



## **OWNER PARTICIPATION AGREEMENT**

**BY AND BETWEEN**

**THE MOSCOW URBAN RENEWAL AGENCY**

**AND**

**409 S. JACKSON, LLC**

**FOR**

**409 SOUTH JACKSON STREET SIDEWALK PROJECT**

**AUGUST 27, 2014**

## OWNER PARTICIPATION AGREEMENT

THIS OWNER PARTICIPATION AGREEMENT (hereinafter "Agreement") is entered into this 27<sup>th</sup> day of August, 2014, by and between the MOSCOW URBAN RENEWAL AGENCY, a public body, corporate and politic (hereinafter "Agency"), organized pursuant to the Idaho Urban Renewal Law, Title 50, Chapter 20, Idaho Code, as amended (hereinafter the "Law"), and undertaking projects under the authority of the Local Economic Development Act of 1988 as amended (hereinafter the "Act"), and 409 S. JACKSON, LLC, or its assigns (hereinafter "Participant"), collectively referred to as the "Parties" and each individually as "Party," on the terms and provisions set forth below.

### RECITALS

WHEREAS, Agency, an independent public body, corporate and politic, is an urban renewal agency created by and existing under the authority of the Law and the Act; and

WHEREAS, the Moscow City Council adopted its Ordinance No. 2008-10 on June 2, 2008, approving the Legacy Crossing Urban Renewal District Redevelopment Plan (hereinafter the "Urban Renewal Plan"); and

WHEREAS, Participant owns and controls the real property located at 409 South Jackson Street, Moscow, Idaho, which Participant has recently remodeled, investing significant resources in the remodel; and

WHEREAS, in order to complement the newly remodeled real property, Participant desires to make improvements to the public infrastructure, including sidewalks, curbs, street lighting, storm drainage and street trees (hereinafter referred to as the "Project" as defined below); and

WHEREAS, Participant has worked with the City of Moscow to develop a design for the Project and to secure the City's partial financial participation in the Project; and

WHEREAS, The City of Moscow has applied for, and been awarded an Idaho state GEM Community Grant in the amount of \$50,000, which is designated for use in improving fiber-optic connectivity and public infrastructure frontage improvements, including the Project; and

WHEREAS, Section 504 of the Urban Renewal Plan authorizes Agency to use revenue allocation financing to fund specific projects and improvements to implement the Urban Renewal Plan;

WHEREAS, said Project implements several objectives outlined in Section 302 of the Urban Renewal Plan;

WHEREAS, Section 303 of the Urban Renewal Plan authorizes Agency to enter into Owner Participation Agreements to implement the Urban Renewal Plan;

WHEREAS, as a result of Participant's commitment to proceed with the Project and to construct public improvements in the public right-of-way which will enhance public access, safety, aesthetics, and environmental and economic well-being, Participant's commitment to comply with the terms of the Urban Renewal Plan, and Agency's commitment to reimburse Participant in compliance with the Urban Renewal Plan, the Parties deem it necessary to enter into this Owner Participation Agreement to define their respective obligations;

WHEREAS, by entering into this Agreement and complying with its terms, Agency finds that Participant has complied with the provisions and requirements of the Urban Renewal Plan;

WHEREAS, the Agency Board, at its August 27, 2014 Board meeting, approved the Project Term Sheet, a copy of which is attached hereto as Attachment 1 (Term Sheet);

WHEREAS, the Agency Board, at its August 27, 2014 Board meeting, adopted Resolution No. 2014-04 authorizing the Chair of the Agency Board to execute this Agreement and related Promissory Note on behalf of the Agency.

NOW, THEREFORE, in consideration of the above recitals, which are incorporated into this Agreement; the mutual covenants contained herein; and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

I. EFFECTIVE DATE

The effective date of this Agreement shall be the date when this Agreement has been signed by the Parties and shall continue until all obligations of each Party are complete.

II. SUBJECT OF AGREEMENT

A. Recitals, Purpose of This Agreement, and Interest

The Parties agree that the foregoing recitals are not mere recitations but are covenants of the Parties, binding upon them as may be appropriate and a portion of the consideration for the agreements contained herein. The mutual consideration and covenants contained herein are intended to achieve the objectives and obligations of both Parties. The Agency's commitment herein is intended to comply with the Agency's authority under the Law and the Urban Renewal Plan and is intended to constitute a grant of Agency funds and not be deemed a gift or donation of public funds.

The purpose of this Agreement is to effectuate the Urban Renewal Plan and a portion of the Legacy Crossing Urban Renewal District by providing necessary improvements to the public infrastructure within the Legacy Crossing Urban Renewal District.

The Project improvements to the public infrastructure and the fulfillment generally of this Agreement are in the vital and best interests of the City and the health, safety, and

welfare of its residents and are in accordance with the public purposes and provisions of applicable federal, state, and local laws and requirements. Implementation of this Agreement will further the goals and objectives of the Urban Renewal Plan.

B. The Plan

This Agreement is subject to the provisions of the Legacy Crossing Urban Renewal District Redevelopment Plan as adopted by the Moscow City Council through its Ordinance No. 2008-10 on June 2, 2008.

C. The Project Area

The Urban Renewal Project Area (Project Area) is located in the City of Moscow, and the exact boundaries of the Project Area are more specifically described in the Urban Renewal Plan.

D. The Project

The Project shall mean the development within the Project Area undertaken by Participant or its successors or assigns upon the public right-of-way adjacent to 409 South Jackson Street. The Project consists of public improvements contained and contemplated in the "Project Design Diagram" attached to this Agreement as **Attachment 2** which is incorporated herein by reference, and as more particularly described in the "Description of the Project," attached hereto as **Attachment 3** which is incorporated herein by reference, including, but not limited to: sidewalk and curb demolition and reconstruction, installation of street lighting, installation of tree wells and tree grates and planting of street trees. The Project shall comply with all the provisions of the Urban Renewal Plan and all applicable City building and zoning ordinances.

E. The City

The term City as used herein shall be the City of Moscow, Idaho.

F. Agency Participation Policy

Generally, the Agency will agree to financially participate with a private developer, when such participation achieves the objectives of the Urban Renewal Plan, is not duplicative of other public entity funding and does not replace or substitute for the obligations imposed by other governmental agencies on the Participant. The specific participation by the Agency for this particular site is as set forth herein.

G. Parties to This Agreement

1. Agency

The Agency is an independent public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Idaho Urban Renewal Law of the State of Idaho, Title 50, Chapter 20, Idaho Code, and the Local Economic Development Act, Title 50, Chapter 29, Idaho Code. The office of the Agency is located at 206 East Third Street, Moscow, Idaho. "Agency," as used in this Agreement, includes the Moscow Urban Renewal Agency and any assignee of or successor to its rights, powers, and responsibilities.

## 2. Participant

The Participant is 409 S. Jackson, LLC, an Idaho limited liability company. The principal address of the Participant is 3575 Linville Road, Moscow, Idaho, 83843. The Principal Members/Managers of the Participant is Mark Wintz.

Whenever the term "Participant" is used herein, such term shall include any permitted nominee, assignee, or successor in interest as herein provided. The Participant qualifies as an "owner participant" as that term is used in the Urban Renewal Plan.

## H. City Agreements and Approvals

City Agreements shall mean those certain agreements between Participant and City concerning, among other things, financial participation by the City in the Project, any required demolition permits or building permits, official review and approval by City for development of the Project.

Any default by Participant not cured within any cure period set forth in the agreements or approvals described above, shall constitute a default under this Agreement, with the Agency reserving any of its rights and remedies under this Agreement concerning default.

## I. Funding of Project Improvements

In consideration of the terms of this Agreement, Agency agrees that certain of the Project costs may be eligible for reimbursement by the Agency in conformance with this Agreement. Such improvements are described in Attachment 4A of this Agreement and as further defined below.

- Actual costs incurred by Participant for Project construction, which costs are not funded by the City, any grants or other governmental financial sources. Such costs shall not exceed FORTY-FIVE THOUSAND DOLLARS (\$45,000.00).

The Agency expects that the Participant will provide funds, together with certain contributed funds, if any, which will be sufficient to pay in full the costs of construction for the Project. The Agency does reserve the right to certify all Project costs prior to

issuance of any Agency funds per this Agreement, to assure the reasonableness of such costs, to verify the costs incurred, and to assure such expenditures by the Agency achieve the Agency's objectives and compliance with the Law and any other applicable statutory provisions. The Agency may rely upon a schedule of values or other similar construction or engineering references to determine the reasonableness of the costs incurred. The Agency acknowledges the design and specifications of the Project.

The Agency shall commence to reimburse Participant upon receipt of acceptance of the Project by the City of Moscow and any other state or local agencies having jurisdiction, and delivery of an itemized statement by Participant to the Agency setting forth in detail the total amount of the costs for which the Agency is responsible. Such reimbursement shall be subject to the availability of funds as contained herein.

The participation of Agency in the funding of the Project will be based on the verification of the costs of such improvements. Agency must be satisfied that the cost of such improvements is reasonable given the market conditions and usual and customary costs for the Project improvements. Such costs must be reasonable in light of the costs normally encountered for such development.

### III. PROJECT IMPROVEMENT AND AGENCY'S PARTICIPATION

#### A. Project Improvements by Participant.

Participant represents that the Project will fully comply with the Urban Renewal Plan, the Project Design Diagram" attached to this Agreement as **Attachment 2**, the "Description of the Project" attached to this Agreement as **Attachment 3**, and with requirements of City.

#### B. Cost of Construction

The cost of the Project improvements shall be borne by the Participant. Certain of the Project costs may be eligible for reimbursement by the Agency in conformance with this Agreement.

#### C. Agency, City, and Other Governmental Agency Permits

Participant shall, at Participant's own expense, secure or cause to be secured any and all permits or approvals which may be required by Agency, City, or any other governmental agency relative to Project construction.

#### D. Improvements by the Agency

As a result of the proposed Project, there will be improved infrastructure, which will consist of public improvements contained and contemplated in the "Project Design Diagram"(**Attachment 2**) and the "Description of the Project," (**Attachment 3**),

including, but not limited to: sidewalk demolition and reconstruction, installation of street lighting, installation of tree wells and tree grates and planting of street trees.

Agency specifically finds and determines that the improvements are directly related to public facilities and when constructed will provide a higher quality of development that should assist Agency in achieving redevelopment of other properties adjacent to the Site, and meeting the objectives of the Urban Renewal Plan. Because of Participant's improvements to the real property located at 409 South Jackson Street, Moscow, Idaho, which achieves several of the objectives contained within the Urban Renewal Plan, Agency finds that a portion of the Project improvements may be funded by the Agency. Agency finds that the Project is in the best public interest and provides for enhanced development of adjacent properties within the Project Area.

E. Indemnification

Participant shall indemnify and hold Agency, City, and their respective officers, agents, and employees harmless from and against all liabilities, obligations, damages, penalties, claims, costs, charges, and expenses, including reasonable architect and attorney fees (collectively referred to in this Section 204 as "claim"), which may be imposed upon or incurred by or asserted against Agency, City, or their respective officers, agents, and employees by reason of any of the following occurrences during the term of this Agreement; provided, however, Participant shall have no obligation to indemnify and hold Agency or City, respectively, and their respective officers, agents, and employees harmless from and against any matter to the extent it arises from the active negligence or willful act of Agency or City, respectively, or their respective officers, agents, or employees including, but not limited to:

1. Any negligence on the part of Participant or any of its agents, contractors, servants, employees, subtenants, operators, licensees, or invitees; or
2. Any accident, injury, or damage to any person or property occurring in, on, or about the site or any part thereof; or
3. Any failure on the part of Participant to perform or comply with any of the terms, provisions, covenants, and conditions contained in this Agreement to be performed or complied with on its part; or

In case any claim, action or proceeding is brought against Agency, City, or their respective officers, agents, and employees by reason of any such claim, Participant, upon written notice from Agency or City, shall, at Participant's expense, resist or defend such claim, action or proceeding.

F. Antidiscrimination during Construction

The Participant, for itself and its successors and assigns, agrees that in pursuit and construction of the Project provided for in this Agreement, the Participant will not

discriminate against any employee or applicant for employment because of race, age, color, creed, religion, sex, marital status, ancestry, or national origin.

G. Approvals

Participant shall be responsible for obtaining any required the approvals of the City or any other state or local agency having jurisdiction, for the construction of the Project. Participant shall keep Agency advised of the status of the approval process and shall advise Agency immediately if any such approvals shall effect the scope and purpose of this Agreement. The Project shall be designed, constructed, and installed in keeping with all applicable City standards.

H. Proof of Agency Financing

Agency's funding mechanism for its financial participation in Project shall be by way of advance of funds by Participant (hereinafter the "Participant Advance"). Participant has agreed to fund the Project through its independent resources and/or financing. Agency agrees to reimburse and repay the Participant for such advance as described herein. As used herein, the term "Agency Financing" shall mean the Participant Advance.

Because the Agency has no currently available funds and the ability to issue bonds is conditioned, in part, on the Participant's successful completion of the Project and its improvements to the adjacent building located at 409 South Jackson Street (thus creating revenue allocation or tax increment funds), Agency is unable to directly finance a portion of the Project. The Participant, in order to enhance its development, has agreed to undertake the Project. In consideration of this activity by the Participant, Agency agrees to reimburse the Participant for a portion of the Project improvements in an amount not to exceed FORTY-FIVE THOUSAND DOLLARS (\$45,000), as set forth in Attachment 4A of this Agreement. Agency agrees to issue its Limited Recourse Promissory Note upon the completion of the Project and its acceptance by the City of Moscow and any other state or local agency having jurisdiction and verification of costs as set forth herein, with such form of note set out in Attachment 4B of this Agreement.

The Participant has agreed to advance funds for the Project. This Participant Advance shall be repaid by the Agency through an amount of **fifty percent (50%)** of revenue allocation (tax increment) funds actually received specifically from the land and improvements located at 409 South Jackson Street, Moscow, Idaho. Such Participant Advance shall be defined by the Limited Recourse Promissory Note, the form of which is attached hereto as Attachment 4B. The Participant Advance shall be repaid without interest. Agency reserves the right to prepay all or any portion of the Limited Recourse Promissory Note at any time by payment of the then principal amount. Agency shall disburse revenue allocation (tax increment) proceeds from 409 South Jackson Street, Moscow, Idaho beginning with the first receipt of revenue allocation from Latah County after completion of the Project and acceptance of the same as required by this Agreement.



Participant and Agency contemplate the full reimbursement of the Participant Advance no later than December 31, 2024.

It is the specific intent of the parties that the Limited Recourse Promissory Note shall be paid from the tax increment monies, if any, which are paid or are payable to the Agency as a direct result of the land and improvements located at 409 South Jackson Street, Moscow, Idaho. If, for any reason, the tax increment monies anticipated to be received by Agency as a direct result of the land and improvements located at 409 South Jackson Street, Moscow, Idaho are unpaid, reduced, curtailed, or limited in any way by enactments, initiative, referendum, delinquency, or judicial decree, the Limited Recourse Promissory Note shall be void and Agency shall have no obligation to pay the tax increment obligation to the Participant as described in this Agreement from other sources or monies which Agency has or might hereinafter receive. Because of the limitation on available funds, no amortization schedule shall be prepared or used by the Parties. Rather, Agency's obligation is to pay the fifty percent (50%) of the tax increment monies received as described herein, from the time period specified or until the principal amount is paid, whichever occurs first. Agency's obligation shall only be to pay the above-described percentages of the amounts of tax increment monies received by Agency, notwithstanding said amount may be reduced, curtailed, or limited in any way, and there shall be no amounts added to the principal in the event the tax increment monies are reduced, curtailed, or limited in any way. Agency shall commence such payment by the last Thursday in August of each year the Agency receives its annual tax increment monies from the land and improvements located at 409 South Jackson Street, Moscow, Idaho, after completion of the Project and acceptance of the Project improvements by the City of Moscow and any other state or local agency having jurisdiction and shall continue such payments until the final principal amount, as determined by the Verification of Costs (not to exceed FORTY-FIVE THOUSAND DOLLARS [\$45,000]), has been paid, or as of December 31, 2024, whichever occurs first.

I. Cost Certification, Agency Verification, and Agency Participation

1. Cost Certification

When the Project improvements have been accepted by the City of Moscow and any other state or local agency having jurisdiction, the Participant shall then submit to Agency an itemized list of Project costs Participant seeks Agency to reimburse. Such reimbursement request shall be made in the form of a Certification of Costs which shall require the Participant to certify actual costs. Agency shall review the Certification of Costs and issue a written Verification of Costs Statement to the Participant. If Agency disputes the Certification of Costs, Agency shall be responsible for the costs of submitting its response and corrected Certification of Costs to the Participant. If the Participant and Agency cannot thereafter agree upon the Certification of Costs, they shall invoke the dispute resolution process set forth in this Agreement.

2. Warranty

Participant warrants that the materials and workmanship employed in the construction of the Project shall be of good quality and shall conform to generally accepted standards within the construction industry. Such warranty shall extend for a period of eighteen (18) months after completion of the Project and shall be independent of any other warranties required by the City of Moscow or any other state or local agency having jurisdiction. Provided, nothing herein shall limit the time within which Agency may bring an action against Participant on account of Participant's failure to otherwise construct such improvements in accordance with this Agreement.

3. Payment of Verified Costs

Agency shall pay only for those costs which are confirmed and verified by the Verification of Costs Statement as set forth in Subsection 1 above.

4. Amount of Participation by Agency

The exact amount of the participation by Agency shall be determined by the Verification of Costs Statement issued by Agency, provided that the total amount of participation by Agency shall not exceed **FORTY-FIVE THOUSAND DOLLARS (\$45,000)**. Once the final participation amount is determined through the Verification of Costs process, the amount shall be reflected in the Limited Recourse Promissory Note (**Attachment 4B**), at which time the Note shall be issued and presented to the Participant.

J. Maintenance

The Participant recognizes Agency has no specific authority to accept maintenance responsibility of the Project improvements and that no agreement has been reached with Agency or City to accept any maintenance obligations for the Project improvements.

K. Approvals

Participant shall be responsible for obtaining the approval of the City of Moscow and any other state or local agency having jurisdiction, if required, for the installation and construction of the Project improvements. Participant shall keep Agency advised of the approval process(es) and advise Agency immediately, if any action of City or other agencies shall effect the scope and purpose of this Agreement.

The Project improvements shall be designed, constructed, and installed in keeping with all applicable City and other required standards.

#### IV. USE AND MAINTENANCE OF THE SITE AND ADJACENT AREA

##### A. Agreement to Comply with Plan

Participant agrees and covenants to comply with all other provisions and conditions of the Legacy Crossing Urban Renewal Plan for the period of time such plan is in force and effect.

##### B. Obligation to Refrain From Discrimination

Participant covenants and agrees for itself, its successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons on account of race, age, color, creed, religion, sex, marital status, handicap, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the improvements located at 409 South Jackson Street, Moscow, Idaho, nor shall the Participant or any person claiming under or through the Participant establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the improvements located at 409 South Jackson Street, Moscow, Idaho. The foregoing covenants shall run with the land and shall remain in effect in perpetuity.

##### C. Form of Nondiscrimination and Nonsegregation Clause

The Participant shall not restrict the rental, sale, or lease of the land and improvements located at 409 South Jackson Street, Moscow, Idaho on the basis of race, color, creed, religion, age, sex, handicap, marital status, ancestry, or national origin of any person. All such deeds, leases, or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: "The grantee herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, age, handicap, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee, or any person claiming under or through the grantee, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

2. In leases: "The lessee herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through the lessee, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, age, religion, handicap, sex, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee itself, or any person claiming under or through the lessee, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the land herein leased.”

3. In contracts: “There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, handicap, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee itself, or any person claiming under or through the transferee, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land.”

D. Effect and Duration of Covenants

The covenants against discrimination contained herein shall remain in effect in perpetuity. Remaining covenants contained in this Agreement shall remain in effect until December 31, 2032 (the termination date of the Urban Renewal Plan). The covenants established in this Agreement shall, without regard to technical classification and designation, be binding on the part of the Participant and any successors and assigns to the land and improvements located at 409 South Jackson Street, Moscow, Idaho or any part thereof, and the tenants, lessees, sublessees, and occupants of the land and improvements located at 409 South Jackson Street, Moscow, Idaho, for the benefit of and in favor of Agency, its successors and assigns, City, and any successor in interest thereto.

E. Local, State and Federal Laws

Participant shall carry out the construction of the Project improvements in conformity with all applicable laws, including all applicable federal and state labor standards.

F. Taxes

1. Taxes Generally

Participant shall pay when due all real estate and personal property taxes and assessments assessed and levied on the land improvements located at 409 South Jackson Street, Moscow, Idaho. This provision or covenant shall run with the land and be binding upon Participant's successors. Except as set forth below, nothing herein contained shall be deemed to prohibit the Participant from contesting the validity or amounts of any tax, assessment, encumbrance, or lien or to limit the remedies available to Participant with respect thereto; provided, such

contest does not subject the land and improvements located at 409 South Jackson Street, Moscow, Idaho or any portion thereof to forfeiture or sale.

2. Delinquent Taxes

Participant recognizes the Agency has no authority or involvement in the assessment, tax, or collection process for ad valorem taxes, including real property and personal property taxes. Participant also recognizes the ability of Agency to reimburse Participant for the Participant Advance is dependent on the ad valorem assessment and collection process. Therefore, in the event insufficient taxes are received by Agency because of non-payment, reduction of the tax levy rate or assessed values less than assumed by Agency and Participant or in the event of any tax delinquency by Participant or its successors or assigns to its interests in the land and improvements located at 409 South Jackson Street, Moscow, Idaho, Participant must elect to either pay the delinquent taxes or in-lieu-of taxes reflecting higher assessments or levy rate on behalf of those taxpayers or receive less reimbursement from Agency to pay the Participant Advance, but in no event shall Participant receive more than fifty percent (50%) of the incremental taxes actually received by Agency from the Site.

V. DEFAULTS, REMEDIES, AND TERMINATION

A. Defaults in General

Neither Party shall be deemed to be in default of this Agreement except upon the expiration of forty-five (45) days from receipt of written notice from the other Party specifying the particulars in which such Party has failed to perform its obligations under this Agreement unless such Party, prior to expiration of said forty-five (45) day period, has rectified the particulars specified in said notice of default. In the event of a default, the nondefaulting Party may do the following:

1. The nondefaulting Party may terminate this Agreement upon written notice to the defaulting Party and recover from the defaulting Party all direct damages incurred by the nondefaulting Party.
2. The nondefaulting Party may seek specific performance of this Agreement and, in addition, recover all damages incurred by the nondefaulting Party. The Parties declare it to be their intent that this Agreement may be specifically enforced.
3. The nondefaulting Party may perform or pay any obligation or encumbrance necessary to cure the default and offset the cost thereof from monies otherwise due the defaulting Party or recover said monies from the defaulting Party.

4. The nondefaulting Party may pursue all other remedies available at law, it being the intent of the Parties that remedies be cumulative and liberally enforced so as to adequately and completely compensate the nondefaulting Party.

5. In the event Participant defaults under this Agreement, Agency (the nondefaulting Party) shall have the right to suspend or terminate its payment under this Agreement, as more specifically defined in this Agreement, for so long as the default continues and if not cured, Agency's obligation for payment shall be deemed extinguished. In addition, if Agency funds shall have been paid, seek reimbursement of the grant funds.

B. Legal Actions

In addition to any other rights or remedies, any party may institute legal action to cure, correct, or remedy any default; to recover damages for any default; or to obtain any other remedy consistent with the purpose of this Agreement. Venue for such legal actions is the District Court of the County of Latah, State of Idaho. The nondefaulting party may also, at its option, cure the default and sue to collect the attorney's fees and costs incurred by virtue of curing or correcting the Party's breach.

1. Applicable Law

The laws of the State of Idaho shall govern the interpretation and enforcement of this Agreement.

2. Acceptance of Service of Process

In the event any legal action is commenced by Participant against Agency, service of process on Agency shall be made by personal service upon the Executive Director of Agency or in such other manner as may be provided by law.

In the event any legal action is commenced by Agency against Participant, service of process on Participant shall be made by personal service upon Participant or in such other manner as may be provided by law and shall be valid whether made within or without the State of Idaho.

C. Rights and Remedies Are Cumulative

Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by any party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the other party.

D. Damages

If Agency or Participant defaults with regard to any of the provisions of this Agreement, the nondefaulting party shall serve written notice as contained herein. If the default is not cured or commenced to be cured by the defaulting party within forty-five (45) days after service of the notice of default, the defaulting party shall be liable to the other party for any damages caused by such default.

E. Specific Performance

If Agency or Participant defaults under any of the provisions of this Agreement, the nondefaulting Party shall serve written notice of such default upon the defaulting Party. If the default is not commenced to be cured by the defaulting party within sixty (60) days of service of the notice of default, the nondefaulting Party, at the non-defaulting Party's option, may institute an action for specific performance of the terms of this Agreement or for other equitable relief.

VI. GENERAL PROVISIONS

A. Notices, Demands, and Communications between the Parties

Formal notices, demands, and communications between Agency and Participant shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of Agency and Participant as set forth in this Agreement. Such written notices, demands, and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.

B. Conflicts of Interest

No member, official, or employee of Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to this Agreement which affects his/her personal interests or the interests of any corporation, Partnership, or association in which he/she is directly or indirectly interested.

Participant warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

C. Non-liability of Agency Officials and Employees

No member, official, or employee of Agency shall be personally liable to Participant in the event of any default or breach by Agency or for any amount which may become due to Participant or on any obligations under the terms of this Agreement.

D. Successors and Assigns

This Agreement shall, except as otherwise provided herein, be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

E. Attorney Fees and Costs

In the event that either party to this Agreement shall enforce any of the provisions hereof in any action at law or in equity, the unsuccessful party to such litigation agrees to pay to the prevailing party all costs and expenses, including reasonable attorney fees incurred therein by the prevailing party, and such may be included to the judgment entered in such action.

F. Severability

If any provisions of this Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Agreement, and this Agreement shall be construed and enforced as if such illegal or invalid provisions had not been contained herein.

G. Headings

The section headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Agreement.

H. Counterparts

This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

I. Dispute Resolution

In the event that a dispute arises between Agency and Participant regarding the application or interpretation of any provision of this Agreement, the aggrieved party shall promptly notify the other party to this Agreement of the dispute within ten (10) days after such dispute arises. If the Parties shall have failed to resolve the dispute within thirty (30) days after delivery of such notice, the Parties agree to first endeavor to settle the dispute in an amicable manner by mediation or other process of structured negotiation under the auspices of a nationally or regionally recognized organization providing such services in Idaho or the surrounding region or otherwise, as the Parties may mutually agree before resorting to litigation. Should the Parties be unable to resolve the dispute to their mutual satisfaction within thirty (30) days after such completion of mediation or other process of structured negotiation, each Party shall have the right to pursue any rights or remedies it may have at law or in equity.



J. Forced Delay; Extension of Times of Performance

In addition to the specific provisions of this Agreement, performance by any Party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; acts of another party; environmental analysis, or removal of hazardous or toxic substances; acts or the failure to act of any public or governmental agency or entity (except that acts or the failure to act of Agency shall not excuse performance by Agency); or any other causes beyond the control or without the fault of the Party claiming an extension of time to perform. An extension of time for any such cause shall only be for the period of the forced delay, which period shall commence to run from the time of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by Agency and Participant.

K. Inspection of Books and Records

Agency has the right, upon not less than seventy-two (72) hours' notice, at all reasonable times, to inspect the books and records of Participant pertaining to the Project.

L. Attachments and Exhibits Made a Part

All attachments and exhibits which are attached to this Owner Participation Agreement are made a part hereof by this reference.

VII. AMENDMENTS TO THIS AGREEMENT

Agency and Participant agree to mutually consider reasonable requests for amendments to this Agreement and any attachments hereto which may be made by any of the Parties hereto, lending institutions, bond counsel, financial consultants, or underwriters to Agency, provided said requests are consistent with this Agreement and would not alter the basic business purposes included herein or therein. Any such amendments shall be in writing and agreed to by the Parties.

VIII. ENTIRE AGREEMENT, WAIVERS, AND AMENDMENTS

This Agreement comprises pages 1 through 32, inclusive, and **Attachments 1 through 4B**, inclusive, incorporated herein by reference, which constitute the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all negotiations or previous agreements between the Parties with respect to all or any part of the subject matter thereof.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of Agency and Participant, and all amendments hereto must be in writing and signed by the appropriate authorities of Agency and Participant.

IX. EFFECTIVE DATE

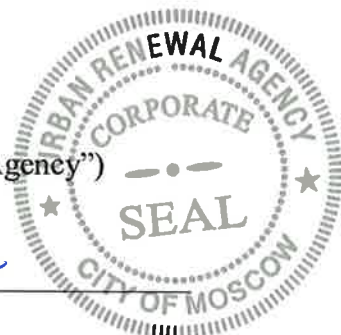
The effective date of this Agreement shall be the date when this Agreement has been signed by Agency.

IN WITNESS WHEREOF, the Parties hereto have signed this Agreement the day and year below written to be effective the day and year above written.

DATED this 16<sup>th</sup> day of September, 2014.

Moscow Urban Renewal Agency ("Agency")

By John McCabe  
John McCabe, Chair



409 S. Jackson, LLC ("Participant")

By Mark Wintz  
Mark Wintz, Managing Member

ACKNOWLEDGMENTS

STATE OF IDAHO )  
 ) ss.  
County of Latah )

On this 29<sup>th</sup> day of August, 2014, before me, Stephanie Kalasz, the undersigned notary public in and for said county and state, personally appeared John McCabe, known or identified to me to be the Chair of the Moscow Urban Renewal Agency, the public body corporate and politic, that executed the within instrument, and known to me to be the person that executed the within instrument on behalf of said Agency and acknowledged to me that the governing board of such Agency authorized executed the same for the purposes herein contained.

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

Stephanie Kalasz  
Residing at Pullman WA  
Commission Expires 5/31/17



STATE OF Idaho )  
 ) ss.  
County of Latah )

On this 16 day of September, 2014, before me, Leora L Frei, the undersigned notary public in and for said county and state, personally appeared Mark Wintz, known or identified to me to be a Managing Member of 409 S. Jackson, LLC, an Idaho limited liability company, and the person who signed the within instrument, and acknowledged to me that he has authority to execute and executed the foregoing instrument for the purposes therein contained.

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

Leora L Frei  
Residing at Potlatch  
Commission Expires 9-7-2017

## Attachment 1

Project  
Term SheetJackson Street Sidewalk and Curb @ EMSI  
Cost SummaryAugust 22, 2014  
Extension North - Combined Costs

Item No.	Item	EMSI Quantity	Unit	Unit Price	EMSI Amount	City Quantity	Unit	Unit Price	City Amount	Combined Amount	Gen Grant	Pavement Management	SW Program	Street Lights	Street Crew Labor	Arts	Wirtz Contribution	EMSI Contribution	Total
1	Mobilization	1	L.S.	\$3,721.60	\$ 3,721.60	1	L.S.	\$ 800.00	\$ 800.00	\$ 4,521.60	\$ 1,000.00	\$ 200.00	\$ 650.00	\$ 200.00			\$ 1,200.00	\$ 1,271.60	\$ 4,521.60
2	Remove and Dispose of Concrete Street	146	S.Y.	\$ 12.12	\$ 1,769.52	59	S.Y.	\$ 12.12	\$ 715.08	\$ 2,484.60	\$ 1,769.52				\$ 715.08				\$ 2,484.60
3	Remove and Dispose of Concrete Sidewalk	107	S.Y.	\$ 13.20	\$ 1,412.40	105	S.Y.	\$ 13.20	\$ 1,386.00	\$ 2,798.40					\$ 2,798.40				\$ 2,798.40
4	Remove and Dispose of Concrete Curb	175	L.F.	\$ 3.65	\$ 638.75	69	L.F.	\$ 3.65	\$ 251.85	\$ 890.60					\$ 890.60				\$ 890.60
5	Remove Tree	5	EA	\$ 382.00	\$ 1,960.00	2	EA	\$ 382.00	\$ 784.00	\$ 2,744.00		\$ 784.00					\$ 1,960.00		\$ 2,744.00
6	Remove Luminaire	1	EA	\$ 224.00	\$ 224.00	0	EA	\$ 224.00	\$ -	\$ 224.00								\$ 224.00	\$ 224.00
7	Construct Concrete Curb	175	L.F.	\$ 25.60	\$ 4,480.00	77	L.F.	\$ 25.60	\$ 1,971.20	\$ 6,451.20	\$ 4,480.00		\$ 1,971.20						\$ 6,451.20
8	Construct Concrete Sidewalk	258	S.Y.	\$ 47.58	\$ 12,275.64	117	S.Y.	\$ 47.58	\$ 5,568.86	\$ 17,842.50	\$ 8,562.95		\$ 9,249.55						\$ 17,842.50
9	Construct Concrete Street	20	S.Y.	\$ 218.40	\$ 4,368.00	10	S.Y.	\$ 218.40	\$ 2,184.00	\$ 6,552.00	\$ 4,368.00	\$ 2,184.00							\$ 6,552.00
10	Construct Pedestrian Ramp	2	EA	\$ 560.00	\$ 1,120.00	0	EA	\$ 560.00	\$ -	\$ 1,120.00	\$ 784.00		\$ 336.00						\$ 1,120.00
11	Construct 6" PVC Storm Drain	182	L.F.	\$ 52.27	\$ 8,467.74	182	L.F.	\$ 52.27	\$ (8,467.74)	\$ -	\$ 3,000.00		\$ (67.74)	\$ (8,000.00)		\$ (400.00)	\$ 2,000.00	\$ 3,467.74	\$ -
12	Construct Catch Basin	3	EA	\$ 2389.33	\$ 7,167.99	3	EA	\$ 2389.33	\$ (7,167.99)	\$ -	\$ 2,500.00		\$ (7,167.99)				\$ 1,550.00	\$ 3,117.99	\$ -
13	Construct Tree Well	5	EA	\$ 800.40	\$ 4,032.00	2	EA	\$ 800.40	\$ 1,612.80	\$ 5,644.80			\$ 1,612.80				\$ 4,032.00		\$ 5,644.80
14	Tree Well Grate and Tree	5	EA	\$ 650.00	\$ 4,750.00	2	EA	\$ 950.00	\$ 1,900.00	\$ 6,650.00			\$ 500.00			\$ 4,900.00	\$ 1,250.00		\$ 6,650.00
14	Luminaire Complete w/ Pole, Conduit, Wire	3	EA	\$ 8,000.00	\$ 24,000.00	1	EA	\$ 8,000.00	\$ 8,000.00	\$ 32,000.00				\$ 20,000.00				\$ 12,000.00	\$ 32,000.00
15	Traffic Control	1	L.S.	\$ 3,020.00	\$ 3,020.00	0	L.S.	\$ 3,020.00	\$ -	\$ 3,020.00	\$ 3,020.00								\$ 3,020.00
16	Testing	1	L.S.	\$ 2,500.00	\$ 2,500.00	0	L.S.	\$ 2,500.00	\$ -	\$ 2,500.00	\$ 2,500.00								\$ 2,500.00
17	CONTINGENCY (15%)				\$ 12,868.15				\$ 1,430.41	\$ 14,316.56		\$ 130.41	\$ 1,240.30	\$ 2,500.00		\$ 525.00	\$ 3,000.00	\$ 6,620.84	\$ 14,316.56
Total					\$ 88,793.79				\$ 10,966.47	\$ 109,760.26	\$ 32,014.47	\$ 3,268.41	\$ 8,324.12	\$ 14,700.00	\$ 4,404.08	\$ 5,025.00	\$ 14,992.00	\$ 27,002.17	\$ 109,760.26

## Attachment 2

### Project Design Diagram



### Attachment 3

#### Project Description

The purpose of the project is to improve pedestrian facilities and connectivity along Jackson Street which is also US Highway 95 South. This project includes removal and replacement of pedestrian sidewalk located mid-block on the west side of Jackson Street, 175' feet south of 3rd Street and 385' feet north of 6th Street. The work involves saw-cutting and removal of existing concrete sidewalk, trees, street lights, concrete pavement, and curbing. In addition, the project requires installation of approximately 4,200 square feet of new concrete curb, concrete sidewalk, drainage improvements, ADA compliant crosswalks and pedestrian ramps, the removal and replacement of seven street trees, four new historical style street lights, and concrete pavement patching.

This section of sidewalk was identified by the City's Mobility Task Force in 2012 as an area of impediment under ADA standards due to uplifted sidewalks caused by the root systems of the existing street trees make walking difficult and sometimes dangerous, especially if a pedestrian has to walk into the street to get around a tree or other barrier. It is difficult, if not impossible, for people using wheelchairs, canes, crutches, walkers, or strollers to contend with the uplifted sidewalks that have been damaged by the root systems of the existing trees.

Removal and replacement of the existing street trees has been approved by the City Arborist. The estimated project costs for the frontage improvements are \$109,760.26.

The design and bid package have been completed. The Developer/General Contractor is waiting for approval from Idaho Transportation Department (ITD) to remove the existing on-street parking and extend the sidewalk into the right-of-way.

#### Attachment 4

##### Agency Reimbursement of Project Improvement Costs

Generally, the objective of the funding of a portion of the Project improvements is to fund those activities, which comply with the eligibility criteria set forth in the Idaho Urban Renewal Law, the Idaho Economic Development Act, and the objectives of the Urban Renewal Plan. The extent and amount of such activities and funding by the Agency shall be determined as the Project is constructed. Such determination will be based upon the eligibility of those activities under the statutes and Urban Renewal Plan described above and the reasonable expenses for such activity. Agency and Participant shall review such activities prior to their construction and provide a written record of the determination. The specific activities identified for potential funding through this Owner Participation Agreement and their estimated cost estimates are as follows: sidewalk and curb demolition and reconstruction, installation of street lighting, installation of tree wells and tree grates and planting of street trees.

Agency's commitment shall be limited to eligible activities authorized by the Law, the Act, and the Urban Renewal Plan, as well as the reasonable costs of such activity as more particularly described above. The amount of funding by Agency for such activities and improvements set forth above shall be limited to a determination of the amount of tax increment received from the improvements located at 409 South Jackson Street, Moscow, Idaho with the limitation (unless Agency, in its sole discretion, determines to use other proceeds available to it for such purpose) of committing no more than fifty percent (50%) of the improvements located at 409 South Jackson Street, Moscow, Idaho as more particularly defined in Section 208 of the Owner Participation Agreement. Provided, further, Agency's commitment in no event shall exceed FORTY-FIVE THOUSAND DOLLARS (\$45,000).

Attachment 4A

Agency Funding of Project

1. The Project consists of public improvements contained and contemplated in the "Project Design Diagram" attached to this Agreement as **Attachment 2** and as more particularly described in the "Description of the Project," attached hereto as **Attachment 3**, including, but not limited to: sidewalk and curb demolition and reconstruction, installation of street lighting, installation of tree wells and tree grates and planting of street trees. Total Agency reimbursement shall not exceed FORTY-FIVE THOUSAND DOLLARS (\$45,000).



### LIMITED RECOURSE PROMISSORY NOTE

This Limited Recourse Promissory Note (the "Note") is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2014, between the MOSCOW URBAN RENEWAL AGENCY, a public body, corporate and politic, organized and existing under the Idaho Urban Renewal Law of 1965, as amended, Chapter 20, Title 50, Idaho Code, and the Local Economic Development Act of 1988 as amended, Chapter 29, Title 50, Idaho Code ("Borrower"), and 409 S. Jackson St., LLC, an Idaho Limited Liability Company ("Lender").

#### WITNESSETH:

For One Dollar (\$1.00), and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender hereby agree as follows:

**1. Definitions.** As used in this Note, the following terms shall have the indicated meanings:

- (a) "Act" means collectively the Idaho Urban Renewal Law of 1965, as amended, Title 50, Ch. 20, Idaho Code and the Idaho Economic Development Act of 1988, as amended, Title 50, Ch. 29, Idaho Code.
- (b) "Assessment Roll" means the assessment roll used in connection with the taxation of the Revenue Allocation Area by the taxing agencies, as such roll is equalized as provided by the laws of the State of Idaho.
- (c) "Agreement" means that Owner Participation Agreement between Borrower and Lender dated August \_\_\_\_, 2014.
- (d) "Effective Date" means the effective date of the Urban Renewal Project for revenue allocation financing provisions as authorized by Title 50, Chapter 29, Idaho Code, which is June 2, 2008.
- (e) "Pre-Effective Date Rate" means the rate at which taxes were levied by or for the taxing agencies upon the total sum of the assessed value of the taxable property in the Revenue Allocation Area, as shown on the Base Assessment Roll prior to the Effective Date.
- (f) "Private Development" means the new development initiated and completed by Lender consisting of the land and improvements located at 409 South Jackson Street, Moscow, Idaho as defined in the Agreement which generates additional assessed value and ad valorem taxes in excess of the Base Assessment Roll, and for purposes of this Note is fifty percent (50%) revenue allocation (tax increment) funds actually received specifically from the land and improvements located at 409 South Jackson Street, Moscow, Idaho.

(g) “Resolution” means Resolution No. 2014-04, adopted by the Borrower on August 13, 2014, and as supplemented or restated, pursuant to which this Note was authorized.

(h) “Revenue Allocation Area” means all taxable real and personal property within the Urban Renewal Project Area as described in the Urban Renewal Plan as adopted by the Moscow Urban Renewal Agency and approved by the Mayor and the City Council of the City of Moscow, Idaho.

(i) “Revenue Allocation Proceeds” means that portion of taxes in excess of the taxes which would be produced by the Pre-Effective Date Rate.

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

(k) “Taxing Agencies” means the City of Moscow, Moscow School District, Latah County, and any other district or public corporation levying taxes within the Revenue Allocation Area.

(l) “Urban Renewal Plan” shall mean that certain document entitled “Legacy Crossing Urban Renewal District Redevelopment Plan” adopted by the City pursuant to the Act and City Ordinance and as amended from time to time.

(m) “Urban Renewal Project” means the Project improvements and other costs identified in the Urban Renewal Plan, including design, engineering, consulting, insurance, audit, planning, and administration costs of the Borrower.

2. **Promise to Pay.** Borrower promises to pay in lawful money of the United States of America, to the order of Lender, at such place as Lender may from time to time designate, the principal sum not to exceed FORTY-FIVE THOUSAND DOLLARS (\$45,000), from the date of full funding under the Note, which is deemed the completion of the Project Improvements and Verification of Costs as defined in the executed Agreement, and continuing until December 31, 2024. The principal sum shall bear no interest.

Borrower may redeem, at any time, in whole or in part, without penalty, the then principal amount outstanding.

In conjunction with its receipt of revenue allocation proceeds, the Agency agrees to make semi-annual payments of fifty percent (50%) of the tax revenue allocation proceeds from the Private Development as defined in Section 1(f), commencing from the first date the Agency receives tax increment monies received specifically from the land and improvements located at 409 South Jackson Street, Moscow, Idaho, until the principal amount of FORTY-FIVE THOUSAND DOLLARS (\$45,000), has been paid, or December 31, 2024, whichever occurs first. Agency shall have no obligation to make tax

increment payments to the Participant for taxes collected and paid to Agency beyond the term described herein.

3. **Partial Payments.** The acceptance by Lender of any payment which is less than the entire amount then due hereunder shall be on account only and shall not constitute a waiver of the obligation of Borrower to pay such entire amount. The failure of Borrower to pay the entire amount then due hereunder shall be and continue to be an event of default hereunder, notwithstanding the acceptance by Lender of such amount on account, and Lender shall thereafter, until such entire amount is paid (and notwithstanding acceptance by Lender thereafter of further sums on account or otherwise), be entitled to exercise all rights and remedies provided for herein upon the occurrence of an event of default hereunder. The acceptance by Lender of any amount due hereunder after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder, or to declare that an event of default has occurred hereunder.
4. **Default.** Provided that Borrower has received revenue allocation proceeds sufficient to make such payments, if any payment required under this Note is not made when due and within forty-five (45) days after notice is given by Lender to Borrower that the same is due, the entire unpaid principal balance hereof, together with all accrued but unpaid interest due hereunder shall, at the option of the Lender, become due and payable without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Borrower and all endorsers, guarantors, sureties, accommodation parties, and other persons at any time liable for all or any portion of the indebtedness evidenced hereby.
5. **Limited Recourse, Collection of Revenue Allocation.** Notwithstanding anything contained in this Note to the contrary, the recourse of Lender for payment of any amounts due hereunder shall be limited solely to fifty (50%) of the revenue allocation proceeds, as defined in Section 1(i), from the land and improvements located at 409 South Jackson Street, Moscow, Idaho, as the same are generated from time to time for the period necessary to obtain full payment of all principal and interest payable under this Note. Borrower shall exercise its best efforts to cause the collection of all taxes, including the revenue allocation proceeds. As of December 31, 2024 (or earlier period if redeemed), and upon Borrower's performance of its obligations to receive and disburse revenue allocation generated during such periods to Lender, Lender's obligations under this Note shall cease, and said Note shall be deemed canceled and fully satisfied. In any event, Lender shall not be entitled to receive more than the outstanding principal balance of this Note, and in the event revenue allocation generated is in excess of the sums required to satisfy such Note balance during said payment term, then Borrower shall be entitled to any and all such surplus or excess revenue allocation. The Borrower's obligations hereunder are specifically limited to the obligations contained in Exhibit 1 attached hereto and incorporated herein by reference.
6. **Assignment of Revenue Allocation.** Borrower hereby absolutely, unconditionally, and irrevocably transfers, assigns, and sets over to Lender for the term of this Note such

amount of such revenue allocation as is defined and required herein until such time as all such amounts due hereon are paid in full, or until December 31, 2024.

7. **Non-general Obligation.** As provided by Idaho Code Section 50-2910, the obligations of Borrower hereunder shall not constitute a general obligation or debt of the Borrower, the State of Idaho, or any of its political subdivision or give rise to a charge against their general credit or taxing powers to be payable out of any funds or properties other than the monies deposited in the special fund or funds provided for herein and pledged hereby to the payment of principal and interest on this Note.
8. **Miscellaneous.** Time is of the essence with respect to all obligations of the parties hereunder. The unenforceability or invalidity of any provisions hereof shall not affect the enforceability or validity of any other provisions hereof. The terms hereof shall bind and inure to the benefit of the parties hereto and their respective successors and assigns. This Note is delivered in Moscow, Idaho, and shall be governed by Idaho law.
9. **General Provisions.** Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower, to the extent allowed by law, waives presentment, demand for payment, protest, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, Borrower shall not be released from liability.
10. **Subordination.** Lender specifically acknowledges, recognizes, and consents to the subordination of this Note to Agency's other obligations as listed herein:
  - Legacy Crossing Bond Series 2010
  - Obligation to Latah County for Reimbursement of Tax Increment Revenues per the Release Settlement Agreement

IN WITNESS WHEREOF, this Note has been entered into as of the date and year first above written.

BORROWER:  
MOSCOW URBAN RENEWAL AGENCY

By: \_\_\_\_\_  
John McCabe, MURA Chair

ATTEST:

By: \_\_\_\_\_  
Don Palmer, MURA Treasurer

LENDER:  
409 S. Jackson St., LLC

By:

\_\_\_\_\_  
Mark Wintz, Managing Member

APPROVED AS TO FORM:

By:

\_\_\_\_\_  
Gary J. Riedner  
Interim Executive Director  
Moscow Urban Renewal Agency

## Exhibit 1 to the Promissory Note

### Description of Financing of Project Improvements

#### A. Obligation of the Agency to Pay Participant Revenue Allocation (Tax Increment) Proceeds

Because the Project is being partially financed through the Participant Advance, the Agency covenants and agrees to pay to the Participant a portion of the revenue allocation (tax increment) monies which the Agency shall actually receive specifically from the land and improvements located at 409 South Jackson Street, Moscow, Idaho following the construction of the Project by the Participant according to the terms and conditions described herein. The Incremental Tax Revenues are to be used to reimburse the Participant for the costs of the Project, which the Participant has agreed to construct as described within this Agreement.

##### 1. Tax Increment Monies Are Sole Source of Agency Funding

Agency and Participant agree that the only source of monies available to Agency to pay the Incremental Tax Revenues to Participant herein described are the Incremental Tax Revenues to be received by Agency from the Private Development within the Project Area based upon the value of the Private Development to be constructed by Participant. Only the Incremental Tax Revenues from the Private Development Site shall be used to make the payments due under this provision of the Agreement. No payments shall be made by Agency to Participant from other Incremental Tax Revenues which Agency may receive from time to time from other portions of the Project Area or other redevelopment project areas which have been or may hereinafter be established, designated, or adopted by Agency and City at some future time.

##### 2. Contingencies of Payment

Participant understands that Agency is entitled to receive Incremental Tax Revenues which are to be paid by Latah County. Participant understands that the Incremental Tax Revenues shall become available to Agency only if and when the Private Development to be constructed by Participant on the Site is completed and has a current year assessed value which is greater than the assessed value of the Project Area "base year" established at the time the Urban Renewal Plan was adopted. Participant further understands that Agency is not a taxing agency under Idaho law, has no power to levy a property tax on real or personal property located within the Project Area, or to set a mill levy or rate of tax levy on real or personal property within the Site. Agency is entitled to receive tax increment funds from the Site for the period established by the Law and the Urban Renewal Plan. Participant has investigated the provisions of Idaho laws governing the receipt of Incremental Tax Revenues by Agency and assumes all risk that the anticipated Incremental Tax Revenues derived from the Private Development to be constructed by Participant on the Site and in conformance with the Urban Renewal Plan will be paid to Agency and, if paid, that the amount of Incremental Tax Revenues will be sufficient to repay the obligation of Agency to Participant according to the terms and conditions contained in this

Agreement. Participant further assumes the risk that no changes or amendments will be made in the provisions of the Law or other tax statutes which would affect or impair either Agency's right or ability to receive the aforesaid Incremental Tax Revenues and to pay the indebtedness created by execution of the Agreement, the length of time said monies can be received, or the percentage or the amount of the Incremental Tax Revenues paid to or anticipated to be received by Agency based upon the current statutes.

3. Limitation on Making Payments

It is the intention of the parties that Participant shall only be paid from the Incremental Tax Revenues, if any, which are paid or are payable to Agency as a direct result of the Private Development constructed by the Participant on the Site. If, for any reason, the Incremental Tax Revenues anticipated to be received by Agency as a direct result of the Private Development to be constructed by Participant on the Site are reduced, curtailed, or limited in any way by enactments, initiative referendum, or judicial decree, Agency shall have no obligation to pay the tax increment obligation to Participant as described in this Agreement from other sources or monies which Agency has or might hereinafter receive.

4. Percentage of Tax Increment Payment

Agency agrees to pay to Participant fifty percent (50%) of the overall Incremental Tax Revenues which Agency receives as set forth in the Act, Agency adopted policy, or Urban Renewal Plan, commencing upon receipt of Incremental Tax Revenues received by Agency from the Private Development Site, after the completion, acceptance, and verification of the of the Agency Funded Public Improvements, the Private Development, and fifty percent (50%) thereafter for a period through December 31, 2024, or until the principal amount is retired, whichever occurs first. Because of the limitation on available funds, no amortization schedule shall be prepared or used by the parties. Rather, Agency's obligation is to pay the fifty percent (50%) of the overall Incremental Tax Revenues as required by the Act, Agency adopted policy, or the Urban Renewal Plan, received as described above, for the time period specified or until the principal amount is paid, whichever occurs first. Agency's obligation to Participant shall only be to pay above-described percentages of the amounts of Incremental Tax Revenues received by Agency, notwithstanding said amount may be reduced, curtailed, or limited in any way, and there shall be no interest, compounding of interest or amounts added to the principal in the event the Incremental Tax Revenues are reduced, curtailed or limited in any way.

5. Time and Terms of Tax Increment Payments

a. For any funds to which Participant is entitled, the payments received each year by Agency from the ad valorem taxes paid by taxpayers to the County Treasurer on the Site shall be paid to Participant within thirty (30) days following receipt of said funds by Agency. Agency anticipates receipt of these funds in January and July of each year from the ad valorem taxes paid by property owners each year.

b. The Act, as amended, provides that Agency will be paid tax increment funds contingent on the amount of assessed value as determined by the Latah County Assessor

each year and the rate of tax levy or the percentage of assessment levied by each of the taxing agencies. Agency is not a guarantor of the assessment determination made by Latah County Assessor.

c. The Increment Tax Revenues resulting from the incremental increase in assessed value of the Site as a result of the construction of the Private Development on the Site by Participant (as determined from the assessment records of the Latah County Assessor and the payment records of the Latah County Treasurer) shall be paid to Participant if and only as they are paid to Agency by Latah County, the entity which has the legal responsibility to collect property taxes.

d. Agency agrees to make semi-annual payments of the Incremental Tax Revenues, commencing from the first date Agency receives tax increment monies from the Site after completion of the components of the Agency Funded Improvements and the associated Private Development for which a Certificate of Completion has been issued for the period as described in the Agreement, or until the principal amount or the amount adjusted, plus interest, has been paid; whichever occurs first. Agency shall have no obligation to make tax increment payments to Participant for taxes collected and paid to Agency beyond the term described in Section 4 of this Attachment and the Agreement.

e. The payments to Participant are secured solely by a pledge of Agency of the Incremental Tax Revenues that are produced by the Private Development that are constructed on the Site by Participant, and Participant shall have no other recourse to Agency or City and no recourse whatever to any other party for payment.

#### 6. Interest & Fees

Agency shall pay no interest on Participant Advance and shall not be subject to any fees or charges resulting from any activity authorized in this Agreement.

#### 7. Default

As set forth in the Agreement, if the Participant defaults or breaches any of its obligations contained in the Agreement, and does not timely cure such default or breach as provided in the Agreement, or if Participant fails to obtain from the Agency a Certificate of Completion because the Private Development is not timely completed or is not completed according to the approved plans, the obligation to pay Participant the tax increment payment shall be voidable at the option of Agency until such time as the default is cured and/or the Certificate of Completion is issued. Notwithstanding the foregoing, if Participant is using its best efforts to cure any such delay or default and such delay or default is enforced beyond the Participant's control, then the obligation of Agency to pay the tax increment shall not be voidable for so long as Participant is using its best efforts to cure such default or delay.