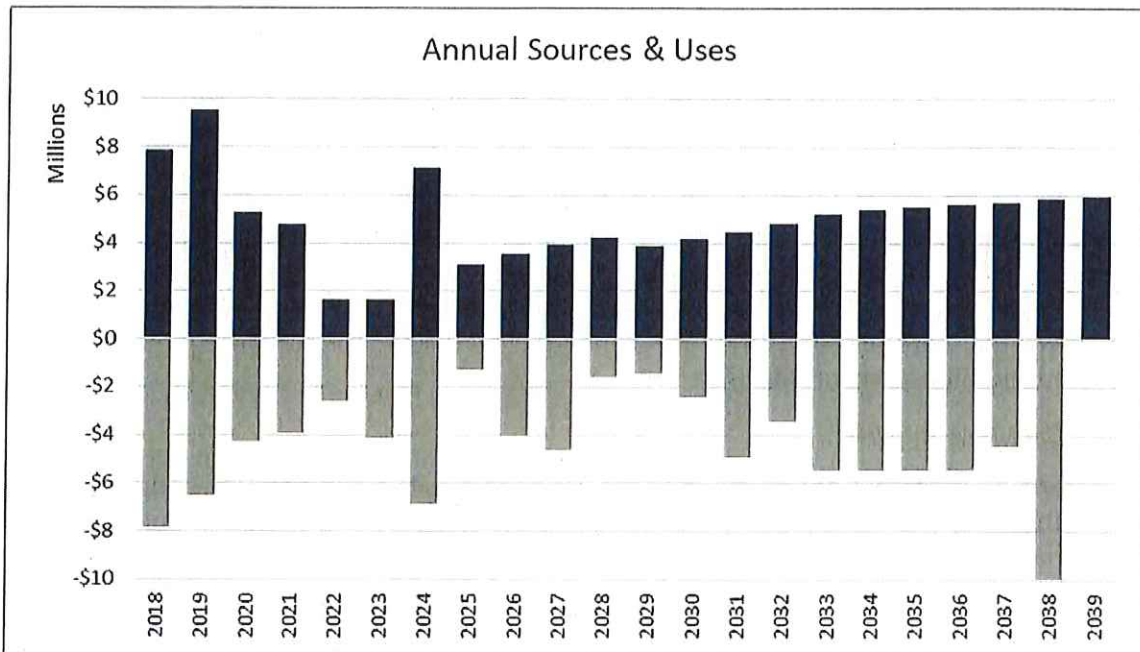


Figure 11: Annual Sources and Uses

4 DEVELOPMENT IMPLEMENTATION STRATEGY

4.1 FINANCING/URD

To ensure that the funding sources cover all the projected costs during the duration of the project cashflows were developed on a quarterly basis for the project and for each of the urban renewal districts. The annual project cashflows as well as each of the district cashflows can be found in Appendices 6.6 - 6.8.

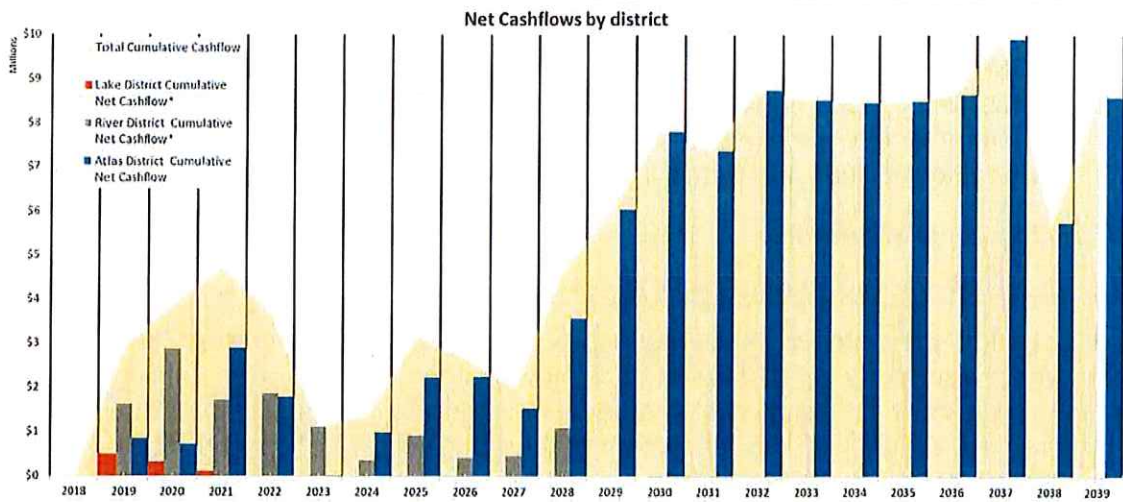


Figure 12: Net Cashflows by district

As shown by the summary chart in Figure 12, the total proceeds generated by the project is sufficient to cover the project costs on a yearly basis with 2024 estimated to be the point when the cumulative net cashflow is the lowest. \$9.5M in URD funds will pay for the initial public space and infrastructure construction costs necessary to sell land. These initial funds coupled with real estate land sales in years 2019-2023 are projected to cover the estimated \$20.9M estimated total site development and public space construction costs. After Atlas Site development projects have been completed and the districts begin to generate tax increment revenue on the project post 2023, the project will generate proceeds that are planned to be utilized for construction of public space through the Stimson Mill Site.

4.1.1 Cashflow by URD

Cashflows by District: Each of the districts will have positive net cashflows through the end of their life, although each district will generate cashflows for different durations. The dynamics of each of the district cashflows is discussed below:

Atlas District : The Atlas District will start with around \$2.1M in funds loaned from the River District and will generate revenue from land sales in 2020 (Triangle Piece), 2021, 2022, and 2024. These funds will cover the roughly \$13M in estimated site development costs and then may be used to reimburse the City wastewater fund and the Atlas District loan to the River District, as well as reimburse the City for the railroad ROW purchase. After 2021, the district will start to accrue tax increment revenue as development is constructed and this yearly revenue stream is estimated to reach \$2.8M for the Atlas Site and \$3.0M for the Rivers Edge property by 2038.

Lake District: Assuming existing Lake District funds of \$5.2M are available, they will be enough to cover the \$2.8M in estimated public space development cost and \$0.8M in estimated site development costs and potentially prepay its proportional share of the City wastewater fund reimbursement.

River District: Land sales in the River District of \$3.8M along with around \$3.7M from existing River District Funds are estimated to be enough to cover the \$4.2M in estimated site development costs. In 2021, the River District is set to reimburse its proportional share of the City wastewater fund. Funds generated in the later years of the expanded River District are estimated to be able to fund community facilities and public improvements.

4.2 TRANSACTION STRUCTURES

4.2.1 EVALUATION OF IMPLEMENTATION STRATEGIES

The City took the first step in implementing the redevelopment of the Atlas Site by purchasing the property in 2018 for \$7.85M. Now that the land is owned publicly, there are many ways in which the property could be developed that would impact the risk and returns associated with the repayment of the initial acquisition capital. The range of strategies that were evaluated and the considerations associated with each of these strategies are listed in Table 5.

Implementation Strategy	Public Risk	Interest from Developers	Revenue to City	Quality of Development
Sell unimproved land to one private developer	Low: Risk that property stays vacant	Low: <ul style="list-style-type: none"> • Hard to access capital/debt • Few developers with capital to purchase 	Negative: <ul style="list-style-type: none"> • Developer will pay less money than City paid for land 	Development will be integrated but may come across as homogenous/sterile
Sell unimproved land to multiple private developers	Low: Risk that development lacks continuity and lack of integration and less profitable elements of development would be vacant or poorly developed	Med/Low: <ul style="list-style-type: none"> • Hard to access capital/debt • Limited # of developers with capital to purchase • Still requires extensive upfront site development and remediation 	Neutral: <ul style="list-style-type: none"> • Developer will pay about the same price as the City paid for land 	Lack of integration. Public amenity components of project may be poorly developed
Ground lease to private development	Med/Low: Medium risk through construction and very low risk after construction is complete	Low: <ul style="list-style-type: none"> • Developers reluctant to ground-lease especially when so much fee-simple vacant land is available nearby 	Positive: <ul style="list-style-type: none"> • Ground-lease payments should be high enough to pay interest on current debt 	Minimal control regarding the quality and type of development.
Fee Development	High: City accepts all development risk	Unknown: <ul style="list-style-type: none"> • Depends on development fee 	Variable: <ul style="list-style-type: none"> • Could be very successful or fail considerably • Access low-cost debt financing 	Full control and management of quality of development and level of finish for public amenities
Sell blocks to multiple private developer	Medium: Risk that City overspends on site development and public space development	High: <ul style="list-style-type: none"> • Multiple national/local developers able to purchase and develop blocks based on range of uses. 	High: <ul style="list-style-type: none"> • City maximizes the value of blocks by minimizing upfront site development risks for developers • Access low-cost debt financing 	Allows a level of quality and form of development while for also providing some flexibility in terms of programmatic mix
Sell finished lots to builders/developers.	Medium/High: Risk that City overspends on site development and limits programmatic alternative	High: <ul style="list-style-type: none"> • Multiple national/local developers would be interested depending on use 	High: <ul style="list-style-type: none"> • Selling individual could achieve the highest value of land revenue • Access low-cost debt financing 	Significant control for the level of quality, form and uses within the master plan but provides minimal flexibility if market changes.

Table 5: Implementation Strategy Evaluation

4.2.2 FLOW OF INITIAL TRANSACTIONS

The sequence of funds to capitalize the project started with the City's purchase of the land in 2018. Moving forward, existing funds from the Lake District and River District as well as a loan from the River District to the Atlas District totaling \$9.5M are projected to be capitalized in Q1 2019 which will fund the waterfront public space development and initial site development. Revenue from land sales starting in Q1 2020 and continuing through the end of 2024 will fund the remainder of the public space costs and Atlas Site development. TIF from the Rivers Edge property is projected to accruing in 2023 and TIF for Atlas District and River District is projected to start to accrue in Q1 and Q2 of 2021, respectively. TIF will generate sufficient funds to cover debt repayment between districts and reimbursement to City funds for land acquisition as well as fund the construction of community facilities and public infrastructure improvements until the Atlas District closes in 2039.

4.3 PROPERTY DISPOSITION

Based on the project plan, an estimated 20 development blocks can be sold to developers/builders starting with the sale of the Triangle parcel and continuing based on the phasing strategy identified above. These blocks could be sold individually, or multiple blocks could be sold to an interested party depending on market interest. The disposition process for the sale of these blocks (or groups of blocks) will occur by phase. Prior to soliciting interest, it is envisioned that ignite cda would complete pre-market preparation and then solicit interest through a formal RFP process. Proposals from interested parties responding to the RFP would then be evaluated and ignite cda would begin negotiations prior to signing a disposition and development agreement ("DDA"). After a DDA is signed, the Board would need to approve the sale and interested party would complete feasibility. Closing for the property could either occur after waiver of feasibility and/or entitlement depending on the terms of the DDA. The estimated time from pre-market prep to closing for each block is estimated to take 12-18 months to close.

4.4 SITE IMPROVEMENTS

The Atlas Site has no internal utilities, highly varied topography and large areas with structurally un-suitable soils. These site characteristics have made development very challenging because of the high infrastructure and site improvement costs. The proposed land use plan was developed to minimize site grading requirements and maximize views to the Spokane River.

The infrastructure improvements are proposed to be completed in phases to minimize the initial capital costs and maximize the land area for sale. The waterfront public space improvements would be completed in the first phase, so potential buyers know the public space "will occur." Figure 13 shows the proposed phasing and Figure 14 shows the phasing with URDs.

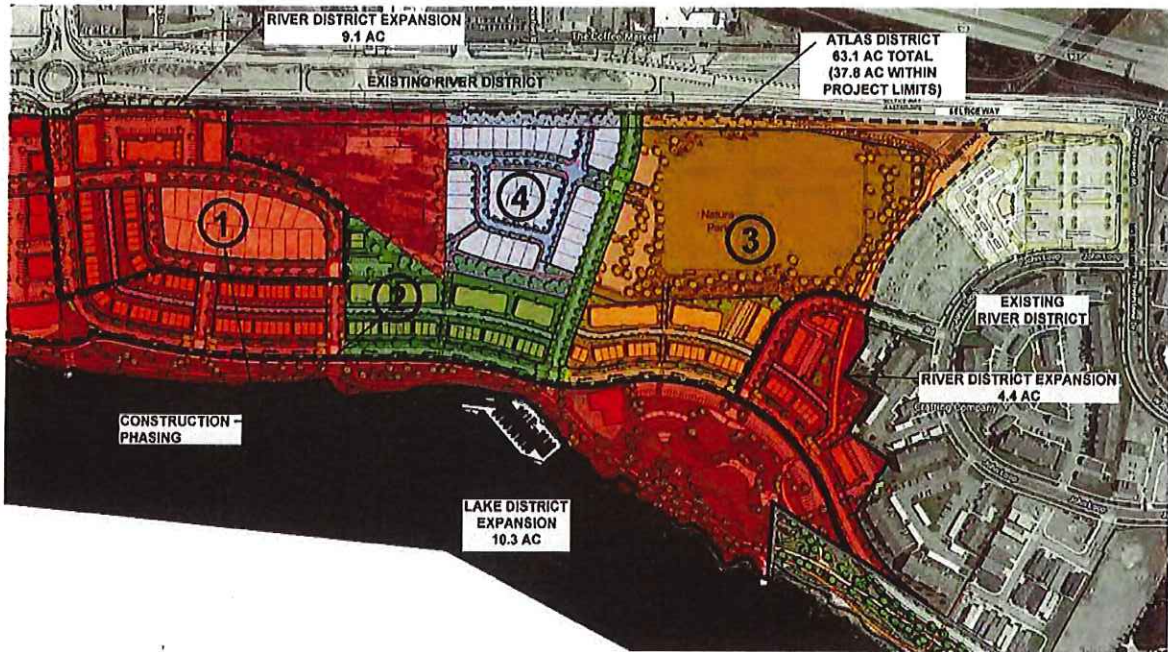


Figure 13: Atlas Site Development Concept Plan with Phasing

To develop conceptual level opinions of costs, a preliminary site grading plan was developed, and infrastructure layout plans developed (see Appendix 6.2). Opinions of cost were developed using recent public works unit bid pricing and contractor provided unit pricing and, in the financial model, costs are escalated 2%/yr. to the construction year. A 15% contingency was applied to the project costs.

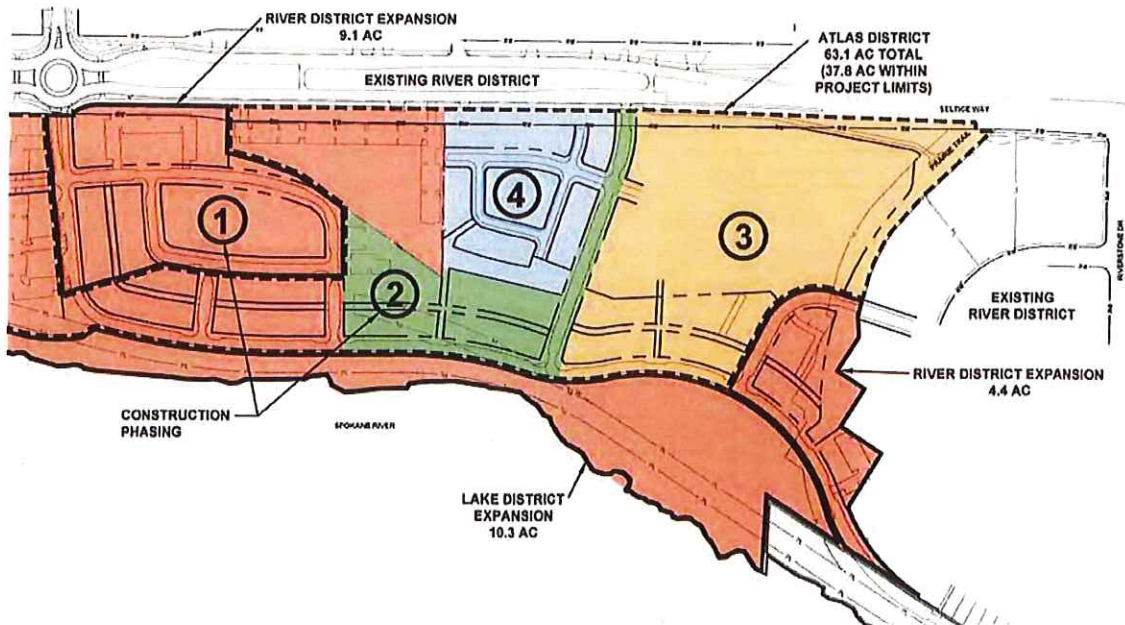


Figure 14: URD Boundaries with Phasing

Tables 6 through 9 summarize the site development opinions of cost by phase and by district in 2018\$. This information was used in financial model.

URD Summary - Phase 1

Phase 1	Atlas District	River District	Lake District	Total
Roadway & Stormwater Improvements	\$ 1,180,000	\$ 2,850,000	\$ -	\$ 4,030,000
Site Grading & Retaining Walls	\$ 460,000	\$ 560,000	\$ 420,000	\$ 1,440,000
Non-Structural Soil Remediation	\$ -	\$ -	\$ -	\$ -
Public Space Improvements	\$ -	\$ -	\$ 2,770,000	\$ 2,770,000
Shoreline Stabilization	\$ -	\$ -	\$ 250,000	\$ 250,000
Water System Infrastructure	\$ 110,000	\$ 320,000	\$ -	\$ 430,000
Wastewater Infrastructure	\$ 370,000	\$ 270,000	\$ -	\$ 640,000
Legal, Planning, Permitting	\$ 40,000	\$ 80,000	\$ 70,000	\$ 190,000
Total	\$ 2,160,000	\$ 4,080,000	\$ 3,510,000	\$ 9,750,000

Table 6: URD Summary Phase 1

URD Summary - Phase 2

	Atlas District	River District	Lake District	Total
Roadway & Stormwater Improvements	\$ 1,370,000	\$ -	\$ -	\$ 1,370,000
Site Grading & Retaining Walls	\$ 230,000	\$ -	\$ -	\$ 230,000
Non-Structural Soil Remediation	\$ -	\$ -	\$ -	\$ -
Public Space Improvements	\$ -	\$ -	\$ -	\$ -
Shoreline Stabilization	\$ -	\$ -	\$ -	\$ -
Water System Infrastructure	\$ 130,000	\$ -	\$ -	\$ 130,000
Wastewater Infrastructure	\$ 120,000	\$ -	\$ -	\$ 120,000
Legal, Planning, Permitting	\$ 40,000	\$ -	\$ -	\$ 40,000
Total	\$ 1,890,000	\$ -	\$ -	\$ 1,890,000

Table 7: URD Summary Phase 2

URD Summary - Phase 3

	Atlas District	River District	Lake District	Total
Roadway & Stormwater Improvements	\$ 550,000	\$ -	\$ -	\$ 550,000
Site Grading & Retaining Walls	\$ 630,000	\$ -	\$ -	\$ 630,000
Non-Structural Soil Remediation	\$ 390,000	\$ -	\$ -	\$ 390,000
Public Space Improvements	\$ 1,940,000	\$ -	\$ -	\$ 1,940,000
Shoreline Stabilization	\$ -	\$ -	\$ -	\$ -
Water System Infrastructure	\$ 30,000	\$ -	\$ -	\$ 30,000
Wastewater Infrastructure	\$ 70,000	\$ -	\$ -	\$ 70,000
Legal, Planning, Permitting	\$ 70,000	\$ -	\$ -	\$ 70,000
Total	\$ 3,680,000	\$ -	\$ -	\$ 3,680,000

Table 8: URD Summary Phase 3

URD Summary - Phase 4

	Atlas District	River District	Lake District	Total
Roadway & Stormwater Improvements	\$ 1,030,000	\$ -	\$ -	\$ 1,030,000
Site Grading & Retaining Walls	\$ 240,000	\$ -	\$ -	\$ 240,000
Non-Structural Soil Remediation	\$ 2,550,000	\$ -	\$ -	\$ 2,550,000
Public Space Improvements	\$ -	\$ -	\$ -	\$ -
Shoreline Stabilization	\$ -	\$ -	\$ -	\$ -
Water System Infrastructure	\$ 220,000	\$ -	\$ -	\$ 220,000
Wastewater Infrastructure	\$ 200,000	\$ -	\$ -	\$ 200,000
Legal, Planning, Permitting	\$ 80,000	\$ -	\$ -	\$ 80,000
Total	\$ 4,320,000	\$ -	\$ -	\$ 4,320,000

Table 9: URD Summary Phase 4

4.5 PUBLIC SPACE

A primary project objective was to create substantial public space with open areas, water access, and bicycle and pedestrian trails. The proposed land use plan includes an extensive pedestrian connection network that links the upland and waterfront public spaces with the neighborhoods, Seltice Way and areas to the west and east.

4.5.1 RIVERFRONT PUBLIC SPACE

Following the shoreline for nearly 4,000 lineal feet, the proposed 12.5-acre Riverfront public space will provide a public green space that links the Atlas development to the Spokane River and provides connectivity to public spaces to the west and east. The current concept design features turf landscaping, a paved bicycle trail, and a gravel walking path along the water. In addition, a restroom facility, parking lot and structured water accesses are currently proposed within the public space improvements.

4.5.2 MT. HINK NATURE AREA PUBLIC SPACE

The existing steep topography in the northeast section of the development (named "Mt. Hink") is a result of removing structural un-suitable soils from the south part of the site and stockpiling them in this area. Based on limited geotechnical investigations and historical photographs, the subsoils in this area are also non-structural. The cost to remediate the site to a buildable condition is more than the site could be sold for. At this time, it appears most feasible to simply re-shape the piles into a desirable 9.5-acre nature park configuration with gravel trails and native plantings. Re-shaping the land in this manner provides a unique public space experience with excellent views to the river and surrounding areas.

4.5.3 RIVERS EDGE PUBLIC SPACE

The proposed Rivers Edge development will include a 40-foot public waterfront corridor and Spokane River access. Public improvements in this corridor may include, among other items, a multi-use trail, landscaping, lighting, and retaining walls. This corridor will be "the final link" in connecting the City's westernmost park, Johnson Mill River Park, with the City's other waterfront parks.

5 RECOMMENDED IMPLEMENTATION STRATEGY

5.1 ORGANIZATION

Based on conversations with ignite cda and reviewing the projected cashflows generated by the project, the Consultant Team recommends an implementation strategy in which public funds are used for the City and ignite cda construction of the public space and the major site development and infrastructure costs supplemented with funds from land sales that are made at the block level to various developers/builders to generate revenue (the strategy highlighted in Figure 15). This strategy is optimal as it minimizes the risk to the public, ensures priorities of the development are met, and creates significant land value that would be attractive to developers while also providing the City and ignite cda the necessary revenue to accomplish its project objectives. The following graphic depicts a framework that lays out how to pursue this implementation strategy once the Atlas Project is approved.

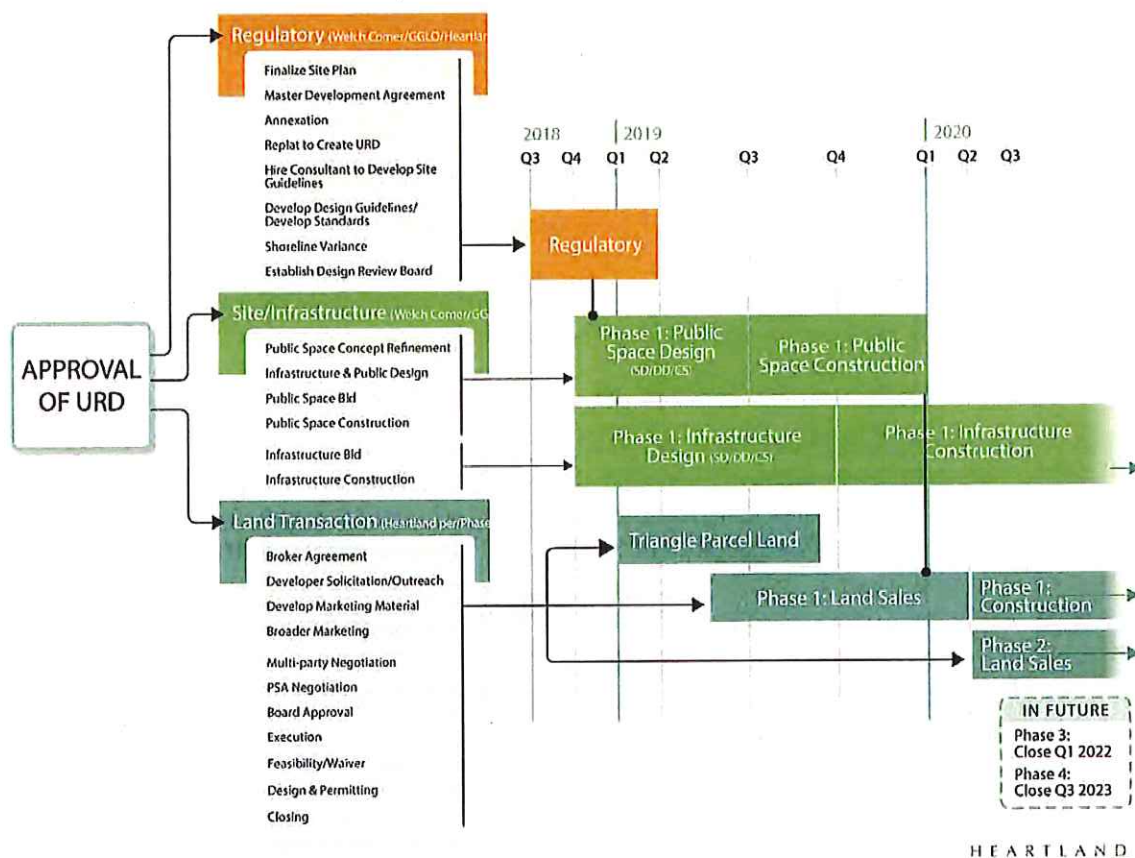


Figure 15: Implementation Strategy

5.2 RFP/MARKETING

As discussed in the Property Disposition Section, it is envisioned that ignite cda would solicit interest from private developers/builders to buy blocks or groups of blocks through a formal RFP Process based on the staggered timing for each phase. This approach allows the flexibility of multiple developers/builders developing different blocks for each phase which generates revenue sooner. The estimated time from pre-market prep to closing for each transaction is estimated to take 12-18 months staggered from the beginning of 2019 until the end of 2024. The steps for this process are as follows:

1. **Pre-Marketing Prep:** This would include collection of due-diligence material, informal developer outreach and soft-marketing.
2. **Formal RFP Solicitation:** An RFP would be created and widely marketed to both local and national developers/builders. This RFP could include the following elements:
 - a. Summary of the Overall Redevelopment Plan
 - b. High-level market analysis
 - c. Rough massing study by block
 - d. Evaluation Criteria
 - e. Timing (offer contingent on building permits)
 - f. Approval process as set out in design guidelines
 - g. Key terms required for submittal
3. **Offer Evaluation:** Once offers are received, they will be evaluated, and one developer will be selected for each block or block(s). ignite CDA will negotiate terms with the selected developer as part of the Disposition and Development Agreement (DDA). The developer evaluation and selection will include evaluation of developer proposed project's consistency with the Atlas Site Development Standards, the terms and price of each offer, as well as a summary of interested parties track record, financial capacity and references.
4. **DDA Signing and Closing:** The last step of the process is signing a DDA with a single party for each block(s) and closing on the property after waiver of feasibility and/or entitlement.

5.2.1 DEVELOPMENT STANDARDS

The Atlas Site development is unique because it will be led by the City/ignite cda, whose objectives are not solely focused on the short-term bottom line, but rather on both the short-term (land sales) and long-term (tax increment) bottom line and the long-term neighborhood character and community benefit. Additionally, multiple developers/builders may be involved in purchasing blocks or groups of blocks, which require a higher level of architectural coordination amongst the buyers. To address the project characteristics, a robust set of development standards should be developed to establish the neighborhood character, maintain a consistent quality, and promote long term value.

The development standards may include:

1. Generally defining acceptable residential and commercial building character, but also creating a list of building evaluation criteria to promote developer/builder creativity.
2. Establishing building relationships to streets, trails, parks and the public realm in general.
3. Vehicular access and parking
4. Street design
5. Pocket parks, plazas, trails and public stairs (outdoor areas associated with private development, not large public land areas such as the waterfront and upland landscape park)

The development standards could be developed in collaboration with the City planning department and attached to the property through a PUD. Exploring different approaches to development standards, based on examples from similar projects will help determine which approach holds the most promise for Atlas Mill.

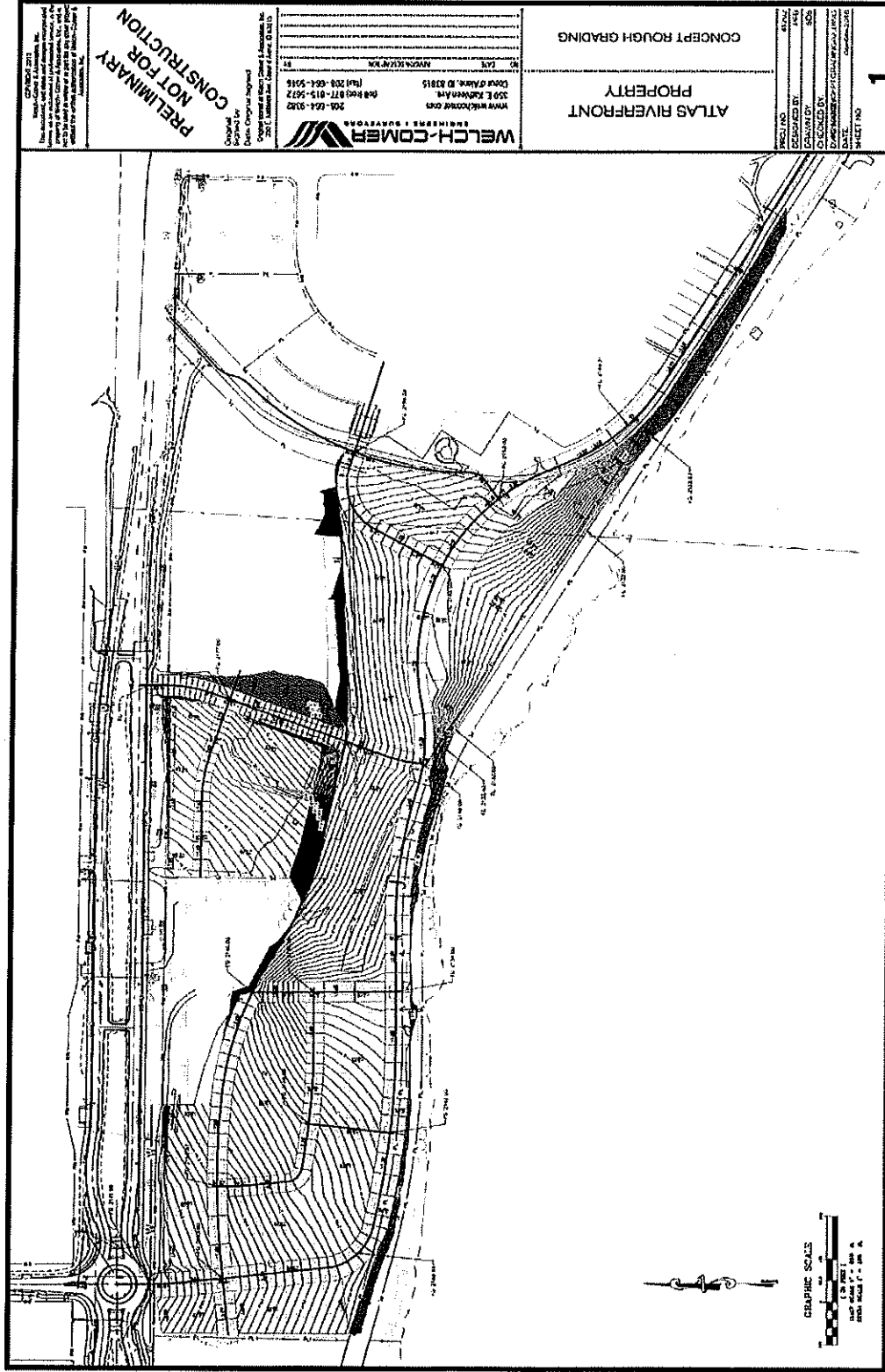
5.2.2 ROLES/RESPONSIBILITIES

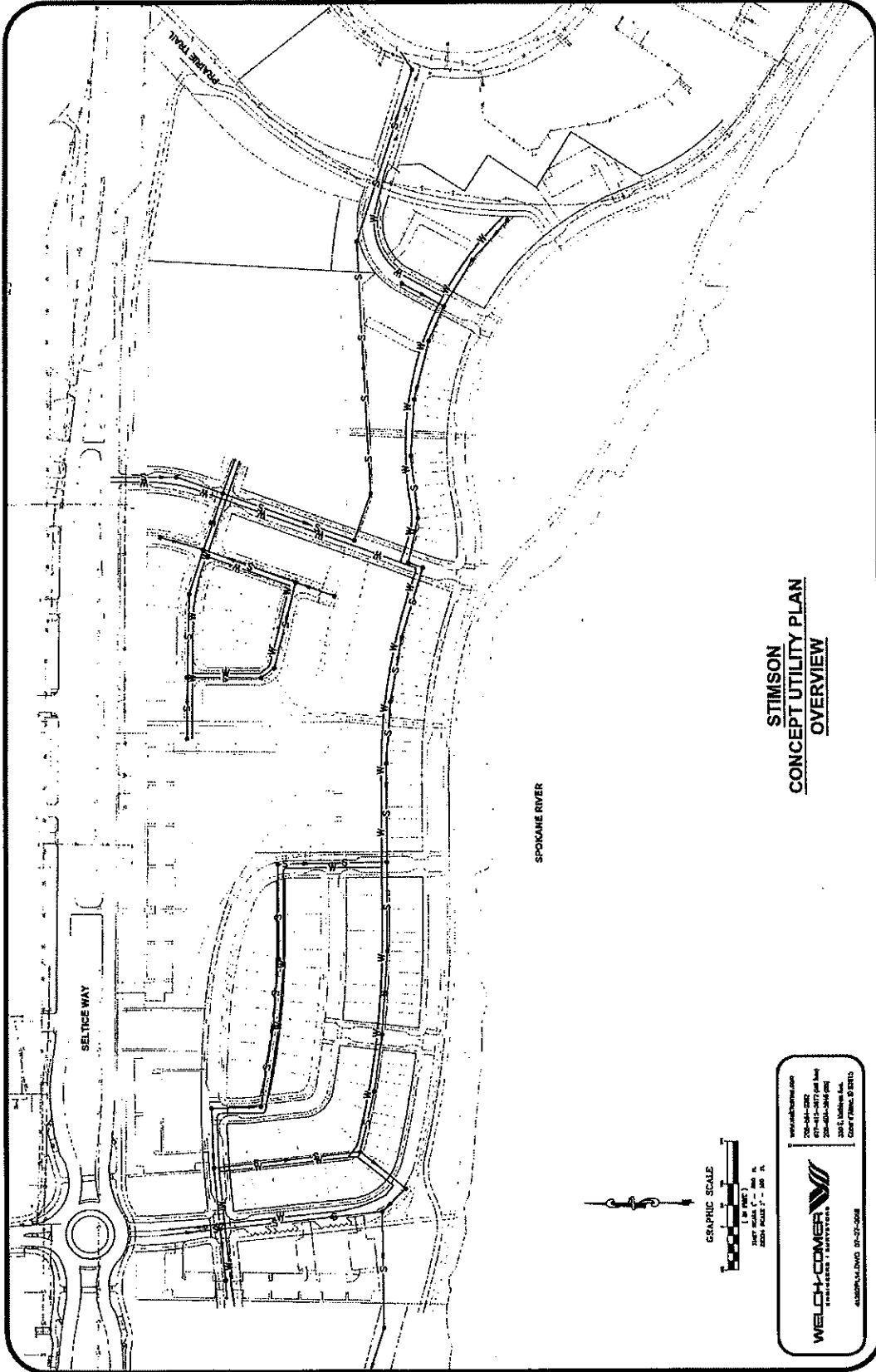
As depicted in Figure 15, the implementation strategy divides the roles and responsibilities of the subconsultant into three tracks:

- **Regulatory:** After approval of the district there are several regulatory steps still needed to occur prior to soliciting an RFP. Welch Comer, working with GGLO and Heartland, would work with ignite cda to finalize the regulatory conditions needed to implement the site plan, these tasks could include but are not limited to: finalizing the site plan; defining a master plan agreement; pursuing annexation; re-platting; developing site and design guidelines; approving a shoreline variance; and establishing a design review board.
- **Site/Infrastructure:** Welch Comer along with GGLO will work to continue to design public space enhancements, infrastructure and roads and assist ignite cda with soliciting bids and managing the public space and infrastructure construction.
- **Land Transactions:** As part of the land transaction process, Heartland will assist ignite cda with soliciting a formal RFP and assisting with the selection and negotiation with developers/builders as discussed in more detail in the RFP/Marketing section.

6 APPENDICES

6.2 INFRASTRUCTURE CONCEPTS





**STIMSON
CONCEPT UTILITY PLAN
OVERVIEW**

GRAPHIC SCALE



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1305 Madison Ave.
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WELCH-COMER
INCORPORATED

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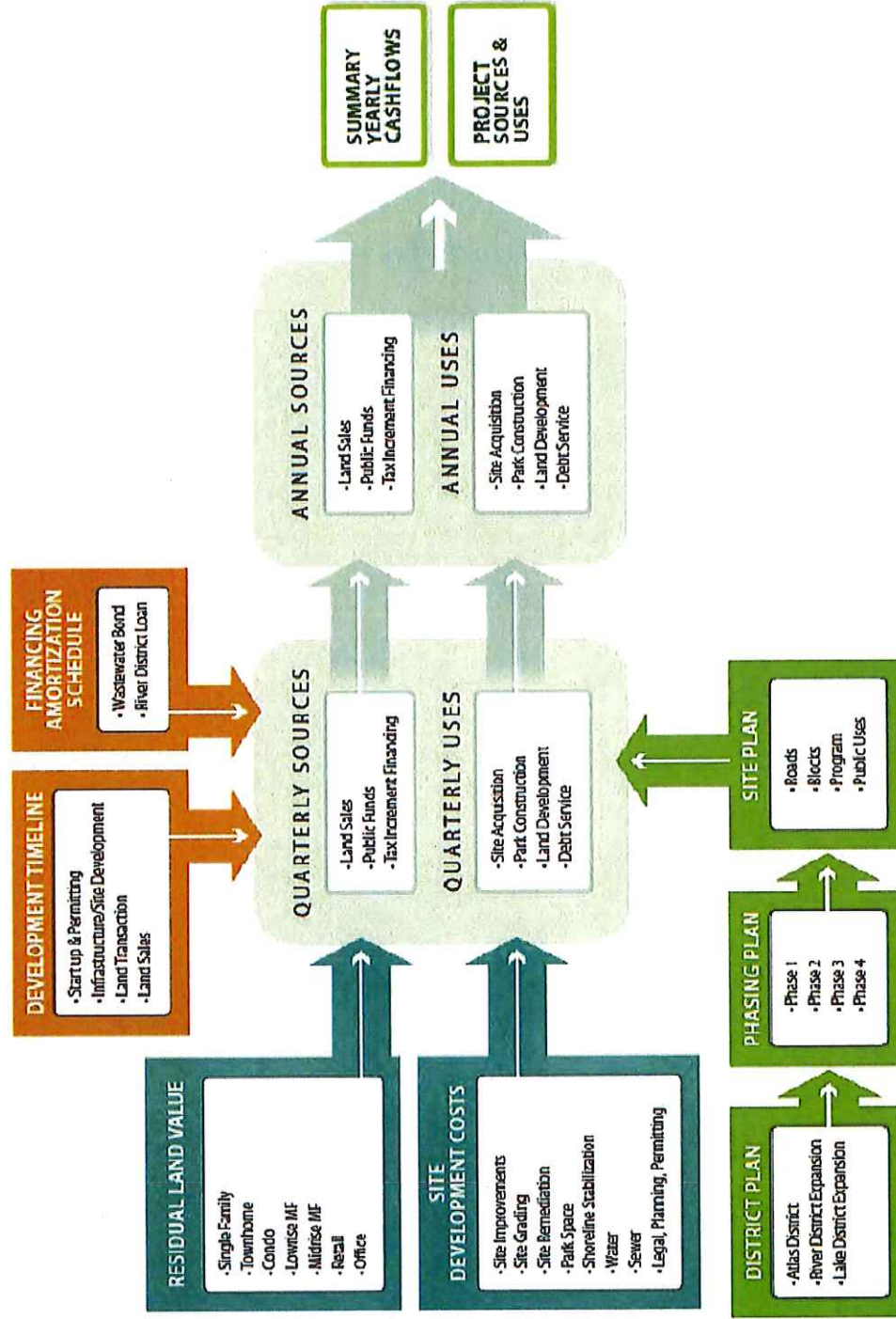
6.3 BLOCK MAP

Block designations 07.09.2018



6.4 FINANCIAL MODEL MAP

ATLAS Redevelopment: Financial Model Map



6.5 RLV BY PRODUCT TYPE

	1	2	3	4	7	8	
RLV PSF	\$20.12	\$12.81	\$16.90	\$5.65	\$8.49	\$6.68	
RLV /Unit	\$111,777	\$29,893	\$18,399	\$5,591	\$307	\$399	
Units/Acre	8	19	40	44	0.6	1.2	
GFA Per Unit	2,300	2,000	1,412	1,059	1	1	
\$/ GFA	300	265	370	242	307	399	
Land Use	Single Family	Townhome	Condo	Lowrise MF	Retail	Medical Office	
Space Program							
Pad Size	43,560	43,560	43,560	43,560	43,560	43,560	Land SF
Net Developable Area	90%	75%	43%	54%	50%	60%	% Pad
FAR	NA	NA	3.0	2.0	0.6	1.2	
Average Lot Size	5,000	1,750	--	--	--	--	
Average Unit Size	2,300	2,000	1,200	900	--	--	
Parking Type	Surface	Surface	Surface	Surface	Surface	Surface	
Efficiency	--	--	85%	85%	90%	90%	
Building Area	18,034	37,337	56,192	47,045	13,068	31,363	SF
Rentable Area	--	--	47,764	39,988	11,761	28,227	SF
Units	8	19	40	44	--	--	
Parking							
Minimums	2	2	2	1.25	200	300	Per Unit/SF Min
Spaces	16	37	80	55	59	94	
Parking Check	0.89	0.75	0.54	0.68	0.66	0.46	
Revenue							
Sale							
Sales Price	\$300	\$265	\$370	--	--	--	
Sale Price Per Unit	\$690,000	\$530,000	\$444,000	--	--	--	
Less: Sales Costs	-\$18	-\$16	-\$22	--	--	--	
Net Sales Revenue	\$282	\$249	\$348	--	--	--	
Total Sale Revenue	\$5,085,588	\$9,300,647	\$19,543,717	--	--	--	
Rent	--	--	--	\$1.60	\$27	\$33.8	
Occupancy	--	--	--	94%	90%	92%	
Operating Expenses							
Operating Expense Type	--	--	--	FSG	NNN	NNN	
Expense Ratio	--	--	--	25%	0%	0%	
Total Net Operating Income	--	--	--	\$541,279	\$280,505	\$876,445	
Cap Rate				5.60%	7.0%	7.00%	
Total Value	\$5,085,588	\$9,300,647	\$19,543,717	\$9,665,690	\$4,007,209	\$12,520,637	
					\$306.64	\$399.21	
Cost							
Hard Costs	\$2,885,440	\$5,973,920	\$11,800,404	\$5,880,600	\$2,090,880	\$7,527,168	
Alley Infrastructure	\$73,023	\$153,035	\$87,193				
Parking	\$80,000	\$185,000	\$400,000	\$275,000	\$295,000	\$470,000	
Hard Cost Contingency	\$144,272	\$298,696	\$590,020	\$294,030	\$104,544	\$376,358	
Soft Costs (Excluding Financing)	\$318,273	\$661,065	\$2,575,523	\$1,289,926	\$498,085	\$1,674,705	
Financing	\$159,137	\$330,533	\$901,433	\$451,474	\$174,330	\$586,147	
Developer Profit	\$549,022	\$1,140,337	\$2,453,186	\$1,228,655	\$474,426	\$1,595,157	
Total Project Costs	\$4,209,167	\$8,742,586	\$18,807,760	\$9,419,685	\$3,637,264	\$12,229,535	
						\$389.93	
Residual Land Value	\$876,421	\$558,061	\$735,957	\$246,006	\$369,945	\$291,102	
Land Value Per SF	\$20	\$13	\$17	\$6	\$8.5	\$6.7	
Land Value Per Unit	\$111,777	\$29,893	\$18,399	\$5,591	--	--	

6.5.1 RLV COST BY PRODUCT TYPE

Land Use	Single Family	Townhome	Condo	Low-Rise	Retail	Medical Office
Hard Costs						
PSF	\$160	\$160	\$210	\$125	\$160	\$240
Site Development Costs	\$4.05	\$4.10	\$1.55	\$0.00		
Hard Cost Contingency	5%	5%	5%	5%	5%	5%
Parking						
Cost/Stall	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Soft Costs						
Soft Costs (Includes Financi	10%	10%	20%	20%	20%	20%
Financing Costs	5%	5%	7%	7%	7%	7%
Developer Profit	15%	15%	15%	15%	15%	15%
Sales Costs						
Sale Costs	6%	6%	6%	--	--	--
						% of Sales Price

6.10 STATIC SOURCES AND USES

Sources	Total Project
River District	\$3,700,000
Lake District	\$3,700,000
Atlas District	\$2,100,000
City Funding	
General Fund	\$0
Wastewater Loan	\$7,850,000
Tax Increment	
River District Phase 1	\$4,085,577
Atlas District	\$39,687,557
Rivers Edge Property	\$32,418,328
Real Estate Sales	
Triangle Parcel	\$1,154,361
Phase 1	\$6,767,852
Phase 2	\$1,919,167
Phase 3	\$995,729
Phase 4	\$4,602,257
Total Sources	\$108,980,829
Uses	Total \$ (2018\$)
Land Acquisition	-\$7,850,000
Operating Costs (Atlas District)	-\$7,283,551
Intended Reimbursement	
Wastewater Fund (Lake District) for land acquisitio	-\$193,454
Wastewater Fund (River District) for land acquisitio	-\$2,018,165
Wastewater Fund (Atlas District) for land acquisitio	-\$6,700,886
Atlas District ROW Repay to City for land acquisitior	-\$557,328
Debt	
Atlas District Repay to River District	-\$2,213,490
Public Space Development	
Public Space Improvement*	-\$2,500,000
Phase 1	-\$2,825,400
Phase 2	\$0
Phase 3	-\$2,141,917
Infrastructure	
Phase 1	-\$7,190,796
Phase 2	-\$2,005,683
Phase 3	-\$1,883,432
Phase 4	-\$4,865,022
Community Facilities	
Cultural Center	-\$7,750,000
Educational Facility	-\$3,250,000
Multi Purpose Athletic / Perf. Facilities	-\$10,500,000
Other Public Facilities **	-\$17,600,000
Medical Facility	-\$6,750,000
Total Uses	-\$96,079,124
Surplus/Gap	\$12,901,705