

OWNER PARTICIPATION AND REIMBURSEMENT AGREEMENT
Riverbend Phase II

THIS AGREEMENT made and entered into this 16th day of October, 2008, by and between the POST FALLS URBAN RENEWAL AGENCY, an Idaho urban renewal agency, P.O. Box 236, Post Falls, ID, 83877-0236, hereinafter referred to as the Agency, and Jacklin Land Company Limited Liability Limited Partnership, hereinafter referred to as the Participant.

WITNESSETH:

WHEREAS the Agency is an independent public body, corporate and politic, and is an Idaho urban renewal agency created by and existing under the authority of and pursuant to the Idaho Urban Renewal Law of 1965, being Idaho Code, Title 50, Chapter 20, and the Local Economic Development Act of 1988, being Idaho Code, Title 50, Chapter 29, as amended and supplemented, hereinafter collectively referred to as the Act, and

WHEREAS the City of Post Falls by the adoption of Ordinance No. 894 on the 18th day of November, 1997, duly formed and adopted the Riverbend Urban Renewal Plan and created the Riverbend Urban Renewal District, hereinafter referred at as the Plan and the District, and

WHEREAS the Participant owns or controls real property located within the boundaries of the District, and more specifically described in Exhibit A, attached hereto and incorporated by reference herein, and hereinafter referred to as the Site, and

WHEREAS the Participant intends to construct public infrastructure improvements on the Site, as the Phase II Project and more specifically described in Exhibit B, attached hereto and incorporated by reference herein, and hereinafter referred to as the Project, and

WHEREAS the Agency has reviewed the elements of the Project and feels that the Project would enhance the redevelopment and revitalization of the District pursuant to the provisions of the Plan, and

WHEREAS the Agency and the Participant seek to cooperate in the construction of public infrastructure improvements, and

WHEREAS until such time as the Project is completed the tax increment revenues from the District would be insufficient to pay for construction of the Project, and

WHEREAS the Participant is willing to construct and pay for the Project with the expectation of being reimbursed from future tax increment revenues received by the Agency from the District as those revenues are received, and

WHEREAS the Parties seek to memorialize understandings relating to the conditions associated with such Agency funded reimbursement.

NOW, THEREFORE, in consideration of the mutual benefits to be derived herefrom, the Parties agree as follows:

1. EFFECTIVE DATE: The effective date of this Agreement shall be the date first above-written, and shall continue until all obligations of each Party are completed or until the termination of the Plan on November 18, 2012, whichever shall first occur.

2. PUBLIC INFRASTRUCTURE AND OTHER PUBLIC FACILITIES: The Parties agree that the public infrastructure and other public facilities and their estimated costs that are the subject of this Agreement are those listed on Exhibit C, attached hereto and incorporated by reference herein, and hereinafter referred to as the Agency Funded Public Improvements. Any other public improvements that are constructed by the Participant as part of the Project are not eligible for reimbursement pursuant to this Agreement.

3. CONSTRUCTION OF AGENCY FUNDED PUBLIC IMPROVEMENTS: The participant agrees to construct the Agency Funded Public Improvements consistent with the following:

3.1. The improvements to be constructed shall be in accordance with the overall City infrastructure plans, polices, and design standards.

3.2. Prior to commencing construction, all necessary permits will be obtained by the Participant.

3.3. Construction and quality control inspections shall be provided by the engineer of record.

4. CONDITIONS: In consideration for the commitments presented by the Participant, the Agency agrees to continue to proceed with reimbursement for the Agency Funded Public Improvements, subject to the following conditions:

4.1. The Participant shall comply with all applicable local, state and federal laws.

4.2. The Participant shall complete improvements as described in Exhibit C and any attachments to Exhibit C.

4.3. The Participant shall allow the Agency or its agent to review the final design and construction of the Project.

4.4. The Participant agrees to invoice the Agency per the cost of the items to be reimbursed for review by the Agency, with reimbursement to be based upon completion and final inspection by the Agency or its agents, and the availability of tax increment revenues for the District.

4.5. The Participant shall complete the Project improvements on or before the 31st day of December, 2009.

5. INITIAL CONSTRUCTION FUNDING: The Participant shall pay for all of the costs of installation of the Agency Funded Public Improvements set forth in Exhibit C and previously approved by the Agency, hereinafter referred to as Participant Advances.

6. REIMBURSEMENT OF PARTICIPANT ADVANCES: The Participant shall be entitled to reimbursement of Participant Advances subject to the following conditions and understandings:

6.1. It is the understanding of the Parties that the Participant shall only be paid the reimbursement of Participant Advances from the tax increment revenues of the District directly resulting from the Project improvements being made by the Participant. If for any reason tax increment revenues anticipated to be received by the Agency are insufficient or curtailed, the Agency shall not be obligated to use other sources of revenue to make reimbursements to the Participant.

6.2. It is the understanding of the Parties that tax

increment revenues received by the Agency for the District will first be used in the following manner and order:

6.2.1. To reimburse the Agency for the costs of amending the Plan and/or any remaining unpaid costs of designing or adopting the Plan.

6.2.2. For the payment of the District's annual contribution to the administrative costs of the Agency.

6.2.3. For the payment into a district wide reserve account pursuant to the policies of the Agency.

6.2.4. For the repayment of any debt of the District.

6.2.5. For the reimbursement of Participant Advances.

6.3. The Participant acknowledges that the Agency has provided the Participant with copies of the Agency's policies and resolutions concerning the use of tax increment revenue and cost reimbursement.

6.4. The Participant is aware that the Agency intends to conduct an annual review of the performance of both the Plan and the District, and reserves the right to make adjustments to the Plan, provided that such adjustments do not (i) materially increase the obligations of the Participant under this Agreement or the Plan or (ii) materially deprive the Participant of its reimbursement rights granted under this Agreement or the Plan, including the ability to terminate a non-performing plan. A "non-performing plan" is an urban renewal plan that has materially failed to generate the level of tax increment revenues anticipated in the Plan.

7. MISCELLANEOUS:

7.1. The Participant shall provide the Agency with proof that the Participant and its agents have adequate liability and workers compensation insurance.

7.2. The Participant agrees to indemnify and hold harmless the Agency from any and all liability and/or obligations not specifically provided for in this Agreement to be performed by the Agency with reference to the Project that

are to any material degree caused by the negligence of the Participant.

7.3. The Participant does hereby grant to the Agency and its agents a right of access to the Project area for the purpose of inspections.

7.4. The Participant agrees at the appropriate time to convey title to Agency Funded Public Improvements either to the Agency or to the City of Post Falls. With the Agency's approval, title to a portion of such Improvements may also be conveyed to some other entity, such as but not limited to a public utility, so long as the entire Agency Funded Public Improvements, including those conveyed to an entity besides the Agency or City of Post Falls, will predominantly benefit public as opposed to private interests. In the event that a portion of such Improvements is conveyed to an entity other than the Agency or the City, the grantee entity shall provide some form of reimbursement to the Participant for the conveyed Improvements, such as but not limited to a utility rebate or tax deduction. The Agency's reimbursement obligation set forth herein shall be reduced accordingly by the amount of the Agency accepted cost of such Improvements.

7.5. The Participant agrees that all property taxes due on that portion of the property described in Exhibit A owned by the Participant, shall be paid in a timely fashion during the term of this Agreement. Failure to make such payments shall constitute a material breach of this Agreement by Participant. Participant agrees that the Agency may terminate this Agreement by providing written documentation that property taxes remain delinquent for a period of 12 months on property described in Exhibit A which is owned by the Participant.

7.6. The Parties agree that in the event that there is a disagreement or dispute over the terms and provisions of this Agreement, including reimbursement submittals, that the Parties will mutually submit the disagreement or dispute to non-binding mediation utilizing a mediator mutually agreeable to the Parties, with the Parties jointly sharing the costs of mediation. In the event that the Parties cannot agree on a mediator or if the mediation is unsuccessful, the Parties shall engage in binding arbitration pursuant to the Commercial Rules of the American Arbitration Association. Costs and fees incurred in such arbitration shall be awarded to the prevailing party as that term is defined by Idaho law.

7.7. The Parties agree that this Agreement does not establish a partnership or joint venture relationship between the Parties.

7.8. The rights and obligations provided for in this Agreement may not be assigned.

7.9. This Agreement shall be construed and enforced under the laws of the State of Idaho, with any enforcement action to be brought in Kootenai County, Idaho. The prevailing party in any action shall be entitled to attorney's fees and costs.

7.10. The Parties agree that this Agreement is the entire agreement between the Parties, and is binding upon their successors.

7.11. All of the provisions of this Agreement are distinct and severable, and if any provision shall be deemed illegal, void or unenforceable, it shall not affect the legality, validity or enforceability of any other provision or portion of this Agreement.

7.12. In no event shall this Agreement give rise to a general obligation or liability of the Agency, the City of Post Falls, the State of Idaho, or any of its political subdivisions, or give rise to a charge against their general credit or taxing powers, or be payable out of any funds or properties other than the special fund or funds of the Agency pledged therefore.

7.13. This Agreement shall not be interpreted so as to deprive the Participant of any of its existing rights to reimbursement for the construction of Agency Funded Public Improvements, or in a manner that diminishes the Agency's existing obligations to perform such reimbursement.

IN WITNESS WHEREOF, the Parties have set their hands effective the date first above-written.

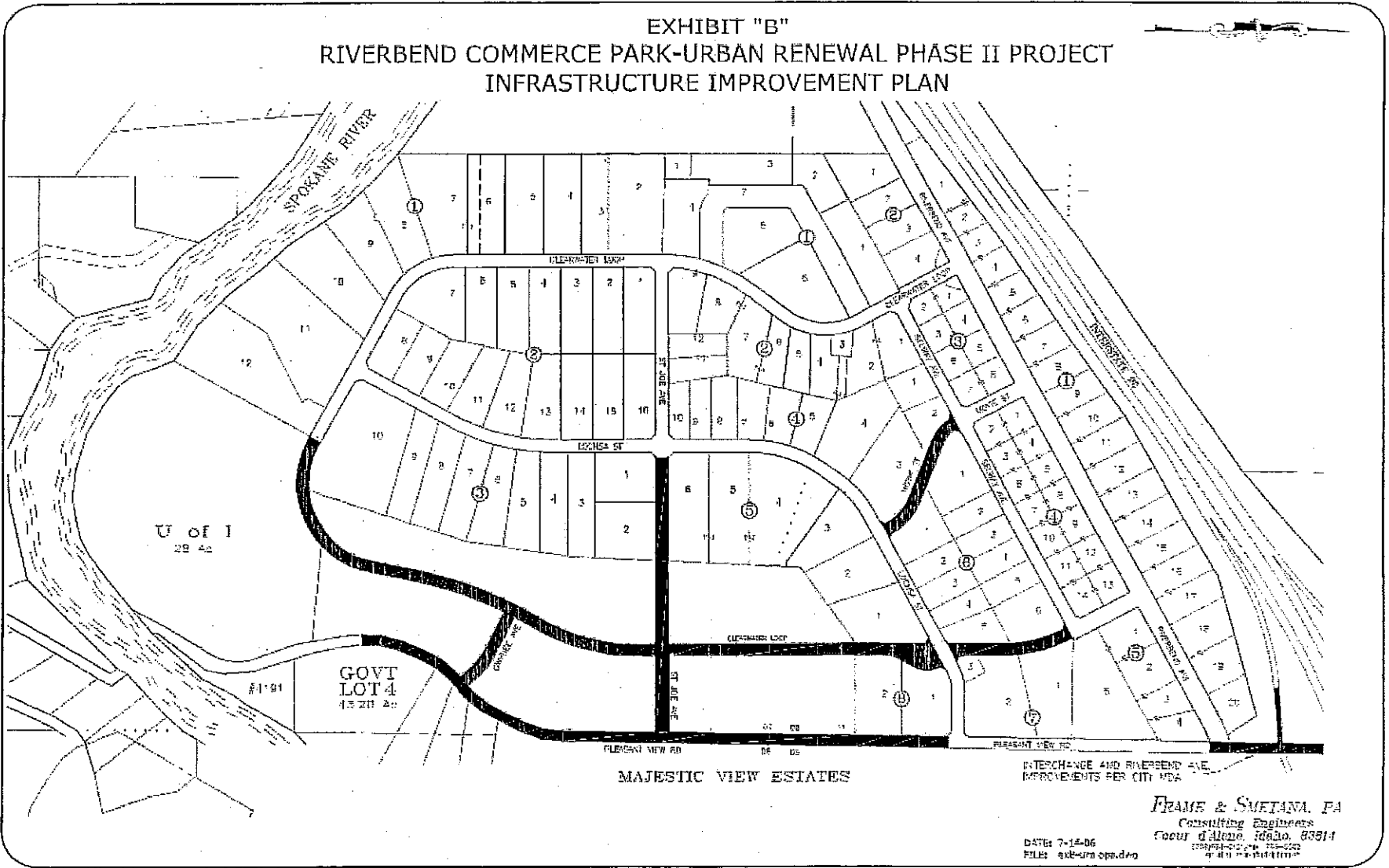
POST FALLS URBAN RENEWAL AGENCY
an Idaho urban renewal agency

By: Nancy Mahle
Chairman

JACKLIN LAND COMPANY LIMITED LIABILITY LIMITED PARTNERSHIP
An Idaho limited liability limited partnership

By: Donald W. Jacklin
General Partner

EXHIBIT "B" RIVERBEND COMMERCE PARK-URBAN RENEWAL PHASE II PROJECT INFRASTRUCTURE IMPROVEMENT PLAN



INTERCHANGE AND RIVERBEND AVE.
IMPROVEMENTS PER CITY MDA

FRAME & SWEETMAN, PA
Consulting Engineers
Cocur d'Alene, Idaho, 83314
PHONE: 208-685-2222
FAX: 208-685-2222

DATE: 7-14-06
FILE: sub-ura.spa.dwg

EXHIBIT "C"

AGENCY FUNDED PUBLIC IMPROVEMENTS
 OWNER PARTICIPATION AND REIMBURSEMENT AGREEMENT
 RIVERBEND PHASE II
 DESCRIPTION OF INFRASTRUCTURE IMPROVEMENTS

	<u>Estimated Quantity</u>	<u>Unit</u>	<u>Estimated Cost</u>
<u>Clearwater Loop (south of Selway)</u>			
Roadway including stripping, grading, base, asphalt, curb, gutter, sidewalk and miscellaneous	3,830	LF	\$ 600,000
Storm water facility including drywells, inlets and swale shaping	3,830	LF	\$ 35,000
Sanitary sewer services including connection, tees and piping	32	EA	\$ 85,000
Water system including mainline, valves and fittings	3,380	LF	\$ 235,000
Water services	29	EA	\$ 75,000
Shallow utilities including gas, power, phone and cable	3,270	LF	\$ 85,000
Design, geotechnical, and construction phase engineering services	1	LS	<u>\$ 115,000</u>
TOTAL			\$1,230,000
<u>Moyie Street (Selway to Lochsa)</u>			
Roadway including stripping, grading, base, asphalt, curb, gutter, sidewalk and miscellaneous	560	LF	\$ 85,000
Storm water facility including drywells, inlets and swale shaping	560	LF	\$ 7,000
Design, geotechnical, and construction phase engineering services	1	LS	<u>\$ 8,000</u>
TOTAL			\$ 100,000
<u>St. Joe Avenue (Lochsa to Pleasant View)</u>			
Roadway including stripping, grading, base, asphalt, curb, gutter, sidewalk and miscellaneous	1,100	LF	\$ 150,000
Storm water facility including drywells, inlets and swale shaping	1,100	LF	\$ 15,000
Sanitary sewer services including connection, tees and piping	2	EA	\$ 5,000
Water system including mainline, valves and fittings	1,100	LF	\$ 70,000
Water services	1	EA	\$ 2,000
Shallow utilities including gas, power, phone and cable	1,100	LF	\$ 25,000
Design, geotechnical, and construction phase engineering services	1	LS	<u>\$ 28,000</u>
TOTAL			\$ 295,000

	<u>Estimated Quantity</u>	<u>Unit</u>	<u>Estimated Cost</u>
<u>Pleasant View Road (south of Lochsa)</u>			
Roadway including stripping, grading, base, asphalt, curb, gutter, sidewalk and miscellaneous	2,910	LF	\$ 335,000
Storm water facility including drywells, inlets and swale shaping	2,910	LF	\$ 15,000
Water system including mainline, valves and fittings	550	LF	\$ 20,000
Shallow utilities including gas, power, phone and cable	1,900	LF	\$ 65,000
Design, geotechnical, and construction phase engineering services	1	LS	<u>\$ 45,000</u>
TOTAL			\$ 480,000

Owyhee Street

Roadway including stripping, grading, base, asphalt, curb, gutter, sidewalk and miscellaneous	300	LF	\$ 35,000
Storm water facility including drywells, inlets and swale shaping	300	LF	\$ 5,000
Water system including mainline, valves and fittings	300	LF	\$ 8,000
Shallow utilities including gas, power, phone and cable	300	LF	\$ 18,000
Design, geotechnical, and construction phase engineering services	1	LS	<u>\$ 5,000</u>
TOTAL			\$ 71,000

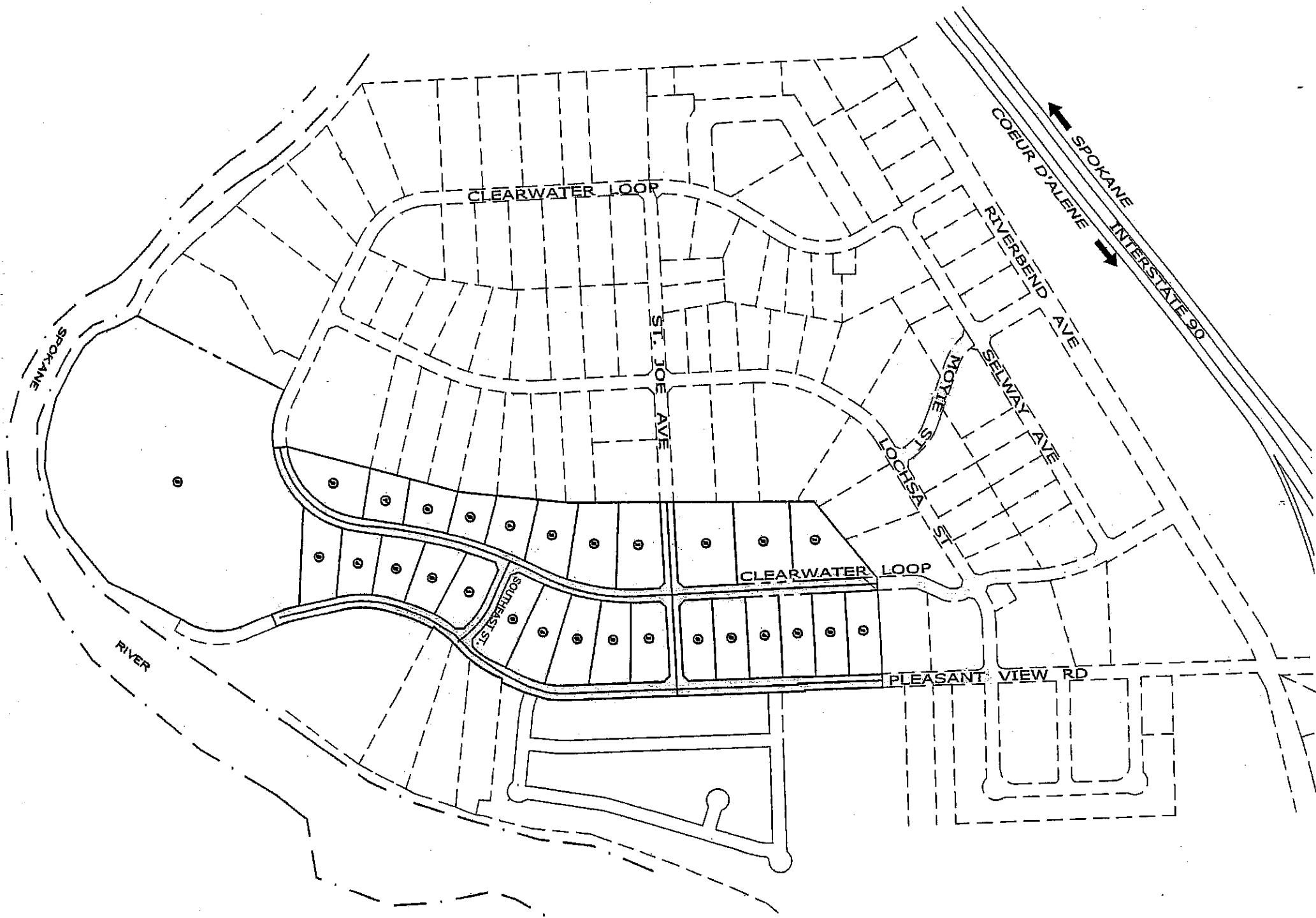
SUMMARY

Clearwater Loop (south of Selway)	\$1,230,000
Moyie Street (Selway to Lochsa)	\$ 100,000
St. Joe Avenue (Lochsa to Pleasant View)	\$ 295,000
Pleasant View Road (south of Lochsa)	\$ 480,000
Owyhee Street	\$ 71,000
10% Contingency and miscellaneous costs	\$ 218,000
<u>Freeway underpass and Riverbend Avenue improvements</u> (fees in lieu of construction per City MDA)	<u>\$ 154,000</u>
GRAND TOTAL	\$2,548,000

Note: Original URA Projected Costs Range: \$2,473,384 - \$3,895,155

Less URA Phase I Approximate Costs: - \$1,000,000

Balance remaining from original plan: Up to \$2,895,155



SPOKANE

RIVER

CLEARWATER LOOP

ST. JOE AVE

CLEARWATER LOOP

PLEASANT VIEW RD

RIVERBEND AVE

SELWAY AVE

MOYIE ST
LOCESIA ST

COEUR D'ALENE

SPOKANE

INTERSTATE 90

SOUTHWEST ST

CITY OF POST FALLS

RESOLUTION 95-01

WHEREAS, the legislature of the State of Idaho has amended Title 50, Section 29 of the Idaho Code to provide for the use of tax increment financing in certain geographic areas of the state determined in accordance with the laws to be "Competitively Disadvantaged Border Community Areas"; and

WHEREAS, the City of Post Falls is physically located within the geographical boundaries of such qualified areas set forth by State law; and

WHEREAS, in limited circumstances the City believes that tax increment financing can be a useful and viable economic development tool to expand the commercial and industrial tax base of the City, resulting in a sharing of property tax responsibility with homeowners and providing revenues to fund improved public services; and

WHEREAS, the City believes that public participation by the residents of Post Falls will result in more thorough and thoughtful consideration of the use of tax increment financing as it affects the character and quality of development and growth within the City and the region; and

WHEREAS, a public hearing process which receives and thoughtfully considers the views of proponents and opponents of tax increment financing proposals is beneficial to decision makers entrusted with the responsibility of implementing the law; and

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF POST FALLS that it be the policy of the City in considering and acting upon any application for approval of tax increment financing with "Competitively Disadvantaged Border Community Areas" that prior to any final decision approving or disapproving such application the City, by and through the appropriate relevant agency, should in each instance:

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RESOLUTION 9501

1. Upon receipt of any formal application proposing the use of tax increment financing as a local economic development tool, the city should publicize the existence of such an application and the proposed terms of the proposal if known. The publication of such information should include the use of written and electronic media serving the Post Falls community. This notice is intended to make the residents promptly aware of the consideration of any such proposal so that those concerned persons can fully participate in considering the merits or detriments of any such proposals.

2. Make available without a formal written request copies of all files, records and information regarding the application and proposal to the public in a reasonable manner that provides the most accurate public information. This should be accomplished by placing such information at facilities convenient to public access, such as city hall, library, etc. The City should also provide copies of such requests to citizens groups expressing an interest in the issue. The City should, in appropriate cases, reserve from publication such information which has been submitted as proprietary which might contain trade secrets or other financial data customarily made confidential in business and industry, and as otherwise allowed by Idaho law.

3. At the earliest opportunity, the City should conduct a workshop at a time other than a regularly scheduled council meeting, for the purpose of providing accurate information to all interested parties regarding tax increment financing, the application and terms of the proposal, and preliminary assessment of the benefits and impact of the proposed use. City staff should be prepared to provide a forecast of the financial impact on city services, as well as a calculation as to the revenues to be derived by the City and other public entities. Specifically, the staff report should examine the issue of what effect such proposal would have on the existing tax base of the city.

4. Prior to making any final determination, the City and its Urban Renewal Agency should conduct not less than two public hearings to receive testimony and comments from interested residents regarding the proposal and its merits or detriments. Each public hearing should be convened at a time and place convenient to public attendance to provide concerned parties with the opportunity to be heard and express their opinion, concerns, support or objections

5. Prior to making any final decision, the City and Urban Renewal Agency should consider the information presented at such public hearings, and all other factors deemed relevant or made appropriate for consideration by law. In accordance with applicable law, any decision regarding a proposed project should be made at a regularly scheduled public meeting.

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RESOLUTION 95-01

PASSED by the City Council and APPROVED by the Mayor this 3
day of January, 1995.



James C. Hammond
JAMES HAMMOND, MAYOR

Christene Pappas
CHRISTENE PAPPAS, CITY CLERK

ORDINANCE NO. 815

AN ORDINANCE OF THE CITY OF POST FALLS, KOOTENAI COUNTY, IDAHO, MAKING FINDINGS OF FACT REGARDING A PUBLIC HEARING; DECLARING PORTIONS OF THE CITY AS AN ECONOMICALLY DISADVANTAGED BORDER COMMUNITY UNDER PROVISIONS OF IDAHO CODE CHAPTER 50, TITLE 29; DECLARING THE BEST INTERESTS OF THE CITY AND ITS RESIDENTS; PROVIDING FOR THE EFFECTIVE DATE OF THIS ORDINANCE AND OTHER MATTERS PROPERLY RELATING THERETO

**CITY OF POST FALLS
Kootenai County, Idaho**

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF POST FALLS, KOOTENAI COUNTY, IDAHO, as follows:

WHEREAS, the City of Post Falls, Kootenai County, Idaho (the "City") is a duly authorized and formed city under and virtue of the Constitution and laws of the State of Idaho, governed by a City Council (the "Council");

WHEREAS, Chapter 50, Title 29 of the Idaho Code provides that the City can declare portions of the land located within its boundaries as "competitively disadvantaged" as defined in the statute, if certain factors exist;

WHEREAS, the City commissioned a professional study to be conducted, which study when completed, was presented to the Council;

WHEREAS, the City called a public hearing on July 18, 1995 to receive testimony and provided for publication and distribution of the Notice of Hearing, stating its desire to conduct a public hearing on whether it should designate a portion of the land contained within its boundaries as "competitively disadvantaged" and has received public comment and testimony;

WHEREAS, the City continued the public hearing to August 1, 1995 to receive and review a draft of the Ordinance and receive additional public testimony;

WHEREAS, the City continued the hearing again until September 5, 1995 to provide sufficient time to provide adequate public notice to the other taxing districts which receive tax revenues from the area which may be designated as "competitively disadvantaged" and therefore may be affected so that they may provide input;

WHEREAS, after consideration of the public testimony and discussion among the members of the Council, the Council desires to declare a portion of the area within its boundaries as competitively disadvantaged.

NOW, THEREFORE, BE IT FURTHER ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF POST FALLS, IDAHO, as follows:

Section 1: FINDINGS REGARDING NOTICE OF THE PUBLIC HEARING

Pursuant to Idaho Code Sections 50-2906 and 50-2008, the Council held a public hearing on Tuesday, July 18, 1995 at 7:00 p.m. at the Post Falls City Hall, which such hearing was continued until August 1, 1995 and September 5, 1995 to receive further comment. Notice of the public hearing was given as follows:

- (a) Notice of the public hearing was published in the official newspaper of the City, an affidavit of publication is attached hereto as Exhibit "A".
- (b) Notice of the public hearing was sent to all taxing districts which may be affected by the designation, an affidavit of mailing is attached hereto as Exhibit "B".
- (c) Notice of the public hearing was posted in a conspicuous location in the Post Falls City Hall.

The Council, by motion at the July 18, 1995 meeting continued the public hearing to its next regular meeting on August 1, 1995 and thereafter to September 5, 1995.

Section 2: A PRESENTATION WAS MADE AND TESTIMONY WAS RECEIVED AT THE PUBLIC HEARING

The following presentations, information and public testimony was presented at the public hearing and the continued public hearing:

- (a) City staff presented background information on the designation of a portion of the property located within the City limits as "competitively disadvantaged" under the definition of Idaho Code Section 50-2903. Members of the City's staff and consultants were available to answer questions of the Council and members of the public.

(b) The Council received and reviewed a study done by Business Planning Consultants, Inc., with the principal of Business Planning Consultants, Inc. available to respond to questions, concerns or address issues raised by members of the Council or members of the public in attendance at the public hearing. A copy of the report prepared by Business Planning Consultants, Inc. is attached hereto and incorporate herein as though fully set forth as Exhibit "C".

(c) The Council received written testimony, which it considered. A copy of the written testimony is attached hereto as Exhibit "D".

(d) The Council discussed the report, the information it received from City staff and the testimony that was given and gave direction to the staff and attorney for the drafting of the appropriate Ordinance.

Section 3: FINDINGS OF FACT REGARDING AREAS OF COMPETITIVE DISADVANTAGE OF THE CITY

After consideration of the testimony, consultant's report and other information available to it, the Council hereby makes a finding that the City is at a competitive disadvantage when compared with property located across the state line in the State of Washington, Spokane County, including, but not limited to, the following areas:

- (a) Higher property taxes in the City than in Spokane County, Washington;
- (b) The existence of a sales tax on food items in Idaho, which is not levied in Washington;
- (c) The presence of an Idaho State income tax, which is not present in Washington;
- (d) The lack of developed infrastructure, roads, water and sewer lines and a lack of resources, including grant funds, that would allow construction of the necessary infrastructure at a reasonable cost, as opposed to the well developed infrastructure in Spokane County, Washington.
- (e) The lack of a large enough population base in the immediate area to support a significant retail center or increase in the number of retail stores or facilities, as opposed to the population of Spokane County, which is approximately 400,000.

The Council hereby finds that the following types of competitive disadvantage in the City include, but are not limited to, the following:

- (a) higher property taxes affecting both residential and business development in Post Falls;
- (b) the lack of infrastructure in Post Falls, which means water and sewer lines and roads are currently just being built, when the infrastructure in neighboring Washington State was built previously when infrastructure costs were less and federal and state grant funds were more available;
- (c) the application of sales tax on food discourages certain types of development; including retail grocery outlets; and
- (d) personal income taxes applied to individuals makes Idaho a less desirous location for some types of business, particularly businesses that involve income flowing directly to individuals.

The Council lists the following types of business activities are competitively disadvantaged in Kootenai County, particularly the City, as compared to neighboring Washington State:

- (a) Manufacturing or retail facilities in need of significant infrastructure and support, including roads, water and sewer lines;
- (b) Retail facilities, particularly those which sell food items, as a result of the sales tax on food in Idaho; and
- (c) Large retail facilities needing to be located in a population center of 250,000 people or more.

Section 4: BEST INTERESTS OF THE RESIDENTS OF THE CITY AND THE CITY

The Council hereby declares that it is in the best interests of the residents of the City and the City to declare portions of the property located within the boundaries of the City as competitively disadvantaged under the definitions provided in Idaho Code Section 2903, as it now exists or may later be modified. The Council finds that such designation will help to remove some of the negative effects of the competitive disadvantage that currently exists between the City and Spokane County, Washington. The removal of some of the impact of the competitive disadvantage may lead to increased development, consistent with the City's comprehensive plan, which will lead to economic benefits for the community, including, but not limited to the creation of jobs, the orderly development of the City and the development of additional tax revenues which can be used by the City and other taxing districts to provide the necessary services to the residents of the City and surrounding area.

Section 5: DESIGNATION OF AREA AS COMPETITIVELY DISADVANTAGED

The Council hereby designates the following area as "competitively disadvantaged" under the definition of Idaho Code Section 50-2903:

All industrially or commercially zoned acreage within the City boundaries of 40 contiguous acres or more, whether under single or multiple ownership; and an area consisting of approximately 2,000 acres, and lying generally east of the Idaho/Washington Stateline; south of a line 1/8 mile north of Seltice Way, north of the Spokane River, west of McGuire Road.

A copy of this area is shown on the map, which is attached hereto and incorporated herein by reference as though fully set forth as Exhibit "E". This area is within 25 miles of the Washington-Idaho border.

The Council also maintains the right to amend the area designated as competitively disadvantaged by following the procedure set out in Idaho Code 50-2903 and 50-2008 for public hearing and comment.

Section 6: RATIFICATION

All actions (not inconsistent with the provisions of this Ordinance) heretofore taken by the Council, and its employees, with respect to the Acquisition, construction and installation of the Improvements, and the issuance, sale and delivery of the Bonds, are hereby in all respects ratified, approved, and confirmed.

Section 7: SEVERABILITY

If any one or more of the covenants or agreements provided in this Ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Ordinance and shall in no way affect the validity of the other provisions of this Ordinance or of the Bonds.

Section 8: REPEALER

All ordinances, resolutions or parts thereof in conflict herewith, to the extent of such conflict, are hereby repealed.

Section 9: EFFECTIVE DATE

This Ordinance shall be published in the manner provided by law and will be effective from and after its adoption and after its publication, or a publication of its summary, in the official newspaper of the City, all as provided within Idaho Code Section 50-901A.

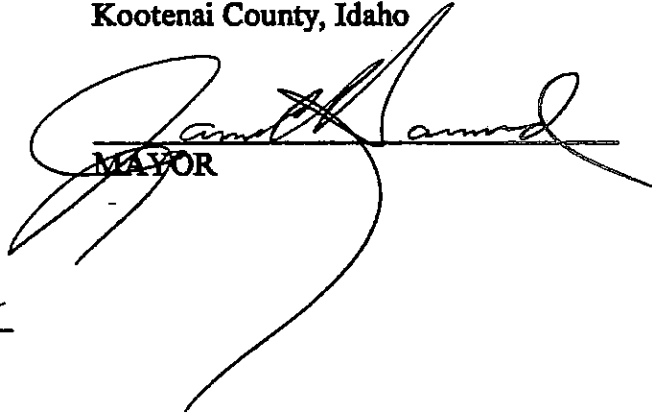
Section 10: SUSPENSION

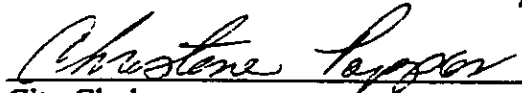
Passed, under suspension of the rules at a regular meeting of the City Council of the City of Post Falls held on the 5th day of September, 1995, upon which a roll call vote was duly taken and duly enacted.

PASSED AND APPROVED this 5th day of September, 1995.



**CITY OF POST FALLS
Kootenai County, Idaho**


MAYOR


City Clerk
(SEAL)

RESOLUTION NO. 97-1

A RESOLUTION OF THE POST FALLS URBAN RENEWAL AGENCY APPROVING A RIVERBEND URBAN RENEWAL PLAN; CONFIRMING THE COMPETITIVE DISADVANTAGE BORDER COMMUNITY AREA DECLARATION; ADOPTING A REVENUE ALLOCATION AREA; MAKING CERTAIN FINDINGS AND CONCLUSIONS IN SUPPORT THEREOF; PROVIDING AN EFFECTIVE DATE; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the Post Falls Urban Renewal Agency, Kootenai County, Idaho (the "Agency"), is an agency operating and existing under and pursuant to the provisions of the Constitution and laws of the State of Idaho, and as such is authorized by the Idaho Code, Title 50, Chapter 20 and 29, to adopt urban renewal plans, to adopt disadvantage border community area declarations, to adopt revenue allocation areas, and to provide improvements and betterments within an urban renewal area, as designated by the Agency; and

WHEREAS, the Agency has been presented with and has reviewed a proposed Riverbend Urban Renewal Plan, including a competitively disadvantaged border community area declaration, and a revenue allocation area provision;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE POST FALLS URBAN RENEWAL AGENCY, as follows:

Section 1: The Agency hereby approves the Riverbend Urban Renewal Plan based on the following findings:

- A. The proposed area has been designated as a competitively disadvantaged border community area.
- B. The Urban Renewal Plan conforms to the general plan of the City of Post Falls and conforms to the City of Post Falls Comprehensive Plan.
- C. The Plan indicates the improvements and rehabilitation that are proposed to be carried out, including land uses, densities, building requirements, method of financing, and a revenue allocation financing provision.
- D. The Plan does not anticipate the displacement of any families at this time.
- E. The Urban Renewal Plan gives would serve to enhance the provisions of adequate park and recreation areas by provding a greater industrial tax base to fund park and recreation programs.

F. The Urban Renewal Plan affords maximum opportunity for the Urban Renewal Area to develop through private enterprise.

G. The Riverbend Urban Renewal Area is an area that is competitively disadvantaged in its ability to attract private investment by virtue of its proximity to Washington which holds certain economic and infrastructure advantages.

H. The Riverbend Urban Renewal Plan conforms with both state and local Planning and Zoning requirements.

I. The Riverbend Urban Renewal Plan contains a tax allocation feasibility study which finds and declares that the debt to be incurred to provide the improvements described within the Plan is sufficient to pay the costs of the improvements proposed therein and that the assessed valuation of the revenue allocation area is likely to increase as a result of the initiation of the Urban Renewal project and competitively disadvantaged border community area in an amount sufficient to repay the debt incurred.

J. The Riverbend Urban Renewal Plan identifies the kind, number, and location of all proposed public works or improvements within the revenue allocation area, provides an economic feasibility study, provides a detailed list of estimated project costs, provides a fiscal impact statement showing the impact of the revenue allocation area, and provides a description of the method of financing of the estimated project costs.

Section 2: The Post Falls Urban Renewal Agency hereby approves the Competitive Disadvantage Border Community Area declaration found as Appendix "C" to the Riverbend Urban Renewal Plan based on the following findings:

A. Taxing levels in Washington versus Idaho play to the disadvantage of business and industries located in the State of Idaho. Such tax disadvantages include the corporate income tax method of taxation, which causes overall business taxes to be greater in Idaho than in Washington.

B. The lack of underlying infrastructure in Idaho seriously impacts and is a detriment to the location of new industries in Idaho versus Washington.

C. The designation of this area as a competitive disadvantage border community benefits the entire community by attracting industry and commercial developments which will increase tax revenue for the City of Post Falls and surrounding areas.

D. Industrial and commercial development would not generally occur in the Riverbend Urban Renewal Area without the assistance of revenue allocation financing as provided through the Agency.

Section 3: The Post Falls Urban Renewal Agency hereby directs that the Riverbend Urban Renewal Plan attached hereto as Exhibit "A" and by this reference made a part hereof be forwarded to the City of Post Falls for review and approval subject to the provisions of Idaho Code, Title 50, Chapters 20 and 29.

Section 4: This Resolution shall be effective upon its passage.

DATED this 28th day of July, 1997.

POST FALLS URBAN RENEWAL AGENCY

By: _____

Karen Struetter
Chairman

ATTEST:

Debra Rayner
Secretary

A ORDINANCE OF THE CITY OF POST FALLS, KOOTENAI COUNTY IDAHO, APPROVING THE RIVERBEND URBAN RENEWAL PLAN; ADOPTING A REVENUE ALLOCATION AREA; MAKING CERTAIN FINDINGS AND CONCLUSIONS IN SUPPORT THEREOF; PROVIDING AN EFFECTIVE DATE; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the City of Post Falls, Kootenai County, Idaho (the "City"), is a dully incorporated and existing City organized and operating under the laws of the State of Idaho, and as such is authorized by the Idaho Code, Title 50, Chapter 20 and 29, to adopt urban renewal plans, to adopt disadvantage border community area declarations, to adopt revenue allocation areas, and to provide improvements and betterments within an urban renewal area, as designated by the Plan; and

WHEREAS, the City designated the area included in the Riverbend Urban Renewal Plan a disadvantaged border community area by Ordinance No. 815 adopted on September 5, 1995; and

WHEREAS, the Riverbend Urban Renewal Plan was submitted to, reviewed and approved by the Post Falls Urban Renewal Agency (the "Agency") by Resolution. No. URA 97-1 adopted by the Agency on July 28, 1997; and,

WHEREAS, the Riverbend Urban Renewal Plan was submitted to and approved by the City of Post Falls Planing and Zoning Committee on August 12, 1997; and,

WHEREAS, the City held one dully noticed Public Hearing on October 7, 1997, which was continued to October 21, 1997, and a second dully noticed Public Hearing on September 18, 1997, to review and consider adoption of the Riverbend Urban Renewal Plan; and

WHEREAS, the City has reviewed the proposed Riverbend Urban Renewal Plan, which includes a revenue allocation area provision;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF POST FALLS KOOTENAI COUNTY IDAHO, as follows:

Section 1: The City hereby approves the Riverbend Urban Renewal Plan, which is attached hereto as Exhibit "A" and by this reference made a part hereof, based on the following findings:

A. The proposed area has been designated as a competitively disadvantaged border community area.

B. The Riverbend Urban Renewal Plan conforms to the general plan of the City of Post Falls and conforms to the City of Post Falls Comprehensive Plan.

C. The Plan indicates the improvements and rehabilitation that are proposed to be carried out, including land uses, densities, building requirements, method of financing, and a revenue allocation financing provision.

D. The Plan does not anticipate the displacement of any families at this time.

E. The Riverbend Urban Renewal Plan serves to enhance the provisions of adequate park and recreation areas by providing a greater industrial tax base to fund park and recreation programs, and by encouraging the curator of institutions of higher education in the Riverbend Urban Renewal Area which will provide campus like open spaces.

F. The Riverbend Urban Renewal Plan affords maximum opportunity for the Urban Renewal Area to develop through private enterprise.

G. The Riverbend Urban Renewal Area is an area that is competitively disadvantaged in its ability to attract private investment by virtue of its proximity to Washington which holds certain economic and infrastructure advantages.

H. The Riverbend Urban Renewal Plan conforms with both state and local Planning and Zoning requirements.

I. The Riverbend Urban Renewal Plan contains a tax allocation feasibility study which finds and declares that the debt to be incurred to provide the improvements described within the Plan is sufficient to pay the costs of the improvements proposed therein and that the assessed valuation of the revenue allocation area is likely to increase as a result of the initiation of the Urban Renewal project and competitively disadvantaged border community area in an amount sufficient to repay the debt incurred.

J. The Riverbend Urban Renewal Plan identifies the kind, number, and location of all proposed public works or improvements within the revenue allocation area, provides an economic feasibility study, provides a detailed list of estimated project costs, provides a fiscal impact statement showing the impact of the revenue allocation area, and provides a description of the method of financing of the estimated project costs.

Section 2: The City of Post Falls, Kootenai County, Idaho, hereby approves the Riverbend Urban Renewal revenue allocated area as identified in the Riverbend Urban Renewal Plan.

Section 3: This Ordinance shall be effective upon its passage.

DATED this 18th day of November, 1997.

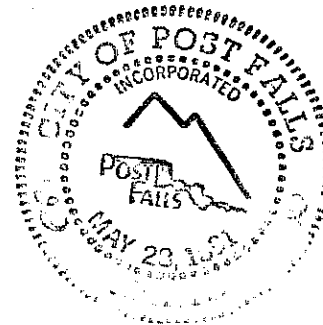
CITY OF POST FALLS
KOOTENAI COUNTY, IDAHO

By: *[Signature]*
Mayor

ATTEST:

Christine Pepper
Clerk

(SEAL)



STATE OF IDAHO }
COUNTY OF KOOTENAI } SS
AT THE REQUEST OF
City of Post Falls

MAY 27 9 59 AM '98

[Signature]
DEPUTY 9.00
FEES

RESOLUTION NO. 98- 1

RESOLUTION REGARDING PROCEDURE
RIVERBEND DISADVANTAGED BORDER COMMUNITY PLAN

WHEREAS, the Post Falls Urban Renewal Agency has considered the Riverbend Urban Renewal Plan which is based upon a disadvantaged border community determination made by the City of Post Falls, and

WHEREAS, said Riverbend Urban Renewal Plan envisions the possibility of public improvements valued at up to three million eight hundred thousand dollars (\$3,800,000) being funded for up to fifteen (15) years from the date of approval of said plan, and

11-18-97

WHEREAS, the first phase of the Riverbend Urban Renewal Plan calls for the completion of public improvements valued not in excess of one million dollars (\$1,000,000), with a debt horizon not in excess of five (5) years, and

WHEREAS, the development and timing of future phases of the Riverbend Urban Renewal Plan is at present uncertain and depends upon the actions of private developers taking steps to invest in construction of private improvements, and

WHEREAS, officials of local public agencies and private citizens have expressed concerns about the open-ended nature of the proposed plan in light of the uncertain timing of future phases, and

WHEREAS, the Post Falls Urban Renewal Commission desires to maintain the confidence of and communication with all who are interested in the Riverbend project,

NOW, THEREFORE, Be it Resolved by the Post Falls Urban Renewal Commission as follows:

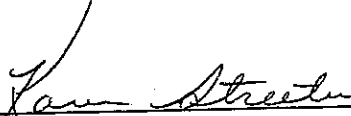
1. That the initial phase of Riverbend improvement financing will not exceed one million dollars (\$1,000,000) and the debt obligation will not exceed five years in duration.
2. That no subsequent borrowing or debt obligation for the Riverbend project will occur until and unless the Post Falls Urban Renewal Commission first provides notice of such intended borrowing and the improvements intended to be funded thereby, and conducts a duly noticed public hearing to allow agency and public comment concerning any additional borrowing and plan implementation.

3. The staff serving the Post Falls Urban Renewal Agency is hereby instructed to follow the procedure outlined hereby for the complete duration of the Riverbend Urban Renewal Plan.

APPROVED as a Resolution of the Post Falls Urban Renewal Agency this 13th day of


January, 1998.

POST FALLS URBAN RENEWAL AGENCY



Karen Streeter, Chairperson

Attest:



Debra Raymer, Clerk

GUARANTY

Jacklin Land Company L.P. (hereinafter referred to as "Guarantor"), unconditionally guarantees all obligations of Post Falls Urban Renewal Agency (hereinafter referred to as "Debtor"), under the Letter of Credit and Commercial Note executed in connection with Irrevocable Standby Letter of Credit No. 10873 issued by Washington Trust Bank in connection with the financing of Series A 1998 Bonds ("Obligation"). This Guaranty is given for the benefit of Washington Trust Bank ("Secured Party").

If Debtor should, for any reason, fail to pay or perform any obligation, indebtedness, or liability arising out of or pertaining to the Obligation, Guarantor promises to pay the same upon demand.

Guarantor waives notice of acceptance of this Guaranty and also presentment, demand, protest, notice of protest, and notice of dishonor of any note or other obligation guaranteed hereby. No extension of time or other indulgence granted by Secured Party to Guarantor or Debtor will release or affect the obligation of Guarantor. No omission or delay on the part of Secured Party in exercising any right hereunder or in taking any action to collect or enforce payment of any Obligation will be a waiver of such right or release or affect the obligation of Guarantor hereunder.

Secured Party shall have no duty to marshal security, to sue, or otherwise attempt collection from Debtor or any other party, to take proceedings against any collateral it may hold or any other property or to take any action of any sort prior to demanding and enforcing payment by Guarantor. Specifically, without limiting the foregoing, Guarantor waives any right to have Debtor joined in any suit brought against Guarantor on this Guaranty and also any right to require Secured Party to sue Debtor on any Obligation as a prerequisite to any action by Secured Party against Guarantor.

This Guaranty is continuing and shall remain in full force and effect notwithstanding any changes in or amendments to the Obligation.

In the event Secured Party incurs any costs or attorney's fees to enforce or interpret the terms of this Guaranty, Secured Party shall be entitled to recover such fees and costs from Guarantor. Venue for any action to enforce or interpret the terms of this Guaranty shall be in Spokane County, Washington.

DATED this 10th day of August, 1998.

GUARANTOR:

JACKLIN LAND COMPANY L.P.

By: 

General Partner

REIMBURSEMENT AND PAYMENT AGREEMENT

THIS AGREEMENT is made and entered into this 14 day of August, 1998, by and between Jacklin Land Company, an Idaho limited partnership (hereinafter referred to as the "Company"), and the Post Falls Urban Renewal Agency, the duly constituted and existing urban renewal agency of the City of Post Falls, Kootenai County, Idaho, an independent public body created by and existing under Idaho Code Title 50, Chapter 20 (hereinafter referred to as the "Agency").

RECITALS

A. The Agency has or will issue its Post Falls Urban Renewal Agency Revenue Allocation (Tax Increment) Bonds Series A 1998, in the principal amount of \$995,000.00 as provided in Resolution URA 98-7 adopted on December 9, 1997, and as supplemented by Resolution URA 98-5 adopted August 5, 1998 (hereinafter referred to as the "Bonds" and the "Bond Resolution", respectively).

B. The Bonds will be issued pursuant to the terms of a Trust Indenture dated as of August 15, 1998, under which U.S. Bank Idaho is designated as the Indenture Trustee of the holders of the Bonds.

C. In order to induce the purchase of the Bonds, in addition to security provided for the payment of the Bonds as set forth in the Bond Resolution, Washington Trust Bank (the "Bank") will issue its Letter of Credit No. 10873, to the Indenture Trustee (the "Letter of Credit").

D. In connection with its issuance of the Letter of Credit, the Agency has given the Bank its Limited Recourse Promissory Note (the "Note"). The Company has given the Bank its guaranty, guarantying payment of the Agency's obligations to the Bank under the Note.

E. The Letter of Credit may be called by the Indenture Trustee at any time there is a default by the Agency in the payment of principal and interest under the Bonds. Concurrently with any payment on the Letter of Credit, the Bank will advance a like sum under the Note.

F. The interest rate payable to the Bank upon the principal balance of the Note is greater than the rate of interest payable on the principal of the Bonds. The difference between Note interest rate and the Bonds interest rate is hereinafter referred to as the "Interest Rate Differential".

G. The Agency is unwilling to pay the Interest Rate Differential unless it obtains the agreement of the Company, as set forth herein, to reimburse it for any Interest Rate Differential it pays to the Bank.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the Agency hereby agree as follows:

Payment of Interest Rate Differential. The Company, upon demand by the Agency, shall either (i) pay the Interest Rate Differential directly to the Bank, concurrently with the Agency's payment to the Bank of the amount then due under the Note, less the Interest Rate Differential, or, at the option of the Agency, it shall (ii) reimburse the Agency for any Interest Rate Differential paid by the Agency to the Bank.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date first set forth above.

JACKLIN LAND COMPANY, an Idaho
limited partnership.

By Ronald W. Jacklin
Its Managing Partner - Jacklin Land Co.

POST FALLS URBAN RENEWAL
AGENCY

By Karen Street
Its Chairman

LIMITED RECOURSE PROMISSORY NOTE

Date: August 10, 1998
Effective as of: August 15, 1998

Customer No. 304565
Letter of Credit No. 10873

The undersigned, Post Falls Urban Renewal Agency (the "Agency"), promises to pay to the order of Washington Trust Bank (the "Bank"), Spokane, Washington, the amounts paid under Irrevocable Standby Letter of Credit No. 10873 ("Principal"), with interest from the date of deposit of Principal into the Bond Fund Account held by U.S. Bank National Association, Boise, Idaho, for the Series A 1998 Bonds (the "Bonds") at the rate specified below. Any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit or, if not therein defined, as defined in the Bond Resolution.

The Agency has determined to finance the Project through the issuance of the Post Falls Urban Renewal Agency Revenue Allocation (Tax Increment) Bonds Series A 1998 in the principal amount of \$995,000.00 as provided in Resolution URA 97-6 adopted on December 9, 1997 as supplemented by Resolution URA 98-5 adopted August 5, 1998 (collectively the "Bond Resolution").

To induce the purchasers of the Bonds to purchase the Series A 1998 Bonds, in addition to the security provided by the pledge of the Pledged Revenues as provided in the Bond Resolution, the Jacklin Land Company L.P. has requested the Bank to issue to the Trustee for the benefit of the Bond purchasers an Irrevocable Standby Letter of Credit for the Post Falls Urban Renewal Agency subject to the terms and conditions found therein.

A fee of 1.125% per annum based on the anticipated average principal balance of the Bonds plus 210 days interest shall be due and payable on August 15, 1998, and on each annual anniversary date thereafter. The fee shall be paid annually in advance on the annual anniversary date and calculated based on the anticipated average principal balance of the Bonds plus 210 days interest at 4.450% at each anniversary date. The fee shall be paid by the Guarantor.

The Agency promises to pay to the order of the Bank, the amounts paid under the Irrevocable Standby Letter of Credit No. 10873 ("Principal"), with interest from the date of the deposit of Principal into the Bond Fund Account held by Trustee for the Series A 1998 Bonds at the loan rate divided by 360 on the actual days elapsed from date of any draw, until paid. Interest shall be computed hereunder at the rate of the Bank's index rate established by the Bank from time to time. Such index rate is a market rate indicator used as a reference for price and credit transactions; it is not necessarily intended to be the Bank's best or lowest rate. The Bank reserves the right to change the index rate as business and economic conditions warrant.

All Principal and interest shall be payable on demand.

Payments hereunder shall be applied in the following order: (1) to reimburse the holder hereof in such order as it may determine for any advances made under this Note or the collateral documents securing this Note, including those for attorney's fees, costs, and expenses, together with interest thereon; (2) to default interest accrued on any delinquent payment of principal or interest hereunder and to any late charges; (3) to all past due interest and then to accrued interest due; (4) to any prepayment premium hereunder, if any; and (5) to the principal balance hereof.

In the event of any failure to make a payment due on this Note, or upon the breach of any term, covenant, representation, warranty, or condition in the Bond Resolution, or any related or other loan or security agreement between the undersigned and the Bank at the option of the Bank with 5 days advance written notice to the Agency, the entire unpaid principal amount of this Note, together with all accrued interest, shall become immediately due and payable without notice. If principal and/or interest are not paid when due, unpaid interest shall be added to principal, and this sum shall thereafter bear interest at 4% above the Note rate.

FOR VALUE RECEIVED, each party signing or endorsing this Note waives presentment, demand, protest, and notice of non-payment and agrees to be bound as a principal and not as a surety, and each of them expressly agree that this Note, or any payment thereunder, may be extended from time to time and collateral securing the same may be released in whole or in part, at the option of the holder hereof, without in any way affecting the liabilities of the makers and endorsers hereof. The undersigned Agency agrees to pay all reasonable attorney's fees, costs, and expenses incurred by the Bank, whether in or out of court and including those on appeal in collecting any portion of the debt represented by this Note or any other instrument evidencing or securing this Note, or in establishing, protesting, or realizing upon any collateral securing this Note, including fees or expenses in matters relating to bankruptcy or reorganization, and whether or not subject to hearing thereon, together with interest on all such attorney's fees, costs, and expenses from the date of their advance at the above default interest rate. In case action is brought to collect this Note, the undersigned Agency agrees that the venue of such action may be brought in Kootenai County, Idaho, and that the action may be maintained without regard to the residence of defendants.

As provided by Idaho Code Section 50-2910, the obligation of the Agency shall not constitute a general obligation or debt of the Agency, the City of Post Falls, State of Idaho or any other political subdivision, or give rise to a charge against their general credit or taxing powers or be payable out of any funds or properties other than the monies deposited in the Bond Fund provided in the Bond Resolution.

Notwithstanding anything contained in this Note to the contrary, the recourse of the Bank to the Agency for payment of any amounts due hereunder shall be limited to the revenue allocation proceeds, as the same is generated from time to time for the period necessary to obtain full payment of all principal and interest payable under this Note; and the Guaranty provided by Jacklin Land Company L.P. The Agency shall exercise its best efforts to cause the collection of all taxes, including the revenue allocation proceeds. When collected, the entire amount shall be paid into the Revenue Allocation Fund of the Agency and allocated as provided in the Bond Resolution. The revenue allocation funds shall be held in trust for timely payment of amounts due under the Bond Resolution and hereunder, and Agency shall continue to collect revenue allocation proceeds for and on behalf of Bank for such period of time as is necessary to fully repay all amounts due hereunder. Upon performance of its obligation to receive and disburse revenue allocation proceeds generated during such period to Bank, Agency's obligations under this Note shall cease and said Note shall be deemed canceled and fully satisfied.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

This obligation is guaranteed by Jacklin Land Company L.P.

POST FALLS URBAN RENEWAL
AGENCY

By *Lynn Streete*
Chairman [Title]

By *Delbra Raymer*
Recording Secretary [Title]

ADDENDUM TO REIMBURSEMENT AND PAYMENT AGREEMENT

THIS ADDENDUM made and entered into this 22nd day of MARCH, 2001, by and between JACKLIN LAND COMPANY, an Idaho limited partnership, hereinafter referred to as Company, and the POST FALLS URBAN RENEWAL AGENCY, the duly constituted and existing urban renewal agency of the City of Post Falls, an independent public body, hereinafter referred to as the Agency, being the parties to that certain Reimbursement and Payment Agreement dated August 14, 1998, dealing with URA Resolutions 98-5 and 98-7, and providing for a letter of credit to insure the payment of annual bond payments the Post Falls Urban Renewal Agency Series A 1998 Bonds, hereinafter referred to as the Agreement, and

WITNESSETH:

WHEREAS the parties have determined that the Company should have the ability to advance funds to the Agency on a contingent liability basis for the payment of revenue shortfalls of the tax increment area as an alternative to drawing upon the letter of credit as provided for in the Agreement, at the election of the Company, and

WHEREAS the parties acknowledge that in July of 2000, the Company made such an election and advanced the sum of \$135,453.75 to cover the shortfall in tax increment revenues necessary for the Agency to make the August 2000 bond payment, and

WHEREAS the parties recognize that the Agreement needs to be modified to provide for such an election alternative and to describe the nature of the contingent debt created by such an advance, and to provide for terms of repayment.

NOW, THEREFORE, in consideration of the mutual benefits to be derived therefrom, the parties shall agree as follows:

1. No later than sixty (60) days prior to a scheduled bond payment, the treasurer for the Agency shall advise the Company of an anticipated shortfall in tax increment revenue to make the scheduled bond payment, and estimate the approximate amount of the shortfall. The Company shall then have thirty (30) days from receipt of such notice to advise the Agency in writing if the Company intends to have the Agency draw upon the letter of credit or whether the Company intends to advance the necessary funds to the Agency as hereinafter described under the terms and provisions of this Addendum to the Agreement.

2. In the event that the Company elects to advance funds to the Agency as a contingent liability of the Agency as opposed to the Agency drawing upon the line of credit, such advance shall be made by the Company with the understanding that repayment by the Agency is contingent upon the Agency receiving surplus tax increment revenues. The existence of surplus tax increment revenues shall be determined by the Agency at the next bond payment date. If there are sufficient revenues at the next bond payment date to make the bond payment, excess accrued revenues will be considered to be surplus and shall be used by the Agency to make payment on the balance of accrued advancements by the Company to the Agency. Provided, however, that said advancements shall not accrue interest.

3. The parties agree that the current outstanding balance of advancements made by the Company to the Agency is the sum of \$135,453.75.

4. The parties agree that all other provisions of their Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have set their hands effective the date first above-written.

JACKLIN LAND COMPANY
an Idaho limited partnership

By: *[Signature]*
General Partner

POST FALLS URBAN RENEWAL AGENCY

By: *[Signature]*
Chairman