

LETTER OF INTENT

February 1, 2016

Eagle Urban Renewal Agency
P.O. 1957
Eagle, Idaho 83616

Caleb Roope, President/CEO
Pacific West Communities, Inc.
430 E. State Street, Suite 100
Eagle, Idaho 83616

Caleb Roope, Manager of TPC Commercial LLC, Managing Member
The Charter School Fund – Oro Valley, LLC
430 E. State Street, Suite 100
Eagle, Idaho 83616

Caleb Roope, Manager of TPC CS Holdings I, LLC, Manager
TPC Brooklyn Park Investors, LLC
430 E. State Street, Suite 100
Eagle, Idaho 83616

This letter of intent (“LOI”) confirms our mutual intentions with respect to the potential relationship and agreement described herein between the Eagle Urban Renewal Agency, an independent public body, corporate and politic, organized and existing under the laws of the State of Idaho and known as the Urban Renewal Agency of the City of Eagle, Idaho (“EURA”), and Pacific West Communities, Inc., The Charter School Fund – Oro Valley, LLC and TPC Brooklyn Park Investors, LLC (“Participants”) with the EURA and Participants collectively referred to herein as the (“Parties”).

1. **Owner Participation Agreement.** The Parties desire to negotiate and enter into either a new Owner Participation Agreement or an amendment to their existing Owner Participation Agreement (“Agreement”) for the construction of certain Reimbursable Public Improvements (See Exhibits B and C) by Participants on the Site (See Exhibit A) with the cost of the Reimbursable Public Improvements to be reimbursed by EURA from a portion of the annual net tax increment revenues generated by the increased value of Participants’ property following Participants’ private development of the Site. The basic primary terms of the proposed Agreement would be substantially as follows:

(A) The property which is to be the subject of the Owner Participation Agreement for the Reimbursable Public Improvements is the property generally noted in attached Exhibit A as the "Eagle Lakes" project located south of State Highway 44 in Eagle, Idaho ("Site"). A complete legal description of the Site will be included in the Agreement.

(B) Participants intend to own and develop the Site. Participants will own the Site at the time any Agreement is executed. The Reimbursable Public Improvements which are the subject of this LOI are located within the "Eagle Lakes" project on the Site. As shown in Exhibit B attached hereto, the Reimbursable Public Improvements described in this LOI would be required to be completed by June 30, 2018. The agreement contemplated by this LOI may require an integration of Exhibit B with the tables in the existing Owner Participation Agreement and a corresponding adjustment to the revenue, expenditure and reimbursement schedules in said tables.

(C) The Reimbursable Public Improvements consist of public restrooms, public parking facilities and public park and pathway improvements with an estimated total cost not to exceed \$702,000.00 as shown on Exhibit C. The location of the desired improvements is subject to negotiation and change. The Parties may negotiate potential reimbursement for financing costs associated with the Reimbursable Public Improvements. The Reimbursable Public Improvements will be open and equally available for use by the public. Agency will not be responsible for the on-going maintenance and repair of the Reimbursable Public Improvements. Participants will ensure that ongoing maintenance and repair of the Reimbursable Public Improvements is provided for with specifics to be negotiated in the Owner Participation Agreement.

(D) Participants will construct the Reimbursable Public Improvements as noted in Exhibit C and EURA will reimburse Participants the actual cost of construction of said public improvements solely from 75% of the annual net tax increment revenues generated by the Site and received by the EURA applicable to and as a result of Participants' private development on the Site. Reimbursement payments to Participants will only come from the specified portion of the annual tax increment revenues received by the Agency from Ada County and Participants will only be owed and paid seventy-five percent (75%) of the annual net tax increment revenues generated from the Site that Agency actually receives. The obligation of the Agency to reimburse Participants shall be specifically subordinate to the Agency's debt obligations existing prior to execution of any agreement. Any subsequent debt obligations that are collateralized in whole or in part by the seventy-five percent (75%) share of the annual net tax increment revenues generated from the Site will be subordinate to Agency's obligation to reimburse the Participants from the seventy-five percent (75%) share of the annual net tax increment revenues generated by the Site. The Agency is only obligated to fund the reimbursement to Participants from the seventy-five percent (75%) of the annual net tax increment revenues generated from the Site and received by the Agency. Any agreement shall not be interpreted as precluding or limiting the Agency's ability to incur debt collateralized by the Agency's twenty-five percent (25%)

share of the annual net tax increment revenues generated from the Site nor the Agency's ability to incur debt collateralized by tax increment revenues generated outside the Site. Participants shall have no claim or right whatsoever to any of the Agency's other available revenues, assets or other funding sources outside of the seventy-five percent (75%) of the increased annual net tax increment revenues generated from the Site. Agency will not be obligated or required to seek or use other available revenues or other funding sources for reimbursement to Participants. Net share shall be calculated after any pass through payments due to other taxing districts. There shall be no penalty or other fees for early reimbursement of the full amount. Reimbursement payments to Participants will not exceed the life of the EURA and Participants bear the risk that the reimbursement payments to be made during the life of the EURA from the seventy-five percent (75%) portion of the annual net tax increment revenues may not be sufficient to fully reimburse Participants for the cost of constructing the Reimbursable Public Improvements. The annual net increment reimbursement amounts shall be calculated and begin accumulation upon a date (mutually agreeable to the Parties, which may be the same as the date under the existing Owner Participation Agreement for the Site, and subject to values of the Site established by the Ada County Assessor and when any annual net tax increment revenues are actually received by the Agency.

(E) Although this LOI covers Reimbursable Public Improvements in the "Eagle Lakes" project, the annual net tax increment revenues from the "Eagle Lakes", "East End Marketplace" and "Edgewood Crossing" projects will be used for reimbursement.

(F) The Agreement will include conceptual drawings and an adequate description of the Reimbursable Public Improvements. The Reimbursable Public Improvements are subject to the approval of the EURA and the City of Eagle and must be constructed in accordance with the regulations, laws, standards and requirements of the City of Eagle and any other applicable government agencies with jurisdiction. The Reimbursable Public Improvements must be accepted by the City or the applicable agency with jurisdiction following construction to be eligible for reimbursement by the EURA. Ownership of the Reimbursable Public Improvements by Participants or the applicable public agencies and the availability of said improvements for use by the public will be addressed in the Owner Participation Agreement.

(G) The Agreement will require that the Participants' private development and use of the Site and the design and construction of the Reimbursable Public Improvements conform to the EURA's Revitalization Plan. The Agreement will also prohibit discrimination by Participants in the construction of the desired improvements and the use and development of the Site unless otherwise allowed pursuant to federal fair housing laws.

2. **Subsequent Agreements.** All of the terms and conditions of the proposed Agreement would be stated in the subsequent Owner Participation Agreement to be

negotiated and, if agreed upon, then executed by the Parties. The Parties do not intend this LOI or any of their oral or written statements or correspondence concerning this LOI and/or the Agreement to be binding upon the Parties, notwithstanding that the same may be expressed in terms signifying a partial, preliminary or interim agreement between the parties.

3. **Expenses.** The Parties will pay their respective expenses incidental to this LOI, the Agreement and the establishment of other corresponding agreements and relationships between the Parties regarding this transaction.

4. **Miscellaneous.** This letter shall be governed by the laws of the State of Idaho. This LOI constitutes the entire understanding between the Parties hereto with respect to its subject matter and supersedes all prior or contemporaneous agreements, representations, discussions and understandings of the Parties (whether oral or written). No promise, inducement, representation or agreement, other than as expressly set forth herein, has been made to or by the Parties hereto. The Exhibits attached to this LOI are specifically incorporated by reference herein. This LOI may be amended only by written agreement signed by the Parties. Evidence shall be inadmissible to show agreement by and between such Parties to any term or condition contained herein or contrary to or in addition to the terms and conditions contained in this letter. This LOI shall be construed according to its fair meaning and not strictly for or against any Party regardless of which party drafted the LOI or applicable portion thereof. This LOI may be executed in two counterparts, each of which shall be deemed an original and all of which taken together shall be one and the same document.

5. **No Binding Obligation.** THIS LETTER OF INTENT DOES NOT CONSTITUTE OR CREATE, AND SHALL NOT BE DEEMED OR INTERPRETED TO CONSTITUTE OR CREATE, ANY LEGALLY BINDING OR ENFORCEABLE OBLIGATION OR AGREEMENT ON THE PART OF ANY PARTY TO THIS LETTER OF INTENT. NO SUCH OBLIGATION SHALL BE CREATED, EXCEPT BY THE EXECUTION AND DELIVERY OF THE SEPARATE AND SUBSEQUENT OWNER PARTICIPATION AGREEMENT BETWEEN THE PARTIES CONTAINING SUCH TERMS AND CONDITIONS AS SHALL BE AGREED UPON BY THE PARTIES, AND THEN ONLY IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF SUCH SUBSEQUENT OWNER PARTICIPATION AGREEMENT.

By signing below, the Parties hereby agree and acknowledge that the foregoing terms and conditions of this LOI are acceptable and that they are in agreement with the same.

Eagle Urban Renewal Agency



Jeff Kunz, Chairman

Pacific West Communities, Inc.



Caleb Roope
President/CEO

The Charter School Fund – Oro Valley, LLC



TPC Commercial, LLC, Managing Member
Caleb Roope, Manager

TPC Brooklyn Park Investors, LLC



TPC CS Holdings I, LLC, Manager
Caleb Roope, Manager

Exhibit A – Site



Exhibit B Projected Scope and Schedule of Reimbursable Public Improvements

The Public Computer Program is authorized by the General Appropriations Act for the fiscal year ending June 30, 2015. Estimated revenues and expenses for the year ending June 30, 2015 are \$1,000,000.

Project / Program	Est. Projected Revenue	Est. Projected Expenses	Reimbursement Schedule															
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Public Information and Public Facilities	\$ 300,000	\$ 240,000																
Public Safety Improvements	\$ 250,000	\$ 200,000																
Other	\$ 450,000	\$ 360,000																
Total	\$ 1,000,000	\$ 800,000																
Percentage of Total Revenue	100%	80%																
Percentage of Total Expenses	80%	100%																

** Actual revenues and expenses are subject to change and are based on the actual performance of the program.

General Development

The development shall be in acceptable conformity with the Agency's Revitalization Plan, all applicable City building, zoning, design review approval and subdivision ordinances and the City Conditions of Approval.

All improvements constructed by the Participants shall be constructed substantially in accordance with this Scope and Schedule of Development, Revitalization Plan, City Agreements, City Conditions of Approval, with plans and drawings which have been submitted to the City, ACHD, ITD, other applicable agencies and the Agency. Plans and drawings are to be submitted to the Agency for review and approval concurrent with submission to the City, ACHD, ITD or other applicable agency. The Participants shall also provide the Agency with the plans and the specifications of the Reimbursable Public Improvements for review and approval at the same time they are submitted to the applicable agency.

Participants shall complete the Reimbursable Public Improvements located within and applicable to the Eagle Lakes portion of the Site by June 30, 2018. The Parties agree that a mandatory schedule for the completion of the private development, other than the Reimbursable Public Improvements, is not necessary as it is in the Participants' best interest to complete said private development as quickly as possible. Nevertheless, completion of the private development that does not include the Reimbursable Public Improvements is not to be unreasonably delayed. Once construction has commenced, it shall be continued diligently until completed on or before the times set forth herein.

Exhibit C – Reimbursable Public Improvements

<u>DESCRIPTION OF IMPROVEMENTS</u>	<u>AMOUNT OF IMPROVEMENTS</u>
Eagle Lakes	
Public Restrooms and Parking Facilities	\$304,000
Restroom Structure – Minimum of Two Restrooms	
Paved Parking Improvements (Including Curbs, Gutters, Sidewalks)	
Sewer and Water Services	
Dry Utility Services	
Storm Drainage	
Landscaping	
Street Lights	
Land Acquisition Costs for Public Improvements	
Public Park Improvements	245,000
Landscaping	
Graveled Pathways	
Park Benches	
Public Pathway Improvements	153,000
Paved Pathways	
Pathway Lighting	
Total Estimated Reimbursable Public Improvements	\$702,000

Time and Terms of Annual Net Tax Increment Reimbursement Payments

For any reimbursements to which the Participants are entitled, the payments received each year by the Agency from the ad valorem taxes paid by taxpayers to the Ada County Treasurer from the private development on the Site shall be paid to the Participants after the completion of the Reimbursable Public Improvements, verification of the costs of the Reimbursable Public Improvements, and acceptance thereof by City, ACHD, ITD and the Agency as applicable. Reimbursement payments by Agency to Participants for Reimbursable Public Improvements shall only be made to Pacific West Communities, Inc.

The Local Economic Development Act, as amended, provides that the Agency will be paid tax increment funds contingent on the amount of assessed value of the applicable property as determined by the Ada County Assessor each year and the rate of tax levy or the percentage of assessment levied by each of the taxing agencies. The Agency is not a guarantor of the assessment determination made by Ada County Assessor or the collection of the tax increment by Ada County.

Reimbursement to Participants shall only be made from the applicable portion of the tax increment revenues paid to the Agency by Ada County. The Agency agrees to make

reimbursement payments from the applicable portion of the annual net tax increment revenues generated from the Site and as funds are received during the year. The Agency shall have no obligation to make payments to the Participants from tax revenues collected and paid to the Agency beyond the existence of the potential agreement.

The reimbursement payments to the Participants are secured solely by a pledge of the Agency of the percentage of the annual net tax increment revenues generated by the private development that is constructed on the Site by the Participants, and the Participants shall have no other recourse to the Agency or the City and no recourse whatsoever to any other party for payment.

There shall be no penalty to Agency for early payment or reimbursement made to Participants of the costs of the Reimbursable Public Improvements.