

IDAHO FALLS REDEVELOPMENT AGENCY
P.O. BOX 50220
IDAHO FALLS, IDAHO 83405-0220

Thursday, March 15, 2018
Idaho Falls City Council Chambers
680 Park Avenue

Meeting Time: Noon

A G E N D A

1. Modifications, Additions, Changes to the Agenda
2. Approval of Minutes: February 15, 2018
3. Approval of Bills and Financial Report
4. Public Comment: Consider Resolution Approving the 2017 Annual Report
5. Bonneville Hotel: Revised DDA
6. Jackson Hole Junction DDA
7. Project Updates and Discussion
 - a. The Broadway and Parking Garage
 - b. Idahoan Foods
8. RAI Discussion and Legislative Update
9. Next Meeting: April 19, 2018

Public hearing items are subject to change. If you have interest in a specific item, please contact the Planning Office at 208-612-8799. If you need communication aids or services or other physical accommodations to participate or access this meeting or program of the City of Idaho Falls, you may contact Naysha Foster at 208-612-8799, or the ADA Coordinator, Lisa Farris at 208-612-8323 and every effort will be made to adequately meet your needs.

IDAHO FALLS REDEVELOPMENT AGENCY
P.O. BOX 50220
IDAHO FALLS, IDAHO 83405-0220

MEMORANDUM

TO: Board of Idaho Falls Redevelopment Agency
FROM: Brad Cramer, Executive Director
SUBJECT: Agenda Items, Regular Meeting, March 15, 2018
DATE: March 9, 2018

2017 Annual Report

Attached is a resolution approving the final draft of the 2017 Annual Report including the Financial Audit Report. Changes discussed at last month's meeting have been made. The Annual Report covers a summary of projects, activities, and finances for each urban renewal district and an overview of valuations of all districts. It must be approved and submitted to the City Clerk on or before March 31, 2018. Notice that the Board will be accepting public comment on the report was posted on the City's website, in the newspaper, and sent out as a press release.

Bonneville Hotel: Revised DDA

Attached is the proposed amendment to the DDA and Schedule of Performance for the Bonneville Hotel. The changes reflect the change in purchase price from \$500,000 to \$200,000, selecting TitleOne as the escrow agent, and the possibility that another loan is being pursued by The Housing Company which, if successful, may result in up to \$300,000 being returned to the Agency as part of the purchase price.

Jackson Hole Junction OPA

The most recent draft of the OPA for Jackson Hole Junction is attached. The draft reflects changes requested by the sub-committee, which met with staff and legal counsel to discuss the amendments made by the applicant. The agreement includes provisions for IFRA to maintain 20% of the tax revenues with a \$50,000 cap and that no payment will be made until either a road is built and accepted by the City or a Certificate of Occupancy is issued for a building. Most of the remaining language is standard.

The Broadway: Project Update, Plaza and Parking Discussion

Staff held a phone call with Jeff Wolf from Car Park regarding the parking lot. Based on the conversation, staff recommends the subcommittee for this project schedule a separate time to meet with staff, the Oppenheimer team, and legal counsel to discuss some of the ideas proposed and how to move forward and to report back to the full agency board in April.

IDAHO FALLS REDEVELOPMENT AGENCY

P.O. BOX 50220

IDAHO FALLS, ID 83405

February 15, 2018

Regular Meeting Minutes

Council Chambers

Call to Order: Lee Radford called the meeting to order at 12:00.

Members Present: Lee Radford, Terri Gazdik, Brent Thompson, Kirk Larsen, Thomas Halley, Dave Radford, Chris Harvey.

Members Absent: None

Also Present: Brad Cramer; Ryan Armbruster (via telephone); and interested citizens.

Modifications to Agenda: None.

Minutes: Dave Radford moved to approve the minutes of January 18, 2018, Kirk Larsen seconded the motion and it passed unanimously.

Approval of Bills: Lee Radford presented the finance report dated February 15, 2018. The following bills were presented to be paid from the Snake River Allocation Fund: Elam and Burke, \$3,126.95 for legal services; Rebecca Thompson, \$70.00 for transcription of minutes; Kevin Machen, \$70.00 for snow removal; Amerititle – Renaissance Partners, \$175,677.90 for the OPA tax increment; as well as a transfer of funds from the Snake River Revenue Allocation Fund to the Jackson Hole Junction to cover legal fees. The following bill was presented to be paid from the River Commons Revenue Allocation Fund: Title Financial Specialty- Bandon River, \$10,129.67 for OPA tax increment; Title Financial Services – Ball Ventures, \$443,764.02. The following bill was presented to be paid from the Jackson Hole Junction Revenue Allocation Fund: Elam and Burke, \$1,580.00 for legal services. **Thomas Halley moved to approve the Finance Report, Brent Thompson seconded the motion and it passed unanimously.**

2017 Audit Report. Stacey Lemon, Rudd & Company. Lemon presented the 2017 Audit Report. Lemon indicated that the report was issued as an “unmodified report”, which means that the audit procedures have concluded that the financial statements are reasonably stated. Lemon directed the Board members to page 13 *Statement of Net Position* for IFRA. Lemon reminded the Board that all information is as of September 30, 2017. Lemon indicated that assets include: Cash and Investments of \$7,484,145.00; Property Tax receivable of \$94,996.00; Other receivable; \$25,804.00; Real estate option deposit of \$100,000 for Bonneville Hotel and that will go away once the option expires or applied to the purchase price; Land \$1,499,386.00 for the purchase of the Kelsch Property, and that land has already been transferred, but as of the end of the year it still belonged to the Agency, which leaves the Agency with \$9,204,331 in assets. Lemon indicated that there is a small amount of payables as listed, as some accrued interest on the notes due under OPA agreements. Lemon indicated that it is showing a negative net position of (\$4,155,827.00), but a lot of that is for the promissory notes that are due to developers, and if those notes haven’t been paid by the end of the district, they go away. Lemon indicated that it is not an issue and there are plenty of funds to cover what is coming in the future. Lemon directed the Board to page 15 *Balance Sheet* for each individual District. Lemon indicated there is still a significant amount of cash and most of it is in the Snake River District; there are tax receivable that are mostly in the Snake River District. Lemon noted that there is an amount due between two different funds. Lemon stated that there was an issue with the property taxes in December 2016 and the County had marked some funds that were due for the Pancheri-Yellowstone Fund and the Eagle Ridge Fund as belonging to the Snake River

Fund, so now there is a receivable under Pancheri-Yellowstone and Eagle Ridge for the property taxes, and a payable on the Snake River's books. Lemon directed the Board to the Fund Balances portion on this page that shows the funds available to the District to use. Lemon showed that the Snake River Fund is the only fund that has any committed funds for projects. Lemon directed the Board Members to page 32 the last page of *Notes to Financial Statements*, that gives a list of what the Commitments are for each fund. Lemon indicated that at this point a lot of these commitments have been paid, but as of the end of the Fiscal year the amount still existed. Lemon directed the Members to page 17 *Statement of Revenues, Expenditures, and Changes in Fund Balances*. Lemon indicated that this page is the Profit and Loss Statement, by fund for the whole year. Lemon indicated that property tax revenues were up from the prior year by approximately \$200,000.00. Lemon stated that expenditures were similar to last year. Lemon stated that the amount under capital outlay shows the amount that was paid out for specific projects, including \$100,000 for Bonneville Hotel Option; \$151,000 for Milligan Road; \$2.2 million for the Riverwalk Drive project. Lemon indicated that the other funds only had administrative costs and legal expenses. Lemon stated that there is now a new fund for Jackson Hole Junction, and there was \$30,000 of income that was received from the developer that was used for legal expenses. Lemon directed the Board Members to page 25 *Notes to Financial Statements*. Lemon indicated that this shows the long-term notes and the activity in those debts throughout the year. Lemon stated that the payment is based on a percentage of the property tax received during the year, and most of them have no principal paid because the accrued interest balance is high, and the property tax goes to interest. Lemon stated that when the Districts expire the loans will go away. Lemon indicated that the Snake River Revenue Allocation Fund for \$2.5 million will disappear once the District is gone, and the Agency is not liable for the note. Dave Radford asked what the \$163,616 under Reductions for Snake River Allocation is depicting. Lemon indicated that it is the amount of principal that was paid down on the Promissory Note, so the payments that were received for property taxes that were then remitted to the developer were more than the accrued interest. Brent Thompson asked on Page 17 the River Commons Allocation Fund paid \$703,093 in interest and was that related to the balance on the Promissory Notes (\$9.3 million) on Page 25 for the Fund. Lemon agreed with Thompson that the interest was mostly from the \$8.8 million loan that has been outstanding for 10 years and has accrued a lot of interest. Lemon indicated that the other 2 notes are new that the accrued interest balance is new and that is why some of the payment was applied to principal. Lemon directed the Board Members to page 28 *Notes to Financial Statements*, shows a narrative of the Commitments on each of the projects, including the original agreement, how much has been paid, and how much still will be paid in the future. Lemon directed the Board Members to page 34 *Snake River Allocation Fund Schedule of Revenues, Expenditures, and Changes in /fund Balances- Budget to Actual*. Lemon indicated that this is a comparison of actual expenditures and revenues to the budgeted amounts for each fund. Lemon stated that Jackson Hole Junction is not listed because it did not exist when the budget was set. Lemon stated that revenues are more than what was budgeted; expenditures were less as some projects did not get going before the end of the year. *River Commons Fund Schedule of Revenues, Expenditures, and Changes in /fund Balances- Budget to Actual*. Lemons indicated that the only change is for \$665,000 for cost of construction because the promissory note was expected to be issued before the end of the year. Lemon indicated that the Pancheri Yellowstone has no significant differences between the budgeted and actual amounts. Lemons indicated that on Eagle Ridge the differences shown are from projects that were expected to be farther ahead.

Larsen directed Lemon to Page 13 *Statement of Net Position*. Larsen stated that there is an asset accrual and a liability accrual, and the asset is property tax receivable. Larsen asked if that goes through September 30 on the receivable. Lemon indicated those are all the property taxes receivable for previous years (2016, 2015, 2014, 2013) as of September 30. Larsen asked if the accrued interest payable is from

the last time the interest was brought current up until September 30. Lemons agreed with Larsen. Lemons indicted that some of the interest is current.

Thomas Halley moved to accept the 2017 Audit Report, direct Staff to file it appropriately, and add it to the annual report, Brent Thompson seconded the motion and it passed unanimously.

Review of Draft 2017 Annual Report. Cramer stated that most of the report has been updating the narrative to include projects they've done this year and updating projects. Cramer stated that the most asked about page deals with the increment values on page 3. Cramer stated that the Table shows each of the Districts, the year they were created, the year they will terminate, and their increment value to-date. Cramer stated that the paragraphs below the table show the percentage of valuation compared with the valuation of the City as a whole. Cramer stated that the table shows the positive affect of urban renewal on Idaho Falls. Cramer stated that the new section includes Jackson Hole Junction beginning on page 14. Cramer stated that everything is up to date with the text, and he would like to update the photos to show some of the projects that have been completed.

Gazdik stated she liked the *Executive Summary* (page 2) and asked if under the Culver's restaurant they could add the private investment that was invested on the property is, so it gives the read a good idea on the return on what the Agency is putting into the property.

Lee Radford stated he liked page 16 *Summary of "Increment Value"* that shows the Base Value and the Current Value. Gazdik asked if the Summary is supposed to be for 2016. Cramer indicated he will update all the years to 2017. Lee Radford asked Cramer to put the Base Value first and then the Net Taxable (switch columns). Halley stated that the values are appraised value and the market value will be considerably higher. Dave Radford stated that if it is more than 10% (5% on either side) deviation they are out of compliance as far as appraised value.

Armbruster indicated that they need to accept the report in its draft form, and authorize Cramer to distribute the Report and make it available to the public. Cramer indicated that in the past he has done a publication notice with the Post Register as well as posting it to the City's website. Armbruster stated that the March meeting will be open for public comment and approve the Annual Report for filing.

Kirk Larsen moved to approve the Draft 2017 Annual Report and authorize Brad Cramer to distribute the report and make it available to the public, including posting it to the City's website and filing a publication notice with the Post Register, Terri Gazdik seconded the motion and it passed unanimously.

Jackson Hole Junction: Review of Draft Owner Participation Agreement. Lee Radford asked who the sub-committee is on Jackson Hole Junction. Halley indicated that he was working on that project. Cramer stated that this will be a status update as the OPA is not ready to be reviewed. Cramer stated that the OPA has been distributed to staff and Chairman and recently to the developer's legal counsel. Cramer stated that once the changes come back from the developer the sub-committee can meet and review the OPA closer.

Halley stated that they are going to remove a lot of dirt from the area and they are intending to donate the dirt to the Heritage Park along the River.

Dave Radford offered to help with the sub-committee on Jackson Hole Junction.

Pancheri-Yellowstone Potential Project Update. Cramer stated that one of the property owners in the District approached the Agency to do a project and spend some of the money in the District, including

some improvements along Yellowstone Highway. Cramer stated that Public Works used their right of way agent to work with property owners to get some consensus amongst the property owners that this project would affect. Cramer stated that the plan shows the preferred option. Cramer stated that some of the changes that you could see might be to close some of the driveways and widen some other so the access flows better. Cramer stated that the plan shows trees, but Public Works is worried that the salt from the roads will kill the trees because of the narrow landscape area. Cramer stated that if they move the trees it is a \$12,000 cost difference. Cramer stated that if they don't do the trees, they could do decorative pavers or decorative rock. Cramer stated that the cost shown does not reflect the cost of purchasing the easement necessary to do these changes, which is estimated to be approximately \$5,000. Cramer indicated that this project shows 8' sidewalks. Cramer stated that this is an area that the City would like to see widened and have a better pathway for Connecting Our Community's and to help people that are coming from the Haven and the Ruth House, who need sidewalks to walk to work, etc. Cramer asked the Board if he should continue working on this project.

Lee Radford stated that when this District was started when Roger Ball Family wanted to build Candlewood Suites. Radford stated that the Balls' approached the Agency about an Urban Renewal District. Radford stated that Balls didn't ask for a lot, just some landscaping at the intersection and a portion of the trail maintenance. Radford stated that the hope was that some of the owners along Yellowstone would use the opportunity of having an urban renewal area to market their properties and bring other development, however, none have taken advantage, so the money has accumulated. Dave Radford stated that Kerr Lumber and Burglars were contacted and there wasn't any interest.

Lee Radford stated that the alternative to doing this project would be to return the funds to the tax entity and close the District.

Kirk Larsen asked if there is any interest in the area. Cramer stated that the only thing that they've heard is the Berry Oil Company will be making improvements to their site and all the other owners are just sitting.

Brent Thompson asked about the easements that need to be purchased. Cramer stated that they are sidewalk easements, so rather than purchasing the property they would purchase easements.

Dave Radford indicated that this District is intended to be a 12-year District. Cramer indicated that this District ends in 2019. Dave Radford stated that the sidewalks are a good idea for the area, and that might make the area more appealing for development.

Halley stated that the balance of the District is \$727,000.

Cramer asked if the Board is supportive and if he can direct Public Works to continue working on the project. Gazdik asked what decision needs to be made today. Gazdik stated that she would rather all the money go into the project, rather than return the money. Gazdik stated that the improvements will enhance the property and Yellowstone is a main entry way to the City and it needs to look good. Dave Radford stated that Renee Magee always wanted to do more along Yellowstone to make it look more appealing going into town. Gazdik stated that it is unfortunate that they can't do any greenery, but maybe another aesthetic improvement can be made. Lee Radford agreed with Gazdik. Radford stated that if they can encourage one development they will pay back what money is spent. Lee Radford asked if there is enough money to buy another foot or two of easement. Lee Radford stated that the land owners should participate and not be too tough on the Agency on giving them another foot or two to get some greenery along the road. Lee Radford stated that it will encourage people to want to invest in the area. Lee Radford stated that they've done a lot to the segments of the river from John Holes Bridge to Sunnyside.

Lee Radford indicated that if they could get a hotel or restaurant along the river it would be a major contribution, and this improvement along the road might be small part of pushing that direction. Halley stated that the economy is going well, and things are getting added. Halley stated that the Agency should do what they can to make it an attractive investment for developers.

Cramer clarified that the Agency is wanting to spend the balance of the funds instead of giving the money back. Cramer asked if they couldn't get more width purchased would the Agency want to narrow the sidewalk from 8' down to 5' to increase the landscaping width or would they rather keep the 8' sidewalk and have pavers and possibly no greenery. Gazdik suggested that instead of pavers they could possibly do some stampcrete, as the pavers sometimes get shifted due to the freeze. Thompson stated that Firth has paver work that was put in years ago and still looks nice. Lee Radford stated that the pavers on Broadway are holding up, but the ones that go in the street do not do well. Cramer agreed with Radford that the pavers that are used for pedestrian traffic do well. Gazdik indicated she would like them to find a way to put greenery. Halley stated that the best way to move traffic and reduce ice and snow is brine and the brine is lethal to greenery. Gazdik asked about planter boxes.

Lee Radford stated that the Agency is willing to spend the entire balance if they can get a plan that has more greenery, possibly more space and see what they can do. Lee Radford stated that it appears that they lean more towards pavers over rocks. Dave Radford asked if the current balance is projected for next years. Cramer stated that it is only current balance, so there would be some additional funds going in for next year. Mark Hagedorn stated that they are getting \$60,000 in property taxes.

Dave Radford stated that along the river it would be nice to have a bike and walking path. Cramer stated that there is a pathway along that side of the river that goes all the way to Sunnyside that has been developed in the last 5-7 years.

Brent Thompson suggested that the property owners be encouraged to donate the easements.

Terri Gazdik moved to authorize Brad Cramer to pursue plans for development of the area along Yellowstone Highway to include: attempting to acquire more easement to put in greenery, and if greenery is not possible then to have pavers for aesthetics, Brent Thompson seconded the motion and it passed unanimously.

The Broadway: Project Update and Plaza Discussion. Lee Radford recused himself for this item. Cramer stated that they meet with the Plaza Committee and there is a revised design in the packet that has the wave design that is like the new City Logo. Cramer stated that the concrete has been poured for the plaza and the Committee liked the amenities that were selected. Cramer stated that they need to start thinking about the structure of the parking below grade, whether it will be hourly, daily, monthly. Cramer stated that they need to order the equipment for gate to the parking garage, and the type of equipment needed is different than hourly versus long term leases.

Brent Thompson indicated that there hasn't been a lot of successful public parking projects in Idaho Falls, so it is hard to tell what they are going to need. Thompson indicated that he believes it should be short term, and perhaps some long-term parking. Thompson suggested they have the equipment than can handle both.

Thomas Halley stated that if too much is in long term monthly leases, the less it benefits the public in general as it would be strongly biased towards the tenants.

Thompson indicated that it is imperative to make the emphasis on the parking as a benefit to the public, rather than an excessive benefit to the tenants.

Cramer stated that he spoke with Oppenheimers about long term lease would have a certain time of day that the lease spot would end, so after 5:30 that spot would not be guaranteed, and Oppenheimers were open to that type of a mix.

Lee Radford stated that his firm is entering into a lease to lease a portion of the building and this is a concern for the tenants. Lee Radford stated that the lease has a provision that if the firm is not happy with the parking arrangement they can terminate the lease. Radford stated that they are paying a full market rent and they need to be able to have some rights to the parking.

Brent Thompson stated that both public and tenants have an interest in the parking. Thompson stated that there are 49 below grade spaces and there needs to be a balance with short term and long-term parking.

Kirk Larsen asked if there is any knowledge about other cities using a mix such as Monday – Friday 7-5:30 is a lease and then after that time it is open for hourly parking. Cramer stated that Boise has done that. Larsen indicated that would be a good compromise for a percentage of the spots.

Armbruster stated that CCDC in its new garage will move to a mixed parking situation. Armbruster stated that your monthly parking pass doesn't guarantee you the opportunity to park 24/7. Armbruster stated that in the older garages the way CCDC mixes short term and long term is by floor so that the monthly pass car is parking on the higher floors and the retail/short term parking will be on the lower floor. Armbruster stated that they have gone to more monthly than short term because it has been more attractive in terms of financial return. Armbruster stated that theoretically if you do have enough turn over in the short-term spaces you do make more money than a long term monthly pass.

Larsen stated that the tenants have needs and they are paying market price for the rental, so they need to be met in the middle. Larsen stated that it is doable to have a mix.

Cramer clarified that at this point the equipment that could be needed should be such to accommodate a mix of parking. The Board members agreed with Cramer.

Gazdik stated that the redesigned Grove has the waves running through their plaza that has little solar pebbles in the wave so there is a lighting affect at night. Armbruster stated that it is much changed and very cool. Thompson stated that the artificial ground view is very attractive.

The Bonneville Hotel: Project Updates and Draft DDA Revisions. Cramer stated that the revised DDA will be available in March that will revise the purchase price and how the funds are allocated. Armbruster stated that they have flushed out the issues in the drafting tasks and they will have a draft at the next meeting in March.

Update on Constitution Way Improvements. Radford indicated that Tom Manschrek has been working with Idahoan to convince them to remain in Downtown Idaho Falls. Radford stated that they are trying to help and see how the Agency can participate. Radford indicated that Manschrek has a proposal to Idahoan and they are supposed to meet next week with Idahoan and see what they have to say. Radford indicated that the property they are looking at is the property across the street from the City building, where Idahoan currently is, and the lot next to Idahoan. Radford stated that the lot next to Idahoan would be developed into a high rise building that was joined to the existing Idahoan. Radford added that they plan to improve the intersection of Park and Constitution. Radford stated that Idahoan could easily find new space in another area, but it would be beneficial to have them invest in the current infrastructure.

Thompson asked what the parking plan is. Radford stated that the plans are interesting and attractive, including a 7-story building with a retail component on the main floor and 3 parking floors and 3 floors of office space that would connect to the existing Idahoan space. Radford stated that this would have covered parking and that is a major incentive to Idahoan.

RAI and Legislative Updates. Armbruster stated that Legislatively there is House Bill 556 that would have granted to the County Commissioners the right to grant a property exemption from the remaining part of personal property that is not already exempted. Armbruster stated there has been concern expressed by the tax commission and the bill is technically held at the Chair, so likely it is done for the session. Armbruster stated that most of the entities, including Association of Idaho Cities, Association of Highway Districts, etc. opposed the bill. Armbruster stated that RAI will meet this afternoon to discuss other issues, but nothing pressing.

Halley stated that Bill 556 would be hard on the Districts that use bonding, as there wouldn't be enough money coming in to cover the bond. Armbruster stated that he had received comments from the Burley Redevelopment Agency, whose current tax revenue comes from personal property because of the heavy industrial nature of their project and they would be in a world of hurt, if the Cassia County Commissioners approved an exemption to one or more of the industrial users.

Lee Radford asked what Tax Payers they have that have more than \$100,000 of personal property. Armbruster stated that not many. Armbruster stated that in Boise the personal property tax is 15-20% of the revenue, so it's not insignificant, but not a substantial majority. Halley asked if this is a shift toward the smaller businesses as far as taxes go. Armbruster stated that would be the result.

Dave Radford asked if hotels would have over 100,000 in personal property. Armbruster stated that in Boise CCDC's loss of revenue would be 6%, as most users already fall within the exemption. Armbruster stated that the non-exempt personal property is the heavy industrial users. Armbruster stated that the statute works so that most of hotel/retail equipment and personal property values are small.

Next Regular Meeting: March 15, 2018.

Brent Thompson moved to adjourn the meeting, Dave Radford seconded the motion and it passed unanimously.

Respectfully Submitted: Beckie Thompson

BY THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF
IDAHO FALLS, IDAHO:

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
THE IDAHO FALLS REDEVELOPMENT AGENCY OF
IDAHO FALLS, IDAHO, TO BE TERMED THE “ANNUAL
REPORT RESOLUTION,” APPROVING THE ANNUAL
REPORT OF THE URBAN RENEWAL AGENCY, FOR
CALENDAR YEAR 2016; APPROVING THE NOTICE OF
FILING THE ANNUAL REPORT; DIRECTING THE CHAIR
TO SUBMIT SAID REPORT; AND PROVIDING AN
EFFECTIVE DATE.

THIS RESOLUTION, made on the date hereinafter set forth by the Idaho Falls
Redevelopment Agency of Idaho Falls, Idaho, an independent public body corporate and politic,
authorized under the authority of the Idaho Urban Renewal Law of 1965, as amended, Chapter
20, Title 50, Idaho Code, a duly created and functioning urban renewal agency for Idaho Falls,
Idaho, hereinafter referred to as the “Agency.”

WHEREAS, the Agency, an independent public body, corporate and politic, is an 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, as amended and supplemented
 (“Law”);

WHEREAS, the City Council of the city of Idaho Falls, Idaho (the “City”), on
December 22, 1988, after notice duly published, conducted a public hearing on the Lindsay
Boulevard Urban Renewal Plan (the “Urban Renewal Plan”);

WHEREAS, following said public hearing the City adopted its Ordinance No. 1926 on
December 23, 1988, approving the Urban Renewal Plan and making certain findings;

WHEREAS, the City, on December 10, 1992, after notice duly published, conducted a
public hearing on the Amended and Restated Urban Renewal Plan (the “Amended and Restated
Urban Renewal Plan”);

WHEREAS, following said public hearing, the City adopted its Ordinance No. 2084 on
December 10, 1992, approving the Amended and Restated Urban Renewal Plan and making
certain findings;

WHEREAS, the City, on November 14, 2002, after notice duly published, conducted a
public hearing on the Second Amended and Restated Urban Renewal Plan (the “Second
Amended and Restated Urban Renewal Plan”);

WHEREAS, following said public hearing, the City adopted its Ordinance No. 2467 on November 14, 2002, approving the Second Amended and Restated Urban Renewal Plan and making certain findings;

WHEREAS, the City, on October 14, 2004, after notice duly published, conducted a public hearing on the River Commons Urban Renewal Plan (the “River Commons Plan”);

WHEREAS, following said public hearing, the City adopted its Ordinance No. 2256 on October 14, 2004, approving the River Commons Plan and making certain findings;

WHEREAS, the City, on October 14, 2006, after notice duly published, conducted a public hearing on the First Amendment to the Second Amended and Restated Lindsay Boulevard Urban Renewal Plan, concerning the Downtown Addition (the “Downtown Addition”);

WHEREAS, following said public hearing, the City adopted its Ordinance No. 2685 on December 14, 2006, approving the Downtown Addition and making certain findings;

WHEREAS, the City, on December 13, 2007, after notice duly published conducted a public hearing on the Panchari-Yellowstone Urban Renewal Plan (the “Panchari-Yellowstone Plan”);

WHEREAS, following said public hearing, the City adopted its Ordinance No. 2731 on December 13, 2007, approving the Panchari-Yellowstone Plan and making certain findings;

WHEREAS, the City, on December 11, 2014, after notice duly published conducted a public hearing on the Eagle Ridge Urban Renewal Project Urban Renewal Plan (the “Eagle Ridge Plan”);

WHEREAS, following said public hearing, the City adopted its Ordinance No. 2978 on December 11, 2014, approving the Eagle Ridge Plan and making certain findings;

WHEREAS, the City, on November 9, 2017, after notice duly published conducted a public hearing on the Jackson Hole Junction Urban Renewal Project Urban Renewal Plan (the “Jackson Hole Junction Plan”);

WHEREAS, following said public hearing, the City adopted its Ordinance No. 3142 on November 9, 2017, approving the Jackson Hole Junction Plan and making certain findings;

WHEREAS, the Agency has embarked on several redevelopment projects to revitalize the Project Areas in compliance with the Second Amended and Restated Urban Renewal Plan, the Downtown Addition, the Panchari-Yellowstone Plan, the River Commons Plan, the Eagle Ridge Plan, and the Jackson Hole Junction Plan;

WHEREAS, pursuant to Idaho Code *Section* 50-2006(c), Agency staff has prepared an annual report of the Agency’s activities for calendar year 2017, a copy of which report is attached hereto as Exhibit A and is incorporated herein by reference;

WHEREAS, Agency has previously solicited comments concerning the annual report by publishing notice of the March 15, 2018, Board meeting, and posting the draft annual report on the City website;

WHEREAS, on March 15, 2018, pursuant to Section 50-2006(c), Idaho Code, the Agency held an open public meeting, properly noticed, to report these findings and take comments from the public at the City Council Chambers in the City Annex Building, 680 Park Avenue, Idaho Falls, Idaho, on the proposed annual report;

WHEREAS, pursuant to Section 20-2006(c), Idaho Code, the Agency is required to prepare an annual report and submit the annual report to the Mayor of the city of Idaho Falls, Idaho, on or before March 31 of each year.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE IDAHO FALLS REDEVELOPMENT AGENCY OF IDAHO FALLS, IDAHO, AS FOLLOWS:

Section 1: That the above statements are true and correct.

Section 2. That the annual report attached hereto as Exhibit A and the notice of filing the annual report attached hereto as Exhibit B are hereby approved and adopted by the Agency Board.

Section 3: That the Chair shall submit said annual report to the city of Idaho Falls, Idaho, on or before March 31, 2018.

Section 4: That this Resolution shall be in full force and effect immediately upon its adoption and approval.

PASSED AND ADOPTED by the Idaho Falls Redevelopment Agency of the city of Idaho Falls, Idaho, on March 15, 2018. Signed by the Chair of the Board of Commissioners, and attested by the Secretary to the Board of Commissioners, on this 15th day of March 2018.

APPROVED:

By _____
Lee Radford, Chair of the Board

ATTEST:

By _____
Terri Gazdik, Secretary

PUBLIC NOTICE

As required by Idaho Statute 50-2006, the Idaho Falls Urban Renewal Agency has filed a report of its 2017 activities with the office of the Idaho Falls City Clerk. The report is available for inspection during business hours in the office of the City Clerk, Idaho Falls, Idaho.

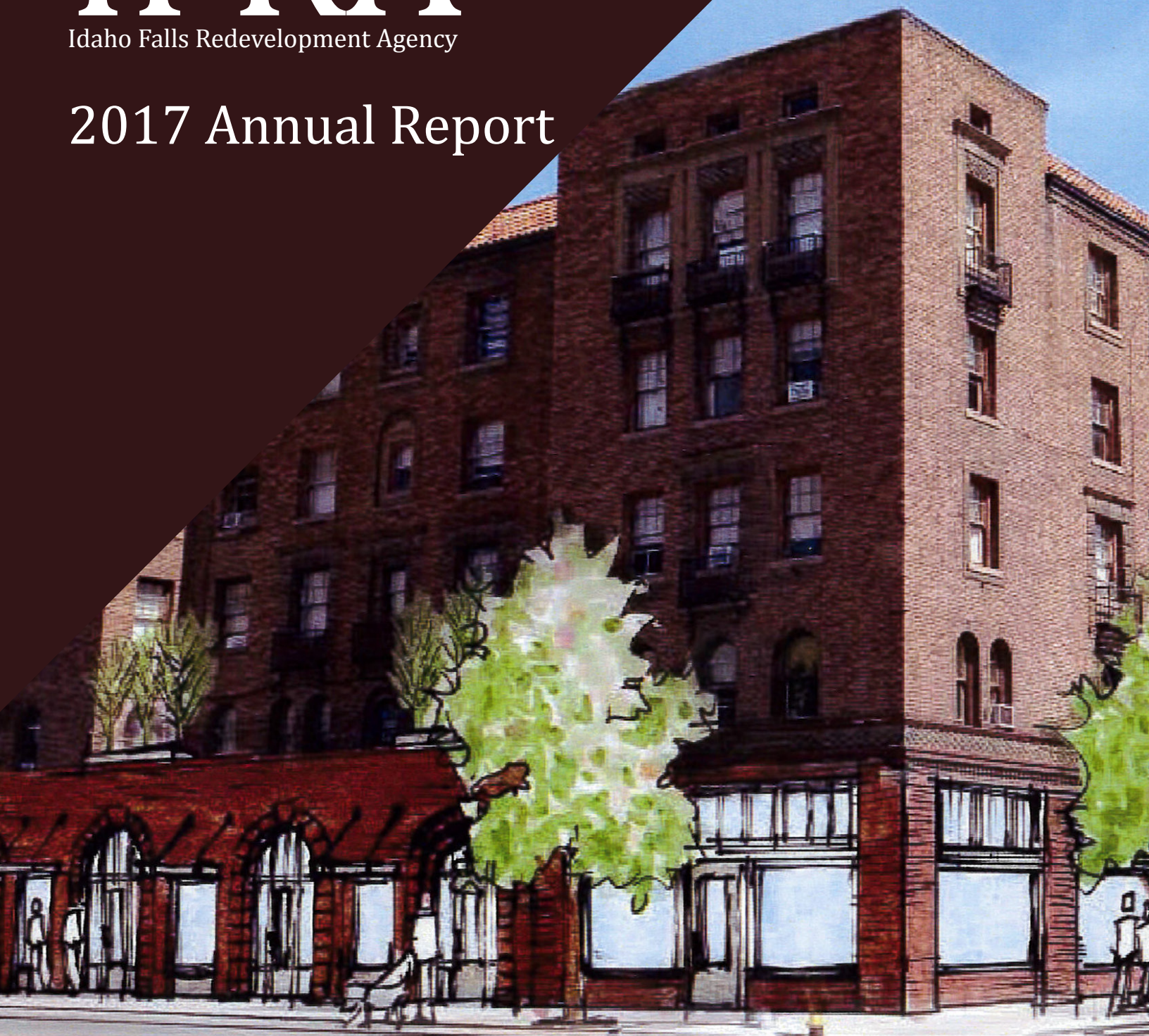
If you have any questions please contact, _____ (208) _____.

Published: March ____, 2018.

IFRA

Idaho Falls Redevelopment Agency

2017 Annual Report



To strengthen the tax base and promote the successful growth and development of the City of Idaho Falls by using, when necessary, tax increment financing to facilitate the construction of publicly owned infrastructure, giving due consideration to that which promotes and enhances the Snake River Greenbelt and encourages desirable land uses near that Greenbelt.

Mission Statement, Idaho Falls Redevelopment Agency

The Agency appreciates the opportunity to work with many others in the community to accomplish its purposes. Without these integrated efforts, the Agency would not be able to achieve its mission.

First, the Agency appreciates the real estate developers who have taken an interest in the urban renewal areas in the City of Idaho Falls. Without their interest in the community, their vision, their entrepreneurial spirit, their risk-taking, and their ability to execute on their plans, the Agency would not have been able to accomplish any of these projects. The Agency seeks to work with developers in the private sector, because they have the best knowledge of what the market forces are demanding for successful infrastructure and development in our community.

The Agency also appreciates the assistance of the City of Idaho Falls and Bonneville County in relation to the work accomplished. The City of Idaho Falls assists the Agency with expertise and staffing support on many projects, and by providing the time of a City Council member to be part of the Agency. Bonneville County assists the Agency in relation to the calculation and determination of the property tax increment, and through property tax collection, and also by dedicating the time of a County Commissioner to be part of the Agency. The City of Idaho Falls and Bonneville County are also valuable residents of downtown and the urban core of the community.

The Agency also appreciates the support of other taxing entities affected by the Agency's urban renewal areas, which have been consistently supportive of the Agency's efforts to preserve the tax base in these areas in an attempt to minimize property tax rates for the community as a whole. The Agency also appreciates a number of other organizations that provide valuable assistance and guidance regarding the Agency's work, including the Idaho Falls Downtown Development Corporation (DDC), the Regional Economic Development Initiative (REDI), the Idaho Falls Rotary Club, and the Idaho Falls Chamber of Commerce.

The Agency also appreciates the legislators and officials of the State of Idaho who support the urban renewal laws, and who understand that urban renewal is critical to providing efficient government and eliminating the waste that can occur if urban areas are allowed to decay.

And most of all, the Agency appreciates the businesses and individuals who care for and use the urban core of the City of Idaho Falls, helping these urban renewal areas prosper far into the future. The work of the Agency is a community-wide effort, and the Agency appreciates this community for supporting its efforts.

EXECUTIVE SUMMARY

The mission of the Idaho Falls Redevelopment Agency is to strengthen the tax base of the City of Idaho Falls and Bonneville County through the encouragement of growth and development within the Snake River corridor. To achieve this goal, the Idaho Falls City Council has formed four urban renewal districts since 1988. Through the financing of public improvements such as water, sewer, streets, and storm drainage facilities, the Agency has contributed the following to the tax base:

Urban Renewal District	Year Created	Year of Termination	Tax Increment Value, 2017
Amended Snake River District	1988	2018	\$165,471,839
River Commons	2004	2028	\$78,964,129
Pancheri-Yellowstone	2007	2019	\$6,387,425
Eagle Ridge	2014	2034	\$2,841,359
Jackson Hole Junction	2017	2030	NA

The total urban renewal adjusted base assessed value in Idaho Falls, for all five urban renewal districts, is \$71,335,060, approximately 2.3% of the net valuation of the City. The current 2017 tax increment value of all districts is \$253,665,203, about 8.2% of the net valuation of the City. The land area of these four urban renewal districts is 738 acres or approximately 4.8% of the City's total land area. The Agency has also supported several public improvements within the project areas.

In 2017, the Idaho Falls Redevelopment Agency accomplished the following:

- Entered into a Disposition and Development Agreement with Oppenheimer Development Corporation to construct two buildings, a public plaza and water feature, and surface and underground public parking at the former Savings Center site. The Agency also entered into a Purchase and Sales Agreement with Oppenheimer to purchase the parking and public plaza upon completion.
- Entered into a Disposition and Development Agreement with The Housing Company, a subsidiary of Idaho Housing and Finance Association located in Boise for the redevelopment of the Bonneville Hotel. The Housing Company intends to use Low-Income Housing Tax Credits, Historic Preservation Tax Credits, and other funding sources to redevelop the Bonneville into a premier mixed-use building in the heart of Downtown Idaho Falls.
- Made payments to Woodbury Corporation to reconstruct Simplot Circle east of Porter Canal, construct Riverwalk Drive south to Bridgeport Drive, relocate and extend water and sewer facilities in the immediate area, and improve the Greenbelt south of the WATCO railroad bridge. The allocated costs for these public improvements were \$3.4 million. The Agency also assisted with rock blasting and removal on the site of a new Springhill Suites hotel adjacent to Riverwalk Drive. The private investment totals over \$10 million on one of the nine lots proposed for development.
- Fulfilled a Grant Participation Agreement with T-N-T Land and Cattle for public improvements and rock blasting and removal to support construction of an Indian Motorcycle dealership located on Milligan Road in the Snake River District. The Agency's commitment was \$165,060 but submitted invoices totaled only \$151,455.46. Private investment on the site was more than \$2.5 million.
- Fulfilled a portion of a Grant Participation Agreement with GFB, LLC for assistance with rock blasting

and removal to support construction of a Deseret Book Store and other retail tenant yet to be determined. The Agency's commitment total is \$192,000. Payments to date total \$112,221. Private investment on the site is expected to exceed \$4.4 million.

- Entered into and fulfilled a Grant Participation agreement with Clocktower, LLC for assistance with rock removal to support construction of a Culver's restaurant in the Snake River District. Agency payment totaled \$125,000 and private investment was \$1.4 million.
- Created a new urban renewal district for Jackson Hole Junction. The district is a 45 acre tract located at the Sunnyside and I-15 interchange. Because the land is located outside of the Agency's traditional focus areas as a greenfield site with significant challenges to development, the district is intended to be open only until 2030 and is intended to have a capped expenditure amount of \$4,000,000.

Taylor Crossing



ORGANIZATION AND MISSION

The Idaho Falls Redevelopment Agency, originally created on July 6, 1966, was re-established by the Idaho Falls Mayor and Council on October 20, 1988. More than twenty years after its re-establishment, the Agency is charged with implementing five urban renewal plans: Snake River Urban Renewal Project Plan, River Commons Urban Renewal Plan, Pancheri-Yellowstone Urban Renewal Plan, Eagle Ridge Urban Renewal Plan, and Jackson Hole Junction Urban Renewal Plan.

In the year 2017, the following individuals served on the Board of Commissioners:

Lee Radford, Chair

Terri Gazdik, Secretary-Treasurer

Thomas Hally Chris Harvey

Dave Radford

Brent Thompson, Vice-Chair Kirk Larsen

Ryan Armbruster of Elam and Burke serves as legal counsel to the Agency. Brad Cramer serves as Executive Director and Mark Hagedorn serves as Treasurer.

THE YEAR 2017

River Commons Urban Renewal District

River Commons Urban Renewal District, a former gravel pit for Monroc, Inc., lies immediately south of Pancheri Drive and borders the Snake River. The district encompasses 211 acres and was created in 2004 at the request of the new owner of the property, Ball Ventures. The Agency entered into an owner participation agreement with Ball Ventures in March, 2005, and agreed to participate in the construction of Snake River Parkway and Pier View Drive, reconstruction of Milligan Road, power line and utility improvements, storm drainage and landscape improvements, and Greenbelt improvements with the exception of the pier. In January, 2009, the Agency entered into the Amended and Restated Limited Recourse Promissory Note for the principal amount of \$8,812,602. In addition, the Agency paid Ball Ventures \$40,000 in cash. The River Common Urban Renewal Plan (Attachment 5C-1) for this district anticipates \$10,552,602 in assistance to the developers within the district.

In 2015, the Agency approved an amendment to the owner participation agreement with BV Lending, LLC, for \$665,000 for assistance for rock removal on Snake River Landing, Division No. 8. Division No. 8 is a 9.5 acre parcel which



Karchner Apartments



Bandon River Apartments

houses over 200 higher-end apartments and sits immediately south of Curtis-Wright Flow Corporation. This agreement completes the assistance envisioned in the urban renewal plan approved in 2004.

In 2014, the Agency amended its agreement with BV Lending, LLC, to provide an additional \$670,000 in assistance, of which \$170,000 was to be paid to the developer when the buildings to be occupied by Curtis Wright Flow Corporation (Scientech) and the streets and utilities serving these buildings were completed. The estimated value of the project was

\$9 million. The project occupies a portion of the former gravel pit operated by Monroc and a site which was a landfill for construction waste. This project, while eliminating slum and blight in the center of the city, was projected to retain 200 jobs in Idaho Falls and create 148 new positions with an average wage rate of \$21 per hour. In 2014, the Agency and developer agreed to change the method of repayment after the project was completed. The Agency paid \$420,000 in cash and, in 2015, executed a note to the developer for \$250,000 with an interest rate of 4.5%.

The Agency also assisted Bandon River LLC with \$365,000 towards the construction of Lochsa Drive to provide access to forty-eight senior apartment units. The assistance was in the form of a note to the developer to be repaid from the taxes generated by the development. The interest rate of this note is also 4.5%.

Pancheri-Yellowstone Urban Renewal District

The Pancheri-Yellowstone urban renewal district, with a term of twelve years, was created by the Mayor and Council of Idaho Falls in December, 2007. This area of 33 acres sandwiched between the Snake River and Yellowstone Highway and south of Pancheri Drive includes a former manufacturing facility, a lumber yard, and oil distribution businesses as well as open storage and vacant land. The district has no public road system and is served by utilities which do not meet today's standards. In early 2008, the Agency entered into an owner participation agreement with Hotel Developers - Snake River LLC in which the Agency agreed to participate in Greenbelt improvements, utility relocation and trenching, and demolition. In late 2009, the Agency executed notes totaling \$129,289 for such work completed on the site of Candlewood Suites and the adjacent Greenbelt. The note has been paid from the increment generated by Candlewood Suites. As of December, 2017, the total incremental value of this district was \$6,387,425, the majority of which was due to the construction and opening

of Candlewood Suites by Hotel Developers - Snake River LLC. In December, 2017, the Agency had \$677,425.72 in cash reserves.

In 2016, property owners in the area approached the Agency with interest in completing public improvements in the area. City staff in the Mayor's Office, Planning Division and Engineering Division began working on various concepts for improvements adjacent to Yellowstone Highway to add wider sidewalks, landscaping, and lighting. A project is coming closer to fruition as staff continues to work with property owners on a design and budget.

Snake River Urban Renewal District

The Snake River Urban Renewal District is the City's oldest existing urban renewal district. It was created in 1988 and encompassed the area bounded on the north by State Highway 20, I-15 and Utah Avenue south of Broadway on the west, the Snake River on the east and Pancheri Drive on the south. In 1988, the revenue allocation area did not encompass the entire district. In 1992, both the district and revenue allocation area were expanded. The 1992 amended boundary for both was State Highway 20 on the north, I-15 on the west, approximately Pancheri Drive on the south, and the Snake River on the east. In 2006, the area of the district was expanded to include the downtown area west of the Snake River. The district will close on December 31, 2018.

There is one active owner participation agreements within the Snake River Urban Renewal District. Through this agreements, a developer finances the costs of public improvements, generally off-site improvements, for a new development. The developer is repaid the cost of these public improvements with a portion of the taxes generated by the new development. In lieu of the Agency seeking a bond or a loan to pay for public improvements, the developer finances the costs of these improvements.

The only remaining active agreement is with Renaissance Partners, LLP, and was executed in March, 2004. This agreement covers the expenses in relocating and demolishing Tiffany Metals (a salvage yard), United Parcel Service, American Fabrication, and Broadway Properties. Today, Walmart, the Olive Garden, Famous Dave's Barbecue, Fairfield Inn, Wendy's, Arctic Circle, Panda Express, and two retail commercial strip centers occupy this area. The agreement also covered relocating a power line and improving Wardell Street, including the railroad crossing. In December, 2004, the Agency entered into a note with Renaissance Partners for the amount of \$4,042,000 payable from tax increment from the district.

A second owner participation agreement existed for many years with Taylor Crossing on the River, LLC. This agreement was terminated in 2017 but assisted in providing many improvements in the Snake River District. This agreement provided for notes to a maximum of \$6,335,204 to improve the Greenbelt from Broadway to Pancheri, construct Riverwalk Drive to connect Broadway to Pancheri east of Porter Canal, relocate ABF, reconstruct Simplot Circle, demolish the former Army Surplus building (where the Marriott Residence Inn now sits), provide the necessary public utilities, and remove any rock as necessary for development. To date, Taylor Crossing has entered into two notes with the Agency, both of which have been repaid from a portion of the tax increment generated by the Taylor Crossing development. The first note was for \$600,000 to relocate ABF and the second was \$200,000 to demolish the Army Surplus building. Recent payments to Taylor Crossing for Greenbelt improvements have been made under the agreement and from the tax increment generated to date. This past year the owner participation agreement was modified to increase Agency assistance for Greenbelt improvements to approximately \$900,000 and reduce assistance to \$1,000,000 for Riverwalk Drive. The Agency has participated in several public improvement projects related to the Taylor Crossing Project.

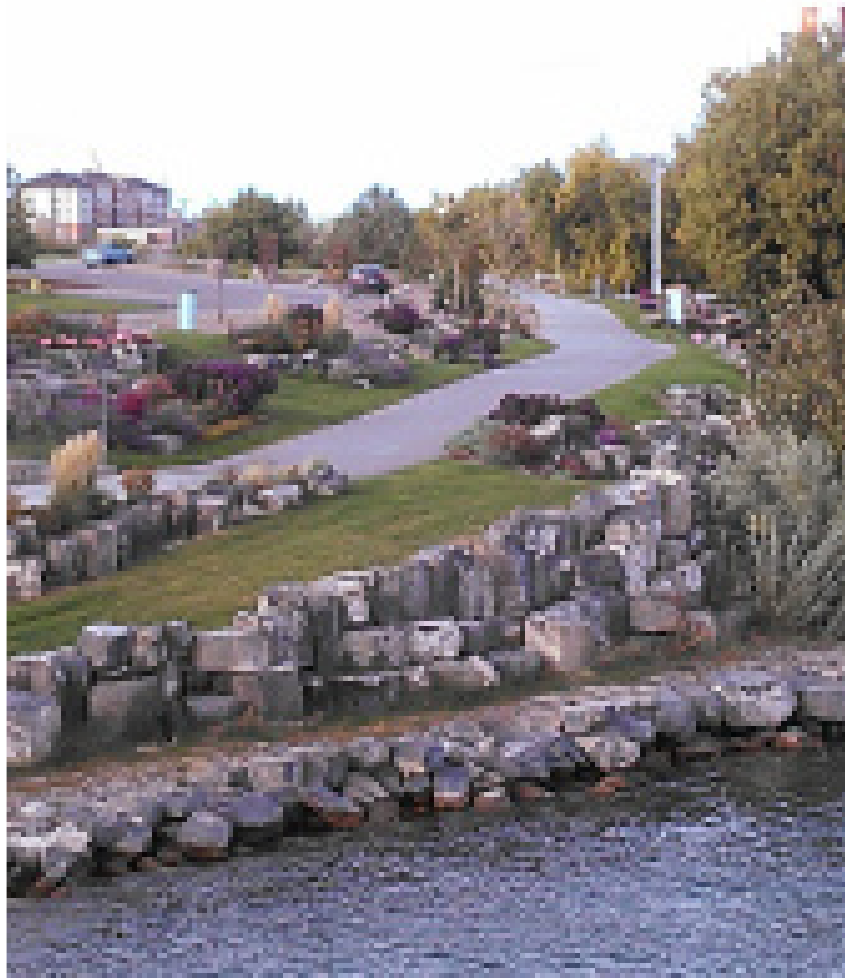
Taylor Crossing on the River

In 2010, the Agency reimbursed Taylor Crossing \$286,954 for relocation of a portion of the Greenbelt path north of Pancheri Drive Bridge. The majority of the reimbursement covered the costs of removing brush and debris from the area, terracing the bank, and installing stone walls. The Agency committed \$100,000 towards the irrigation system and placement of sod in late 2011. Idaho Falls Division of Parks and Recreation contributed the labor to install the sprinkler system. In 2012, the Parks and Recreation Division completed the irrigation system, installed the sod, and planted many of the trees and shrubs. This work and the payment of \$67,573 to Taylor Crossing for stabilization and installation of an electrical system continued the commitment made by the Agency to improve the Greenbelt north of the Pancheri Bridge. The Agency reimbursed the City Parks and Recreation Division \$33,959 in 2013 for its work on this portion of the Greenbelt and committed another \$10,000 to move in boulders, plant additional trees, and complete the sod.

In early 2014, the City Division of Parks and Recreation requested \$391,000 to complete the “River Gardens Phase II,” the portion of the Greenbelt between Broadway and Pancheri Drive and north of the sewer main

crossing. After the Agency approved this request, work began on creating terracing through the installation of boulders, the irrigation system, and plantings. The work, except for lighting for the pathway, was completed in 2015. In 2015, Parks and Recreation requested an additional \$94,000 for such lighting.

In 2011, Woodbury Corporation, a Salt Lake City based commercial real estate company, purchased the majority share of the unfinished Marriott Residence Inn on West Broadway near the Snake River. Woodbury Corporation completed the Marriott Inn in late summer of 2012 and the Certificate of Occupancy was issued in September, 2012. In 2013, the Woodbury Corporation, acting as Bienvenidos LLC, with Taylor Crossing, entered into an agreement with the Agency to set aside eighteen parking spaces, including the handicapped spaces, for public use. These spaces are adjacent to the Greenbelt and replica of the Taylor Bridge. Public vehicular and pedestrian access



Greenbelt Path North of Pancheri Drive Bridge



Springwood Suites Idaho Falls

Deseret Book



Indian Motorcycles



Culver's Restaurant



east of the Inn was also secured. For this commitment to public use, the Agency provided \$298,915 to Bienvenidos for public improvements and site preparation costs, including storm drainage.

In 2015, Woodbury Corporation requested Agency assistance for public improvements associated with the construction of a four story hotel, Springhill Suites, south of the Marriott Residence Inn and east of Simplot Circle. The Agency executed an owner participation agreement for this project in 2016, while also terminating any existing commitments with the Taylor Crossing developers. The hotel was

completed in 2017 contiguous to the Greenbelt. The agreement is for \$3.4 million to complete Simplot Circle, construct Riverwalk Drive, reconstruct the circle of Bridgeport Drive, relocate and extend water and sewer mains, construct storm water facilities for Simplot Circle and Riverwalk Drive, and continue the River Gardens concept on the Greenbelt.

Also in this portion of the District, in 2016, the Agency entered into three separate Grant Participation Agreements for assistance with construction of an Indian Motorcycle Dealership on Milligan Road, a Deseret Bookstore and future retail tenant on Pioneer Drive, and a Culver's restaurant on Pancheri Drive. Commitment

for the Indian Motorcycle project was \$165,060. Commitment for the Deseret Bookstore project was \$192,000. Commitment for the Culver's restaurant project was \$125,000. These monies assisted with roadway and utility improvements as well as rock blasting and removal. All three projects were completed in 2017, although the Deseret Bookstore site has remaining funds available for future assistance on the additional pad site.

Westbank of Snake River

The City of Idaho Falls applied for a grant to reconstruct the path on the Greenbelt north of Broadway and south of U. S. 20 on the west side of the Snake River in early 2014. The Division of Parks and Recreation requested \$400,000 from the Agency to match the grant. In the fall of 2014, after the grant was approved, the Agency entered into an agreement with the City to design and administer the project. Construction of this project began in 2015 and was completed in late 2016



Downtown Idaho Falls

After investigating the development of a parking structure with a private property owner in early 2010 and later an underground structure with Bonneville County, the Agency decided to construct a public parking lot mid-2010. The Agency acquired the property on the southwest corner of D Street and Park Avenue, demolished the two structures on the property, and financed the construction of a public parking lot on the parcel. In late 2011, the Agency deeded the lot to the City of Idaho Falls. The Agency also assisted Bonneville County with curb, gutter and sidewalk replacement in connection with the County's construction of a new parking lot north of the Court House.



Westbank of the Snake River Path

In 2012, the dream of reconstructing Memorial Drive was realized. From about 1915 until the late 1950's or early 1960's, Memorial Drive had a landscaped median in the center of its eighty foot right-of-way. Due to the need for parking to serve the downtown merchants, the median was removed and parking was placed in the center of the right-of-way. Not only did the parking which backed into traffic pose a safety issue but, by the late 1990's, Memorial Drive was in need of reconstruction. The crown was too high. Curbs and gutters, which move water to storm drains, were missing along much of Memorial Drive. The asphalt was rutting and shoving due to the number of overlays on the street.

During 2009, community leaders, including representatives of the City Council, County Commissioners, and Idaho Falls Downtown Development Corporation met with Pierson Land Works, a landscape architectural firm, to develop concepts for Memorial Drive. In August, the concept accepted by this group of community leaders was the subject of open houses at Community Night Out, Idaho Falls Public Library, and University Place. The comments from these open houses spurred the construction, leasing, and designation of additional long-term parking downtown. A bus turn-out and careful attention to the needs of the disabled in the design of the roundabout were addressed in response to comments at these open houses.

In 2010, the Agency contracted with the City of Idaho Falls to design Memorial Drive. The engineering department held additional open houses on a design in November, 2011, and completed the design in early 2012. After the cost estimates were prepared, representatives of the Agency and City met to allocate the costs of Memorial Drive.

In the spring of 2012, the Agency and City executed an agreement for construction management and the Agency pledged to spend approximately \$2.7 million to reconstruct Memorial Drive. The construction on Memorial Drive began on July 9, 2012, after the July 4th celebration was held on the Greenbelt in the Memorial Drive area. The project, except for seal-coating, was completed in mid-November, 2012.

Today, Memorial Drive is a two lane street with parking on the east side. All modes of transportation have been recognized in its new design. It was constructed as a sharrow, a lane to be shared by motor vehicles and bicycles. Turn-outs are provided in each direction to accommodate buses. The pedestrian facilities have been improved by signage and narrowing the intersections to reduce the crossing distance. The lighting on the street matches the downtown lighting, creating a tie into the downtown. Electrical outlets have been provided to accommodate vendors and others using the Greenbelt for community events. As a result of narrowing the paved travel way, the Greenbelt has been widened to provide additional space for community events.

The Agency made its final payment of \$101,732.72 on Memorial Drive reconstruction in November, 2013, bringing the Agency's contribution to the reconstruction project, not including the costs for the concept development by Pierson Land Works, to \$2,515,301. This amount includes \$100,000 for the engineering design.

Continuing with efforts towards downtown revitalization, the Agency met with representatives of the Mildred H. Kelsch Marital Trust in 2015 to discuss purchase of 0.96 acres on the northeast corner of Memorial Drive and Broadway. The parcel had been vacant since the Savings Center and adjacent retail building were demolished. The Agency and owners arrived at a purchase price of \$1.5 million and executed a purchase agreement on the parcel in October, 2015. The Agency undertook environmental studies to determine if there were contaminated soils on the site. Prior to the construction of the Savings Center over fifty years ago, the site housed two service stations and one metal fabrication facility. The

Plaza

Plaza Perspective

Centralized to the Retail and Mixed-Use destination a community plaza will provide an identifiable connection to and from downtown. The community plaza will feature a flexible design which may include amenities such as a family friendly splash park and seasonal ice rink and will bring movement from the adjoining Greenbelt into the new development.



Agency completed purchase of the property in early 2016 and released a request for proposals for development on the site. Oppenheimer Development Corporation was selected as the developer for the site and the Agency executed an Agreement to Negotiate Exclusively with the Oppenheimer team. In 2017, the Agency executed a Disposition and Development agreement with Oppenheimer for construction of two buildings, a public plaza with a water feature and public parking. Building A, on the corner of Broadway and Memorial, will be a single-story structure housing retail and restaurant businesses. Building B, located on the corner of Memorial and A Street, will be a three-story structure with retail and restaurant on the ground floor and offices on the upper levels. The proposal also includes public parking on the surface and below grade. The Agency also entered into a Purchase and Sale Agreement with Oppenheimer to purchase the completed parking garage and surface stalls and the public plaza for an amount not to exceed \$4.3 million. Construction on the project began in 2017 and is expected to be completed in 2018 or early 2019.

During 2015, the Board members of the Agency also met with the owners of the Bonneville Hotel. In late 2015, the Agency executed an option to purchase the Bonneville Hotel for a purchase price of \$1.5 million. The Agency released a request for proposals for this project and selected The Housing Company, a subsidiary of Idaho Housing and Finance Association to complete the project. The proposal includes complete renovation of the building with construction of approximately 35 residential units, a rooftop deck on the two-story addition, and retail and restaurant space on the main floor. The Housing Company intends to use Agency assistance along with Low-Income Housing Tax Credits, Historic Preservation Tax Credits, and other funding sources to complete the



The Bonneville Hotel

project. In 2017, the Agency executed a Disposition and Development Agreement with The Housing Company and will assist with the project by lowering the purchase price of the property. Construction is expected to begin in September of 2018.

Eagle Ridge Urban Renewal District

In May, 2014, Eagle Ridge Development, LLC, requested the Agency consider the creation of a fourth district in Idaho Falls, one which would ultimately be approximately 55 acres sandwiched between the Snake River urban renewal district to the north and the River Commons urban renewal district to the south. The area was found to be eligible for a district previously in 1999 and 2004. In 2014, the Agency Board engaged the services of Kushlan Associates to determine if the area was still eligible as a deteriorated and deteriorating area. The study found the area is significantly vacant, there is a defective street layout, the few existing streets do not meet city standards, there is no central water system or adequate fire protection, the sewer system does not serve the entire area, and the area contains trash sites, old foundations, and a dump for construction waste. In July, 2014, the Agency accepted the eligibility report and forwarded it to the Mayor and Council for consideration. The Mayor and

Council concurred with the report's findings in August and requested the Agency prepare an urban renewal plan for the area. Prior to the Council's concurrence, the Bonneville County Commissioners adopted the findings of the eligibility study by resolution.

The Agency engaged Elam and Burke to draft the plan and Kushlan Associates to prepare the financial projections for the plan. While the plan was being drafted, Agency staff met with the Bonneville County Commissioners to review the existing intergovernmental agreement covering roles and responsibilities of the city and county as to urban renewal. Agency staff also met with the property owners who owned agricultural lands within the proposed district. The consent of the owners of agricultural lands was needed to be included within the district. One owner of an agricultural operation gave their permission.

The plan was adopted by the Agency on October 16, 2014, and conveyed to the Mayor and Council for their consideration. A public hearing on the plan was held on December 11, 2014. Afterwards, the plan was adopted by ordinance by the Mayor and Council. The plan contemplates primarily water, sewer, and street improvements which are estimated to total approximately \$6.5 million in costs over the twenty year life of the plan. It is estimated private development of roughly \$41.4 million will generate \$8.4 million in tax increment to finance such public improvement costs. It is anticipated the first expenditures for public improvements will be financed by the developer. Repayment to the developer will be through a note from the Agency, and the tax increment will be used to repay the developer.

An owner participation agreement with Eagle Ridge Development LLC was completed in July of 2015. The agreement provides for reimbursement from incremental tax revenue from the district to the developer in an amount not to exceed \$1,750,000 for the reconstruction of Snake River Parkway north of the Porter Canal, the intersection with Utah Avenue, and the extension and improvement of Pioneer Road. This reimbursement will be from the future tax increment to be generated by Eagle Ridge Subdivision. In addition, the Agency agreed



Snake River Parkway at the corner of Utah Avenue

to reimburse Eagle Ridge Development \$345,000 from the tax revenues of the Amended Snake River District for improvements to Pioneer Road immediately south of Pancheri Drive. Construction on the roadways began in early summer, 2015. The majority of the construction has been completed, but some small items still remain before the road and other improvements can be accepted by the City.

Jackson Hole Junction Urban Renewal District

In early 2017, the owners of the Jackson Hole Junction project requested the Agency consider a fifth urban renewal district to cover their property. The 45 acre parcel is located on the southern boundary of Idaho Falls, adjacent to the Sunnyside and I-15 interchange. The primary reason for requesting an urban renewal district was the discovery of significant amounts of basalt, especially where the main road and utility corridor needed to be located. The Agency engaged the services of Kushlan Associates to determine if the areas eligible for a district. The eligibility report found the site met 12 of the 14 requirements for a district including the presence of a substantial number of deteriorated or deteriorating structures and deterioration of the site, age or obsolescence, predominance of defective or inadequate street layout, outmoded street patterns, the need for correlation of area with other areas of a municipality by streets and modern traffic requirements, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsuitable topography or faulty lot layouts, insanitary or unsafe conditions, defective or unusual condition of title, substantial impairments to the sound growth of a municipality, conditions which retard the development of the area, and results in economic underdevelopment of the area. The Agency approved the report in June, 2017, and the City Council approved it in July, 2017.

The Agency then engaged Elam and Burke and Kushlan Associates to prepare the plan and financial projections. Although the site was determined eligible for creation of a district, because it is located away from the City's traditional core where the Agency has focused its efforts since the 1980's, the Agency board thoroughly considered and debated whether or not to break from their established mission and create a greenfield district. In the end, the majority of the board members voted to approve the district with limitations on the scope, time line, and budget. Instead of the full 20 years, the district will only be open for 13. The plan also will be limited to rock removal and assistance with public infrastructure. Further, a \$4,000,000 cap on tax increment finance dollars is expected to be incorporated into the Owner Participation Agreement. The plan with these restrictions was approved by the Agency on September 21, 2017, and by the City Council on November 9, 2017. The owner participation agreement will be completed in early 2018.

SUMMARY OF PROJECTS COMPLETED BY AGENCY SNAKE RIVER DISTRICT

The following table summarizes the projects and studies completed by the Agency through 2017.

Description of Project	Monies Spent
Lindsay-Utah Avenue (street and utilities)	\$2,111,648
South Utah Avenue (street)	\$687,435
Wardell-Mercury improvements (street and utilities)	\$969,374

John Hole's pedestrian safety improvements	\$90,000
Snake River walkway improvements	\$41,360
South Utah construction and utilities	\$1,194,000
Pancheri-Utah Avenue intersection improvements (1/2 cost)	\$298,000
Relocation of power lines	\$1,388,614
Bridgeport Drive (Milligan Road) and utility improvements	\$395,615
Storm water facilities, landscaping, and demolition	\$297,200
Utility improvements	\$409,473
Days Inn demolition reimbursement	\$293,000
Yellowstone: installation median with trees in downtown	\$235,414
Snake River Parkway (north of Pancheri, south of Walmart)	\$200,455
I-15 entrance welcome sign and landscaping including demolition	\$82,527
Elm/ Yellowstone parking lot contribution, earlier parking studies	\$247,050
Reimbursement to Bonneville County for land on Legion Drive	\$150,000
River Gardens on Snake River, Taylor Crossing	\$808,487
Purchase and completion of public parking lot on D Street	\$1,192,800
Memorial Drive Reconstruction	\$2,535,933
Purchase of Kelsch Property	\$1,500,000
Construction of Riverwalk Drive and rock removal for Springhill Suites	\$3,400,000
Purchase Option for Bonneville Hotel	\$100,000
Assistance for Indian Motorcycle	\$151,455
Assistance for Deseret Bookstore	\$112,221
Assistance for Culver's Restaurant	\$125,000
TOTAL PROJECTS	\$19,016,791

The above public improvements were financed by bond proceeds, loans, or cash reserves.

SUMMARY OF “INCREMENT VALUE”

IDAHO FALLS URBAN RENEWAL DISTRICTS, 2016

The following table shows the “increment value” or increase in assessed value generated through urban renewal districts.

District	Base Value, 2017	Net Taxable, 2017	Tax Increment Value, 2017
Snake River Amended	\$58,831,764	\$212,345,794	\$165,471,839
River Commons	\$301,123	\$78,986,172	\$78,964,129
Pancheri-Yellowstone	\$4,817,731	\$11,205,156	\$6,387,425
Eagle Ridge	\$7,384,442	\$10,225,801	\$2,841,359
Jackson Hole Junction			

Information provided by Bonneville County Assessor's Office and Data Processing

LEGAL REQUIREMENTS AND ADDITIONAL DOCUMENTATION

Under the Idaho Urban Renewal Law, an urban renewal agency is required to file with the local governing body, on or before March 31 of each year, a report of its activities for the preceding calendar year, which shall include a complete financial statement setting forth its assets, liabilities, income and operating expense at the end of the calendar year. By virtue of certain amendments to the Idaho Urban Renewal Law adopted in 2002, the fiscal year of an urban renewal agency has been established as October 1 through September 30. Consequently, any formal financial statement is limited to a report through the end of the Agency's fiscal year.

The Agency reviewed its audited financial statements from Rudd and Company in spring, 2018. This report identifies the Agency's assets, liabilities, income and expenses through September 30, 2017. A copy of the report is attached.

Beginning with the annual report for activities during 2012, the Agency has taken public outreach measures soliciting public comment on the annual report. To solicit comment, the Agency will:

- Publish a display advertisement.
- Complete a press release to the media.
- Post the annual report and the meeting announcement on its page on the city website.

The Agency is also required to formally adopt its fiscal year budget by September 1 of each year. The Agency adopted its Fiscal Year 2017 budget on August 17, 2017. As required by the Idaho Urban Renewal Law and Local Economic Development Act, the Agency has filed its budget with the City of Idaho Falls. For 2018, the Agency budget anticipated expenditures of \$6,235,700 for the Snake River Allocation Fund; River Commons Revenue Allocation Fund, \$1,312,300; Pancheri-Yellowstone Revenue Allocation Fund, \$5,100; Eagle Ridge Allocation Fund, \$1,160,600, and Jackson Hole Junction Allocation Fund, \$10,600. Copies of the budget are available through the Agency's offices or the City Clerk.

Under the Idaho Urban Renewal Law, an agency is required to include in its annual report its plans for disposition of property previously acquired by the agency. The Agency fully intends to dispose of its property interests of the two parcels described in this annual report within three years of its acquisition.

GOVERNING STATUTES

Urban renewal agencies and revenue allocation areas are governed by Idaho statutes Chapter 20, Urban Renewal Law, and Chapter 29, Local Economic Development Act, of Title 50, Municipal Corporations. Chapter 20 provides authority to city councils to find areas within the municipality are deteriorated and deteriorating and, as a result of such deterioration, create a liability upon the municipality, decrease the tax base, and impair the sound growth of the community. To correct these issues, the council is authorized to adopt an urban renewal plan. The plan is prepared by the urban renewal agency and submitted to the planning commission for its review and recommendation to the council. Prior to the adoption of the plan, the council shall hold a public hearing after notice of the public hearing and general nature of the plan is advertised. Once adopted, the urban renewal agency is empowered to undertake the projects outlined within the plan, to construct or reconstruct public improvements, to acquire property and to renovate or prepare such property for development, and to borrow funds, including bonding, to implement the plan.

Chapter 29, Local Economic Development Act, provides a revenue source to finance the economic growth and development of urban renewal districts. A portion of the property taxes levied in a revenue allocation area (all or a portion of an urban renewal area) are allocated to the agency to finance the urban renewal plan. An agency has no authority to levy taxes. The revenue allocation area is created by council as part of an urban renewal plan. New revenue allocation areas are limited to a life of twenty years and, therefore, any bonding or notes are limited to a life of twenty years or less.

Under new reporting requirements set forth in Idaho Code Section 67-450E, the Agency must submit certain information to the Legislative Services Office by December 1, 2016, for the fiscal year period ending on September 30, 2016. The Agency filed this report prior to the statutory deadline of December 1, 2016.

4845-6318-0590, v. 2



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IDAHO FALLS REDEVELOPMENT AGENCY
(A Component Unit of the City of Idaho Falls, Idaho)

**Financial Statements
and Supplementary Information
with
Independent Auditors' Report**

September 30, 2017

giving direction to your future

IDAHO FALLS REDEVELOPMENT AGENCY

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September 30, 2017

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IDAHO FALLS REDEVELOPMENT AGENCY

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Idaho Falls Redevelopment Agency
Idaho Falls, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Idaho Falls Redevelopment Agency (the Agency), a component unit of the City of Idaho Falls, Idaho, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Idaho Falls Redevelopment Agency, as of September 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

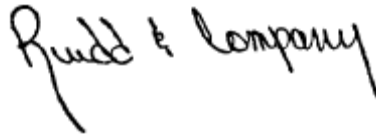
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-11 and 34-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 8, 2018, on our consideration of the Idaho Falls Redevelopment Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Idaho Falls Redevelopment Agency's internal control over financial reporting and compliance.

Idaho Falls, Idaho
February 8, 2018

A handwritten signature in black ink that reads "Rudd & Company". The signature is written in a cursive, flowing style.

IDAHO FALLS REDEVELOPMENT AGENCY
Management's Discussion and Analysis
September 30, 2017

This discussion and analysis of the Idaho Falls Redevelopment Agency's (the Agency) financial performance provides an overall review of the Agency's financial activities for the fiscal year ended September 30, 2017. The intent of the discussion and analysis is to look at the Agency's financial performances as a whole. Readers should also review the basic financial statements to enhance their understanding of the Agency's financial performance.

Financial Highlights

The Agency had a deficit of \$4,155,827 in net position. This represents a decrease in the deficit of \$240,118 over the prior year.

The Agency ended the year with total cash and investments of \$7,484,145. This represents an decrease of \$155,721 from the prior year.

During the current year, the Agency spent \$2,467,539 on capital related projects. These projects included improvement reimbursements for Milligan Road, a purchase option on the Bonneville Hotel, and participation on the River Walk Drive project.

The Jackson Hole Junction Urban Renewal area was created during the current year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

IDAHO FALLS REDEVELOPMENT AGENCY
Management's Discussion and Analysis (continued)
September 30, 2017

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the assets, liabilities, and deferred outflows/inflows of the Agency, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *Statement of Activities* presents information showing how the net position of the Agency changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both the Statement of Net Position and the Statement of Activities present information as follows:

Governmental Activities. This includes all of the Agency's services, which are primarily supported by property taxes and interest income.

Business Type Activities. The Agency has no business type activities.

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

IDAHO FALLS REDEVELOPMENT AGENCY
Management's Discussion and Analysis (continued)
September 30, 2017

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains five individual governmental funds and has elected to treat each of them as major funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for each major fund.

The Agency adopts an annual budget for its special revenue funds. A budgetary comparison schedule has been provided for the Snake River Allocation, the River Commons Allocation, the Panchari-Yellowstone Allocation, and the Eagle Ridge Allocation special revenue funds to demonstrate compliance with this budget. There was no budget prepared for the Jackson Hole Junction Allocation fund because the fund was created during the current fiscal year.

The basic governmental fund financial statements can be found on pages 15 and 17 of this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-32 of this report.

Financial Analysis of the Agency

The following two tables provide condensed financial information on the Agency's net position and changes in net position for the fiscal years ended September 30, 2017 and 2016.

IDAHO FALLS REDEVELOPMENT AGENCY
Management's Discussion and Analysis (continued)
September 30, 2017

Government-wide Financial Analysis

**Idaho Falls Redevelopment Agency's
Net Position**

	Governmental Activities	
	2017	2016
Assets		
Current and other assets	\$ 7,704,945	\$ 7,741,399
Capital assets	1,499,386	1,499,386
Total Assets	9,204,331	9,240,785
Liabilities		
Current liabilities	1,365,043	1,475,609
Long-term liabilities	11,995,115	12,161,121
Total Liabilities	13,360,158	13,636,730
Net Position		
Net investment in capital assets	1,499,386	1,499,386
Unrestricted balance (deficit)	(5,655,213)	(5,895,331)
Total Net Position (Deficit)	\$ (4,155,827)	\$ (4,395,945)

As of September 30, 2017 and 2016, current assets including cash and investments, property tax receivables and other receivables made up 84% and 84% of assets, respectively. When the Agency purchases capital assets, they are ultimately donated to the City of Idaho Falls, Idaho.

The \$(4,155,827) deficit in net position at September 30, 2017 is expected to be eliminated by the future taxes the Agency is expected to receive.

IDAHO FALLS REDEVELOPMENT AGENCY
Management's Discussion and Analysis (continued)
September 30, 2017

**Idaho Falls Redevelopment Agency's
Changes in Net Position**

	Governmental Activities	
	2017	2016
Revenues		
General Revenues		
Taxes	\$ 3,356,426	\$ 3,015,057
Other	101,932	48,377
	<hr/>	<hr/>
Total General Revenues	3,458,358	3,063,434
	<hr/>	<hr/>
Expenses		
General government	2,507,896	953,049
Interest on long-term debt	710,344	717,877
	<hr/>	<hr/>
Total Expenses	3,218,240	1,670,926
	<hr/>	<hr/>
Increase in Net Position	\$ 240,118	\$ 1,392,508
	<hr/>	<hr/>

Property taxes received by the Agency are used to repay certain limited recourse promissory notes payable. These note payments will not be paid if property taxes are not sufficient to completely pay principal and interest on those obligations.

IDAHO FALLS REDEVELOPMENT AGENCY
Management's Discussion and Analysis (continued)
September 30, 2017

Financial Analysis of the Agency's Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The focus of the Agency's *governmental funds* are to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Agency's financing requirements.

Special revenue funds. The special revenue funds are the chief operation funds of the Agency. At the end of the current fiscal year, committed and assigned fund balances were \$7,485,299.

The fund balances of the Agency's special revenue funds decreased by \$(162,219) during the current fiscal year. The main factor of this decrease was the capital outlay.

Special Revenue Fund Budgetary Highlights. The Agency did not amend the budget during 2017. Significant variation between the budget amounts and actual results related to payments under the OPA agreements and expected costs related to projects that were approved but did not commence during the year. As a result, capital expenditures were lower than budgeted amounts and notes approved were not issued.

Capital Assets

Capital assets such as streets, street improvements, water, sewer, and other capital improvements, are ultimately donated to the City of Idaho Falls. During the current fiscal year, the Agency completed costs related to certain owner participation and grant agreements.

IDAHO FALLS REDEVELOPMENT AGENCY
Management's Discussion and Analysis (continued)
September 30, 2017

Long-term Debt

At September 30, 2017, the Agency had total long-term debt of \$11,995,115, a decrease of \$166,006 from the prior year.

The Agency has no employees, therefore there are no compensated absences.

Outstanding debt at September 30, 2017 was as follows:

	Governmental Activities	
	2017	2016
Snake River		
Series 2004		
Limited Recourse Promissory Note	\$ 2,571,289	\$ 2,734,905
River Commons		
Series 2008		
Limited Recourse Promissory Note		
(amended and restated - January 16, 2009)	8,812,602	8,812,602
Series 2015		
Limited Recourse Promissory Note	361,224	363,614
Series 2015		
Limited Recourse Promissory Note	250,000	250,000
	<u>\$ 11,995,115</u>	<u>\$ 12,161,121</u>

Commitments

The Agency has significant commitments to reimburse construction costs related to capital improvements to be made for \$1,087,968 to IF Spring, \$192,000 to GFB, LLC, \$125,000 to Clocktower, LLC, \$4,200,000 to IF-1, LLC, and \$1,400,000 for purchase of the Bonneville Hotel.

IDAHO FALLS REDEVELOPMENT AGENCY
Management's Discussion and Analysis (continued)
September 30, 2017

Requests for Information

This financial report is designed to provide a general overview of the Idaho Falls Redevelopment Agency's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Idaho Falls Redevelopment Agency, P.O. Box 50220, Idaho Falls, ID 83405.

Basic Financial Statements

IDAHO FALLS REDEVELOPMENT AGENCY
Statement of Net Position
September 30, 2017

	Governmental Activities
Assets	
Cash and investments	\$ 7,484,145
Property tax receivable	94,996
Other receivable	25,804
Real estate purchase option deposit	100,000
Land	<u>1,499,386</u>
 Total Assets	 <u>9,204,331</u>
Liabilities	
Accounts payable	16,912
Deposit payable	15,000
Accrued interest payable	1,333,131
Long-term liabilities	
Due after one year	<u>11,995,115</u>
 Total Liabilities	 <u>13,360,158</u>
Net Position	
Net investment in capital assets	1,499,386
Unrestricted (Deficit)	<u>(5,655,213)</u>
 Total Net Position	 <u>\$ (4,155,827)</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

IDAHO FALLS REDEVELOPMENT AGENCY
Statement of Activities
Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		services	grants and	grants and	Changes
			contributions	contributions	in Net Assets
					Total
					Governmental
					activities
Governmental Activities					
Administrative	\$ 46,360	\$ -	\$ -	\$ -	\$ (46,360)
Insurance	2,181	-	-	-	(2,181)
Professional services	87,802	-	-	-	(87,802)
Office and other	4,014	-	-	-	(4,014)
Payments under					
participation agreements	2,367,539	-	-	-	(2,367,539)
Interest	710,344	-	-	-	(710,344)
	<u>\$ 3,218,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,218,240)</u>
General revenues					
Property taxes					3,356,426
Penalties and interest					17,264
Earnings on investments					54,668
Developer contribution					30,000
					<u>3,458,358</u>
Change in net position					240,118
Net position beginning of year					<u>(4,395,945)</u>
Net position end of year					<u>\$ (4,155,827)</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

IDAHO FALLS REDEVELOPMENT AGENCY
Governmental Fund Types
Balance Sheet
September 30, 2017

	Snake River Allocation Fund	River Commons Allocation Fund	Pancheri- Yellowstone Allocation Fund	Eagle Ridge Allocation Fund	Jackson Hole Junction Allocation Fund	Total
Assets						
Cash and investments	\$ 6,057,781	\$ 729,532	\$ 676,232	\$ 6,991	\$ 13,609	\$ 7,484,145
Interfund receivable	-	-	48,291	19,773	-	68,064
Other receivable	-	-	-	15,804	10,000	25,804
Property tax receivable	91,624	429	2,943	-	-	94,996
Total Assets	\$ 6,149,405	\$ 729,961	\$ 727,466	\$ 42,568	\$ 23,609	\$ 7,673,009
Liabilities						
Accounts payable	\$ 4,561	\$ -	\$ -	\$ -	\$ 12,351	\$ 16,912
Deposits payable	15,000	-	-	-	-	15,000
Interfund payable	68,064	-	-	-	-	68,064
Total Liabilities	87,625	-	-	-	12,351	99,976
Deferred Inflows of Resources						
Unavailable revenues	84,791	-	2,943	-	-	87,734
Fund Balances						
Committed	7,004,968	-	-	-	-	7,004,968
Assigned	-	729,961	724,523	42,568	11,258	1,508,310
Unassigned	(1,027,979)	-	-	-	-	(1,027,979)
Total Fund Balances	5,976,989	729,961	724,523	42,568	11,258	7,485,299
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,149,405	\$ 729,961	\$ 727,466	\$ 42,568	\$ 23,609	\$ 7,673,009

The Accompanying Notes are an Integral Part of the Financial Statements.

IDAHO FALLS REDEVELOPMENT AGENCY
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of
Net Position
September 30, 2017

Total government fund balances	\$ 7,485,299
Property taxes receivable expected to be collected this year but are not available soon enough to pay for the current period expenditures and therefore are deferred in the funds.	87,734
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,499,386
Purchase option on real estate is treated as a deposit on the government-wide financial statements and are an expenditure in the fund financial statements	100,000
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Promissory notes	(11,995,115)
Accrued interest	<u>(1,333,131)</u>
Net position (deficit) of governmental activities	<u>\$ (4,155,827)</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

IDAHO FALLS REDEVELOPMENT AGENCY**Governmental Fund Types****Statement of Revenues, Expenditures, and Changes in Fund Balances****Year Ended September 30, 2017**

	Snake River Allocation Fund	River Commons Allocation Fund	Pancheri- Yellowstone Allocation Fund	Eagle Ridge Allocation Fund	Jackson Hole Junction Allocation Fund	Total
Revenues						
Property taxes	\$ 2,267,451	\$ 943,261	\$ 94,468	\$ 39,421	\$ -	\$ 3,344,601
Penalties and interest	15,048	1,864	352	-	-	17,264
Earnings on investments	46,023	3,822	4,823	-	-	54,668
Developer contribution	-	-	-	-	30,000	30,000
Total Revenues	2,328,522	948,947	99,643	39,421	30,000	3,446,533
Expenditures						
Administrative	32,460	11,600	2,300	-	-	46,360
Insurance	2,181	-	-	-	-	2,181
Professional services	68,941	167	-	-	18,694	87,802
Office and other	3,918	-	-	48	48	4,014
Debt service -						
Interest	131,757	703,093	-	-	-	834,850
Principal	163,616	2,390	-	-	-	166,006
Capital outlay:						
Bonneville Hotel	100,000	-	-	-	-	100,000
Milligan Road	151,507	-	-	-	-	151,507
River Walk Drive participation	2,216,032	-	-	-	-	2,216,032
Total Expenditures	2,870,412	717,250	2,300	48	18,742	3,608,752
Net Change in Fund Balances	(541,890)	231,697	97,343	39,373	11,258	(162,219)
Fund Balance October 1, 2016	6,518,879	498,264	627,180	3,195	-	7,647,518
Fund Balance September 30, 2017	\$ 5,976,989	\$ 729,961	\$ 724,523	\$ 42,568	\$ 11,258	\$ 7,485,299

The Accompanying Notes are an Integral Part of the Financial Statements.

IDAHO FALLS REDEVELOPMENT AGENCY
Reconciliation of the Governmental Funds
Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities
Year Ended September 30, 2017

Net change in fund balances - total governmental funds	\$ (162,219)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	166,006
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is not expensed.	2,467,539
Capital assets contributed to other entities as part of owner participation and grant agreements during the year are not recorded in the governmental funds report because capital outlays are only recorded as expenditures in the funds statements. However, these amounts are recorded in the statement of activities.	(2,367,539)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	124,506
Because some property taxes will not be collected for several months after the Agency's fiscal year ends, they are not considered "available" revenues in the governmental funds.	<u>11,825</u>
Change in net position of governmental activities	<u>\$ 240,118</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

IDAHO FALLS REDEVELOPMENT AGENCY
Notes to Financial Statements
September 30, 2017

1. Summary of Significant Accounting Policies

The Reporting Entity

The Idaho Falls Redevelopment Agency (the Agency) was created in July, 1966 for the purpose of redeveloping and rehabilitating certain deteriorating areas in the City of Idaho Falls Idaho, and was re-established by a resolution from the Idaho Falls City Council dated October 20, 1988. The Agency is authorized under the provisions of the Idaho Urban Renewal Law of 1965 (Chapter 20, Title 50, Idaho Code).

The Agency is a component unit, as defined by generally accepted accounting principles, of the City of Idaho Falls, Idaho, because of its operational or financial relationship with the City. The City appoints the governing body of the Agency.

The Agency's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for the state and local governments through its pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Agency are discussed below.

Government-Wide and Fund Financial Statements

The Agency's basic financial statements include both government-wide (reporting the Agency as a whole) and fund financial statements (reporting the Agency's major funds) in combined statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Agency's activities and general administrative services are classified as governmental activities. The Agency has no business-type activities.

The financial transactions of the Agency are reported in individual funds in the combined financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

IDAHO FALLS REDEVELOPMENT AGENCY
Notes to Financial Statements (continued)
September 30, 2017

1. Summary of Significant Accounting Policies (continued)

The following governmental fund types are used by the Agency:

- The Special Revenue Funds consist of the Snake River Allocation Fund, the River Commons Allocation Fund, the Pantheri-Yellowstone Allocation Fund, the Eagle Ridge Allocation Fund, and the Jackson Hole Junction Allocation Fund used to account for the property taxes received by the Agency and to disburse payments on the obligations of the Agency.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual. Governmental activities in the combined government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual. The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on long-term debt, if any, is recognized when due.

Budget

Budgets for the Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

Cash and Investments

Cash includes amounts in demand deposit accounts as well as short-term investments with a maturity date within three months of the date acquired by the Agency. Under state law, the Agency may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under Idaho law and national banks having their principle offices in Idaho. State statutes authorize the Agency to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

IDAHO FALLS REDEVELOPMENT AGENCY
Notes to Financial Statements (continued)
September 30, 2017

1. Summary of Significant Accounting Policies (continued)

The Agency has elected to deposit cash in excess of immediate needs into the State of Idaho Local Government Investment Pool (LGIP). The LGIP was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The LGIP is managed by the State of Idaho Treasurer's office. An annual audit of LGIP is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the LGIP. All other cash is deposited with local banks in checking or savings accounts.

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The Agency does not have a policy for custodial credit risk outside of the deposit and investment agreements. The Agency is authorized to invest in the LGIP. This pooling is intended to improve administrative efficiency and increase investment yield. Investments are stated at cost which approximates fair value.

Revenues and Property Taxes

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. The Agency does not levy property taxes; however, it is entitled to the increase in property taxes levied by the taxing districts after January 1, 1989.

In accordance with Idaho State law, property taxes are levied in September for each calendar year. All of the personal taxes and half of the real property taxes are due by December 20. The second half of the real property taxes is due by June 20. Property taxes attach as an enforceable lien as of January 1 of the following year. Notice of foreclosure is filed by the county clerk three years from the date of delinquency.

Expenditure

Expenditures are recognized when the related fund liability is incurred. Administrative expenses reflect amounts paid or payable to the City of Idaho Falls. The Agency's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. When unrestricted resources are available for use, it is the Agency's policy to use committed resources first, then assigned, and then unassigned as needed.

IDAHO FALLS REDEVELOPMENT AGENCY
Notes to Financial Statements (continued)
September 30, 2017

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets such as streets, street improvements, water, sewer, and other capital improvements, which the Agency pays for, are ultimately donated to the City of Idaho Falls, Idaho.

Insurance

The Agency is exposed to certain risk of loss due to general liability, wrongful acts, faithful performance, and crime. The Agency has elected to transfer these risks through the purchase of insurance from a commercial enterprise.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency's deferred inflows of resources represent unavailable revenues from property taxes, which arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Agency to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In November 2017, the Agency authorized \$532,000 of cash and a \$133,000 promissory note to be issued to Ball Ventures in place of the original agreement to issue a \$665,000 note. In November 2017, the Agency also transferred ownership of the land owned by the Agency to IF-1, LLC pursuant to the disposition and development agreement for consideration of \$1. The Agency has evaluated subsequent events through February 8, 2018, the date which the financial statements were available to be issued.

IDAHO FALLS REDEVELOPMENT AGENCY
Notes to Financial Statements (continued)
September 30, 2017

2. Cash and Investments

Deposits

At September 30, 2017, the carrying amount of the Agency's deposits was \$439,210 and the respective bank balances totaled \$465,443. Of the bank balances, \$250,000 were insured or collateralized with pooled securities held by the pledging financial institutions in the name of the Agency.

Custodial Credit Risk, Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. As of September 30, 2017, \$215,443 of the Agency's deposits were not covered by Federal deposit insurance or the Securities Investor Protection Corporation, and thus were exposed to custodial credit risk.

Investments

As of September 30, 2017, the Agency had the following investments:

	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
State Investment					
Pool - Aa1/Aa+	\$ 7,044,935	\$ 7,044,935	\$ -	\$ -	\$ -
	<u>\$ 7,044,935</u>	<u>\$ 7,044,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Custodial Credit Risk Investments

As of September 30, 2017, the Agency's investments were covered by collateral held by the pledging financial institution's trust department or agent in the name of the Agency, and thus had no investments that were exposed to custodial credit risk.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from changes in interest rates, the agency structures its portfolio so that securities mature to meet cash requirements for ongoing operations. The state investment pool is a short-term investment fund, participants have overnight availability to their funds and the weighted average maturity of investments at September 30, 2017, was 150 days.

IDAHO FALLS REDEVELOPMENT AGENCY
Notes to Financial Statements (continued)
September 30, 2017

2. Cash and Investments (continued)

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the Agency's policy to limit investments to the safest types and to diversify the Agency's investment portfolio so that potential losses on securities will be minimized. The Agency follows Idaho statute that outlines qualifying investment options.

Reconciliation of cash and investments reported on the Statement of Net Position and amounts classified as deposits for footnotes purposes:

Cash and investments as reported on the Statement of Net Position	\$ 7,484,145
Cash and investments classified as investments	<u>(7,044,935)</u>
Total deposits	<u>\$ 439,210</u>

3. Capital Assets

Capital assets such as streets, street improvements, water, sewer, and other capital improvements, are ultimately donated to the City of Idaho Falls. During the current fiscal year, the Agency completed costs related to certain owner participation and grant agreements and other projects.

During the prior year, the Agency purchased real estate for \$1,499,386, of which it retained ownership as of the end of the fiscal year. The land will be sold in fiscal year 2018 according to the disposition and development agreement which was executed in May 2017.

IDAHO FALLS REDEVELOPMENT AGENCY
Notes to Financial Statements (continued)
September 30, 2017

3. Capital Assets (continued)

Capital asset activity for the period ended September 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	\$ 1,499,386	\$ -	\$ -	\$ 1,499,386
Total Capital Assets, not being Depreciated	1,499,386	-	-	1,499,386
Capital Assets	\$ 1,499,386	\$ -	\$ -	\$ 1,499,386

4. Long-term Liabilities

Governmental long-term liability activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Snake River Allocation:				
Promissory note 2004	\$ 2,734,905	\$ -	\$ (163,616)	\$ 2,571,289
River Commons Allocation:				
Promissory note 2008 (amended and restated January 16, 2009)	8,812,602	-	-	8,812,602
Promissory note 2015	363,614	-	(2,390)	361,224
Promissory note 2015	250,000	-	-	250,000
	\$ 12,161,121	\$ -	\$ (166,006)	\$ 11,995,115

IDAHO FALLS REDEVELOPMENT AGENCY
Notes to Financial Statements (continued)
September 30, 2017

4. Long-term Liabilities (continued)

Snake River Allocation:

The Agency signed a \$4,042,000 Participant Limited Recourse Promissory Note, Series 2004 on November 15, 2004. The note matures on December 31, 2018, and the interest rate is 5.0%.

River Commons Allocation:

The Agency signed a \$6,906,310 Limited Recourse Promissory Note, Series 2008 on July 17, 2008. A cash payment of \$40,000 was made concurrent with the signing of the note, for a net principal balance of \$6,866,310. The note matures on December 31, 2029, and the interest rate is 6.25%. On January 16, 2009 the Agency approved an amendment and restatement of this note to include an additional \$1,946,292 for a total note balance of \$8,812,602. All other terms remained the same.

The Agency signed a \$250,000 Limited Recourse Promissory Note, Series 2015 in December 2014 with BV Lending, LLC. The note matures on December 31, 2029, and the interest rate is 4.5%.

The Agency signed a \$365,000 Limited Recourse Promissory Note, Series 2015 in December 2014 with Bandon River, LLC. The note matures on December 31, 2029, and the interest rate is 4.5%.

The above notes are not callable, unless in default, and are not subject to prepayment penalty if redeemed. The Agency has agreed to pay the note holders 75% of the tax increment monies which the Agency receives after deductions for the school credit, as set forth in the law, commencing upon receipt of tax increment monies received from the sites (as defined in the OPA's) for the period outlined in the agreement or until the principal is retired, whichever occurs first. The Agency's obligation to the note holders shall only be to pay above-described percentages or the amount of tax increment monies received by the Agency, notwithstanding said amount may be reduced, curtailed, or limited in any way, and there shall be no compounding of interest or amounts added to the principal in the event the tax increment monies are reduced, curtailed or limited in any way.

Because the tax increment monies to be received subsequent to these contracts cannot be reasonably estimated, debt service requirements through the next five years have not been disclosed.

IDAHO FALLS REDEVELOPMENT AGENCY
Notes to Financial Statements (continued)
September 30, 2017

5. Owner Participation Agreements

The Agency entered into an owner participation agreement (OPA) with BV Lending, LLC in March of 2005 wherein the Agency agreed to participate in the cost of certain public improvements referred to as the River Commons project in an amount not to exceed \$8,852,602. Construction costs of \$8,852,602 were incurred and expensed in previous fiscal years and a promissory note was issued for the amount of the expenditures.

In July 2013, the Agency amended the OPA with BV Lending, LLC. The amendment approves additional private developments of Snake River Landing and the funding or reimbursement of additional improvements. As part of the amendment, SRL Development, LLC and Bandon River, LLC are included as participants in the OPA. The agency has authorized reimbursement in cash of an additional \$170,000 of costs incurred by Ball Ventures for storm water facilities and other costs in the construction of Snake River Landing and the issuance of a promissory note for remaining authorized costs of \$500,000 to be incurred on the construction of Whitewater Drive. The OPA also authorizes assistance in the amount of \$365,000 to Bandon River, LLC in the form of a promissory note for costs to be incurred in conjunction with the River Commons project. In April 2015, the Agency amended the OPA again to authorize additional cash assistance of \$250,000 and a promissory note for \$250,000 at an interest rate of 4.5% in place of the original promissory note of \$500,000 that was authorized. During previous fiscal years, the Agency paid \$420,000 of cash assistance under the amendments and issued promissory notes of \$250,000 and \$365,000 to Ball Ventures and Bandon River, LLC, respectively. In March 2016, the Agency amended the agreement to authorize assistance of \$665,000 in the form of a promissory note to Ball Ventures for lava rock removal costs to be incurred in the development of Snake River Landing. In November 2017, the Agency approved \$532,000 of the \$665,000 note to be paid currently in cash, with the remaining \$133,000 to be issued as a promissory note. As of September 30, 2017, no promissory note has been issued.

In July 2015, the Agency entered into an OPA with Eagle Ridge Development, LLC. As part of the OPA, the Agency executed a quitclaim deed to transfer ownership of a 1.326 acre parcel of land, together with a public utility easement, to Eagle Ridge Development on July 10, 2015. The Agency also agreed to participate in the costs of certain public improvements up to a maximum of \$1,752,624. Upon completion of the project, the Agency will execute a limited recourse promissory note for the amount determined, which shall be paid by the Agency from future tax revenues generated by the improvements. The promissory note will not bear any interest. As of September 30, 2017, no promissory note has been issued under this agreement.

IDAHO FALLS REDEVELOPMENT AGENCY
Notes to Financial Statements (continued)
September 30, 2017

5. Owner Participation Agreements (continued)

In May 2016, the Agency entered into an OPA with IF Spring LLC. As part of the agreement, IF Spring LLC will construct certain improvements to the Greenbelt, River Walk Drive, and the Springhill Suites site. The Agency has agreed to participate in the costs of these improvements up to a maximum of \$3,489,000 in the form of cash assistance, with \$185,000 to be paid to the developer upon donation of property to the City of Idaho Falls and the remaining to be paid upon completion of other improvements in three stages. During 2016, \$185,000 was paid to the developer in accordance with the agreement. In 2017, an additional \$2,216,032 was paid under the agreement.

6. Commitments

River Walk Drive

During 2016, the Agency committed to providing \$3,489,000 to assist with certain improvements to the Greenbelt, River Walk Drive, and the Springhill Suites site. These commitments are part of the OPA with IF Spring LLC. Costs of \$185,000 were reimbursed in the prior fiscal year. Costs of \$2,216,032 were reimbursed in the current fiscal year. Costs of \$185,000 were reimbursed in the current fiscal year. As of September 30, 2017, the Agency has a commitment of \$1,087,968 remaining on the project.

IF-1, LLC

In June 2016, the Agency entered into an Agreement to Negotiate Exclusively with IF-1, LLC for the redevelopment of real property currently owned by the Agency. In 2017, the Agency and IF-1, LLC entered into a Disposition and Development Agreement to transfer the real property from the Agency to IF-LLC in exchange for consideration. As part of the agreement, the Agency has also committed an additional \$4,200,000 to the project which will be used to cover the Agency's, closing costs, remediation costs, and the purchase of the parking garage and plaza included in the development plan after it is constructed by IF-1, LLC. As of September 30, 2017, the Agency has a commitment of \$4,200,000 remaining on the project. The Agency transferred title to the real property in November 2017.

Pioneer Road

In December 2016, the Agency entered into a grant participation agreement with GFB, LLC, under which the Agency agreed to contribute an amount to assist with the remediation and redevelopment of real estate at Eagle Rock Town Center. The agreement limits participation by the Agency to \$192,000 of reimbursed costs. No payments had been made as of September 30, 2017, and a commitment of \$192,000 remains on the project.

IDAHO FALLS REDEVELOPMENT AGENCY
Notes to Financial Statements (continued)
September 30, 2017

6. Commitments (continued)

Clocktower, LLC

In September 2017, the Agency entered into a grant participation agreement with Clocktower, LLC, under which the Agency committed to assist with rock blasting at the project site at Taylor Crossing. The agreement limits participation by the Agency to \$125,000 of reimbursed costs. No payments had been made as of September 30, 2017, and a commitment of \$125,000 remains on the project.

Bonneville Hotel

In June 2017, the Agency entered into a Disposition and Development Agreement with The Housing Company for the redevelopment of the Bonneville Hotel. The Agency has an option to purchase the Bonneville Hotel for \$1,500,000, which will be exercised upon The Housing Agency meeting all of the requirements set forth in the Disposition and Development Agreement. The Agency has committed to sell the hotel to The Housing Company at a purchase price of \$940,000 minus an improvement discount of \$440,000 for a final price of \$500,000. During the current fiscal year, the Agency paid \$100,000 for a purchase option on the hotel, which will be applied to the purchase price when the option is exercised. As of September 30, 2017, the Agency has a commitment of \$1,400,000 remaining on the project.

7. Related Party

The Agency is a component unit of the City of Idaho Falls, Idaho (the City). The City provides administrative services to the Agency on an annual basis. During the current fiscal year, the Agency paid the City \$47,722 for administrative services and reimbursement for office expenses.

IDAHO FALLS REDEVELOPMENT AGENCY
Notes to Financial Statements (continued)
September 30, 2017

8. Fair Value Measurements

The Agency has implemented GASB No. 72, *Fair Value Measurement and Application*. This guidance requires government entities to measure investments and certain other items at fair value. The objective is to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

GASB No. 72 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). The following summarizes the fair value hierarchy:

- Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market.
- Level 2 Inputs – Inputs other than the quoted process in active markets that are observable either directly or indirectly.
- Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

GASB No. 72 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs.

IDAHO FALLS REDEVELOPMENT AGENCY
Notes to Financial Statements (continued)
September 30, 2017

8. Fair Value Measurements (continued)

Fair value assets measured on a recurring basis at September 30, 2017 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
State investment pool	\$ 7,044,935	\$ 7,044,935	\$ -	\$ -
Total	\$ 7,044,935	\$ 7,044,935	\$ -	\$ -

All investments have been valued using a market approach. There were no changes in the valuation techniques during the year. There are no assets or liabilities measured at fair value on a nonrecurring basis.

9. Fund Balances

Fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

Nonspendable fund balance – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants), grantor and contributors, or laws, or regulations of other governments, or through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action of the government's highest level of decision making authority. In the case of the Agency it is by Board action.

Assigned fund balance – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

IDAHO FALLS REDEVELOPMENT AGENCY
Notes to Financial Statements (continued)
September 30, 2017

9. Fund Balances (continued)

Unassigned fund balance – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental fund, it may be necessary to report a negative residual balance as unassigned.

	Snake River Allocation Fund	River Commons Allocation Fund	Pancheri- Yellowstone Allocation Fund	Eagle Ridge Allocation Fund	Jackson Hole Junction Allocation Fund	Total
Fund Balances:						
Committed to:						
River Walk Drive	\$ 1,087,968	\$ -	\$ -	\$ -	\$ -	\$ 1,087,968
Pioneer Road	192,000	-	-	-	-	192,000
Clocktower	125,000	-	-	-	-	125,000
IF-1 (Kelsh property)	4,200,000	-	-	-	-	4,200,000
Bonneville Hotel	1,400,000	-	-	-	-	1,400,000
Assigned	-	729,961	724,523	42,568	11,258	1,508,310
Unassigned	(1,027,979)	-	-	-	-	(1,027,979)
Total Fund Balances	<u>\$ 5,976,989</u>	<u>\$ 729,961</u>	<u>\$ 724,523</u>	<u>\$ 42,568</u>	<u>\$ 11,258</u>	<u>\$ 7,485,299</u>

Required Supplementary Information

IDAHO FALLS REDEVELOPMENT AGENCY**Snake River Allocation Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual
Year Ended September 30, 2017**

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property taxes	\$ 2,080,000	\$ 2,267,451	\$ 187,451
Penalties and interest	-	15,048	15,048
Earnings on investments	6,500	46,023	39,523
Total Revenues	2,086,500	2,328,522	242,022
Expenditures			
Administrative	37,500	32,460	5,040
Insurance	2,200	2,181	19
Professional services	63,500	68,941	(5,441)
Office and other	19,800	3,918	15,882
Debt service			
75% of OPA	600,000	-	600,000
Interest	-	131,757	(131,757)
Principal	-	163,616	(163,616)
Capital Outlay:			
Cost of construction	6,045,000	2,467,539	3,577,461
Total Expenditures	6,768,000	2,870,412	3,897,588
Net change in fund balance	(4,681,500)	(541,890)	4,139,610
Fund balance -			
October 1, 2016	4,681,500	6,518,879	1,837,379
Fund balance -			
September 30, 2017	\$ -	\$ 5,976,989	\$ 5,976,989

See Independent Auditors' Report.

IDAHO FALLS REDEVELOPMENT AGENCY**River Commons Allocation Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual
Year Ended September 30, 2017**

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property taxes	\$ 860,000	\$ 943,261	\$ 83,261
Penalties and interest	-	1,864	1,864
Earnings on investments	500	3,822	3,322
Total Revenues	860,500	948,947	88,447
Expenditures			
Administrative	2,500	11,600	(9,100)
Professional services	11,300	167	11,133
Office and other	1,000	-	1,000
Debt service			
75% of OPA	350,000	-	350,000
Interest	-	703,093	(703,093)
Principal	-	2,390	(2,390)
Capital Outlay:			
Cost of construction	665,000	-	665,000
Total Expenditures	1,029,800	717,250	312,550
Net change in fund balance	(169,300)	231,697	400,997
Fund balance - October 1, 2016	169,300	498,264	328,964
Fund balance - September 30, 2017	\$ -	\$ 729,961	\$ 729,961

See Independent Auditors' Report.

IDAHO FALLS REDEVELOPMENT AGENCY**Pancheri-Yellowstone Allocation Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual
Year Ended September 30, 2017**

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property taxes	\$ 85,000	\$ 94,468	\$ 9,468
Penalties and interest	-	352	352
Earnings on investments	250	4,823	4,573
Total Revenues	85,250	99,643	14,393
Expenditures			
Administrative	2,500	2,300	200
Professional services	1,600	-	1,600
Office and other	1,000	-	1,000
Total Expenditures	5,100	2,300	2,800
Net change in fund balance	80,150	97,343	17,193
Fund balance - October 1, 2016	(80,150)	627,180	707,330
Fund balance - September 30, 2017	\$ -	\$ 724,523	\$ 724,523

See Independent Auditors' Report.

IDAHO FALLS REDEVELOPMENT AGENCY**Eagle Ridge Allocation Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual
Year Ended September 30, 2017**

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property taxes	\$ 35,000	\$ 39,421	\$ 4,421
Total Revenues	35,000	39,421	4,421
Expenditures			
Administrative	2,500	48	2,452
Professional services	8,100	-	8,100
Capital Outlay:			
Cost of construction	1,150,000	-	1,150,000
Total Expenditures	1,160,600	48	1,160,552
Net change in fund balance	(1,125,600)	39,373	1,164,973
Fund balance - October 1, 2016	1,125,600	3,195	(1,122,405)
Fund balance - September 30, 2017	\$ -	\$ 42,568	\$ 42,568

See Independent Auditors' Report.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Idaho Falls Redevelopment Agency
Idaho Falls, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Idaho Falls Redevelopment Agency (the Agency), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise Idaho Falls Redevelopment Agency's basic financial statements, and have issued our report thereon dated February 8, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Idaho Falls Redevelopment Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Idaho Falls Redevelopment Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Idaho Falls Redevelopment Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

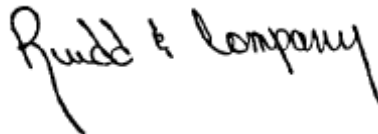
IDAHO FALLS | REXBURG | DRIGGS | BOZEMAN | WEST YELLOWSTONE

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Idaho Falls Redevelopment Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rudd & Company". The signature is written in a cursive, flowing style.

Idaho Falls, Idaho
February 8, 2018

FIRST AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT ("Agreement") is entered into by and between the IDAHO FALLS URBAN RENEWAL AGENCY ("Agency") and The Housing Company ("Developer"), individually referred to as a "Party" and collectively referred to as the "Parties." The Parties agree as follows:

- A. The Parties have entered into a Disposition and Development Agreement with an effective date of June 19, 2017 (the "DDA");
- B. The Parties desire to amend the DDA to reflect a modification to the Purchase Price, as that term is defined in the DDA and to update the Schedule of Performance.
- C. Capitalized terms not defined herein shall have the meaning ascribed in the DDA.
- D. All terms and provisions of the DDA not modified or amended herein are still in effect.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agency and Developer agree as follows:

1. **Amendment to Section 5.1.1 of the DDA.** Section 5.1.1 of the DDA is modified by deleting the section and replacing it as follows:

1.1.1. Purchase Price. The purchase price for the Property (the "Purchase Price") is TWO HUNDRED THOUSAND Dollars (\$200,000.00). \$20,000 of the Purchase Price is allocated to the land. \$180,000 of the Purchase Price is allocated to the building and improvements.

The Purchase Price is based upon "Reuse Appraisal Data" including but not limited to market conditions; density of development; costs expected to be incurred and revenues expected to be realized in the course of developing and disposing of the Project; sizes and expected sales prices or rents; square footages of uses of the residential spaces; leasing or sales prices for other uses and assets such as commercial and retail spaces; assumptions regarding soft costs such as marketing and insurance; risks of Agency; risks of Developer; Developer participation in the funding of public facilities and amenities; estimated or actual Developer return including assumptions regarding entrepreneurial incentive, overhead and administration; and restrictions, limitations, or requirements upon use and development of the Property as these factors apply to the Project; estimated market value for the Property as a part of the Project;

and estimated costs for any anticipated public improvements. The Reuse Appraisal is attached hereto as **Attachment 6**.

The Parties acknowledge that Developer has applied for certain affordable housing grants that will not be awarded until after Closing. The Parties agree that if Developer is awarded any affordable housing grants or any like substitutes for the Project that would qualify Developer to a tax credit allocation pursuant to the Idaho Housing and Finance Association Reservation Low-Income Tax Credit executed by the Idaho Housing and Finance Authority on December 22, 2017, and Developer on December 29, 2017, (the "Grant") the Purchase Price shall be adjusted upwards by the lesser of fifty percent of the amount of the Grant or \$300,000.00.

2. Amendment to Section 5.3. Section 5.3 of the DDA is modified by changing the Escrow Agent to TitleOne, 400 Memorial Drive, Idaho Falls, ID, 83402.

3. Amendment to Section 5.3.3. Section 5.3.3 of the DDA is modified by deleting the section and replacing it as follows:

The Close of Escrow ("Closing") shall occur within ten (10) days after the date all of the Agency Closing Conditions and the Developer Closing Conditions in Sections 5.3.1 and 5.3.2 (other than the conditions on the delivery of documents and funds into Escrow, which shall occur during said ten (10) day period) are satisfied or waived by the benefited party, but in no event later August 31, 2018.

4. Schedule of Performance. The Schedule of Performance attached to the DDA as Attachment 4 is deleted and replaced with the Schedule of Performance attached hereto as Exhibit A.

Agency:

IDAHO FALLS URBAN RENEWAL AGENCY

By: _____

Its: _____
_____, 2018

DEVELOPER:

The Housing Company, an Idaho nonprofit corporation

By: _____

Kathryn Almberg, Director
_____, 2018

STATE OF IDAHO)
) ss.
County of _____)

On this _____ day of _____, 2018, before me, _____,
the undersigned notary public in and for said county and state, personally appeared
_____, known or identified to me to be the _____ of THE IDAHO
FALLS URBAN RENEWAL AGENCY, the public body, corporate and politic, that executed
the within instrument on behalf of said Agency, and acknowledged to me that such
Agency 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.

Notary Public for Idaho
Residing at _____
My commission expires _____

STATE OF IDAHO)
) ss.
County of _____)

On this _____ day of _____, 2018, before me,
_____, a Notary Public in and for said State, personally
appeared Kathryn Almberg, known or identified to me to be the Director of The
Housing Company, an Idaho nonprofit corporation, and the person who subscribed
said company name to the foregoing instrument, and acknowledged to me that she
executed the within instrument on behalf of said corporation, and that such corporation
executed the same in said company name.

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

Notary Public for Idaho
Residing at _____
My commission expires _____

	Schedule of Performance, The Bonneville Hotel		
	Action	Due Date	Section
1	Submission of Preliminary Evidence of Financing. Developer shall submit to Agency evidence satisfactory to the Agency that Developer will have at or before Closing the financial capability necessary for the acquisition of the Property and the development of the Project thereon pursuant to this Agreement.	Submitted	4.1
2	Time to Approve Evidence of Financing. Agency shall approve or disapprove of Developer's evidence of financing	Complete	4.2
3	<u>Escrow Opening</u> . Agency shall open escrow for the sale of Parcel to Developer.	Within 5 business days of Execution of Agreement by Agency.	5.3
4	Submission of Agency Design Review Drawings.	Submitted	7.4
5	Approval of Design Review Drawings.	Approved by Agency	7.4
6	Submission of Revised Design Review Drawings.	Prior to Submission to City	7.4
7	Approval of Revised Design Review Drawings.	Within 15 days of submission by Developer	7.4
8	Submission of Final Construction Documents. Developer shall prepare and submit to Agency for review and approval construction plans sufficient to obtain a building permit for the Project.	Thirty days prior to Closing	7.5
9	Approval of Final Construction Documents.	Within 15 days of submission by Developer	7.5
10	Submission of Revised Final Construction Documents.	Upon completion, but at least 15 days prior to Closing	7.9
11	Approval of Revised Final Construction Documents.	Within 10 days of submission by Developer	7.9

12	<u>Insurance.</u> Developer shall furnish evidence of the insurance required under the Agreement to Agency.	Prior to Closing.	8
13	<u>City and Government Permits.</u> Developer shall secure all necessary permits, other than building permits and condominium plat approvals, for the Project.	Prior to Closing.	5.4.1 (a)
14	<u>Construction Loan Closings.</u> Developer shall have closed its loan for the construction of the Project	Concurrently with Closing	5.4.1 (d)
15	<u>Conditions Precedent to Closing.</u> All Conditions Precedent to Closing shall be satisfied or waived as appropriate.	Prior to Closing.	5.5
16	<u>Closing.</u> Agency shall close escrow and convey Parcel to Developer.	In no event later than August 31, 2018.	5.3.3
17	<u>Commencement of Construction</u> of the Project.	Within 30 days following Closing.	
18	<u>Completion of Construction.</u> Developer shall complete construction of Project as evidenced by the receipt of a Certificate of Completion from the City.	Approximately 12 months after commencement of sitework.	
19	<u>Certificate of Completion.</u> Agency shall provide Certification of Completion to Developer.	Within 30 days of receipt of Certificate of Occupancy from the City or other written confirmation from the City that Project has been completed.	9

OWNER PARTICIPATION AGREEMENT

By and Between

The Idaho Falls Redevelopment Agency,

and

JHJCC, LLC

for

JACKSON HOLE JUNCTION PROJECT

OWNER PARTICIPATION AGREEMENT

THIS OWNER PARTICIPATION AGREEMENT (hereinafter “Agreement”) is entered into by and between the Idaho Falls Redevelopment 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, Title 50, Chapter 29, Idaho Code, as amended (hereinafter the “Act”), and JHJCC, LLC, successor to MCMC Jackson Hole Junction LLC, an Idaho limited liability company authorized to do business in the State of Idaho (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;

WHEREAS, the Idaho Falls City Council adopted its Ordinance No. 3142 on November 8, 2017, approving the Urban Renewal Plan for the Jackson Hole Junction Urban Renewal Project (hereinafter the “Urban Renewal Plan”);

WHEREAS, Participant owns and controls the real property generally located at Pioneer Drive and Sunnyside Road, near the Sunnyside Road interchange with Interstate 15 (hereinafter referred to as the “Site” as defined below);

WHEREAS, Participant intends on constructing water, sewer, street, and electrical improvements and basalt remediation on the Site and adjacent public rights of way in conjunction with the development of a new commercial, office, and retail project on the Site (the “Project”);

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

WHEREAS, Agency and Participant have negotiated the major terms of Agency’s participation in the funding of certain improvements to the public infrastructure, basalt remediation and other eligible expenses (collectively the “Agency Funded Public Improvements”);

WHEREAS, the Agency Funded Public Improvements implement several objectives outlined in the Urban Renewal Plan;

WHEREAS, 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 agreement to construct the Agency Funded Public Improvements, 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;

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 (last date signed) 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, the Act, and the Urban Renewal Plan and is not a gift or donation of public funds.

The purpose of this Agreement is to effectuate the Urban Renewal Plan by providing for basalt remediation and the construction of public improvements on or adjacent to the Site.

The construction of said public improvements on the Site and the fulfillment, generally, of this Agreement are in the vital and best interests of the City of Idaho Falls (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 Urban Renewal Plan.

C. The Project Area

The Urban Renewal Project Area (“Project Area”) is located in the City, and the exact boundaries of the Project Area are the same as the boundaries of the Site.

D. The Site

The Site is the entirety of the Project Area shown on the “Map of the Site,” attached to this Agreement as **Attachment 1** which is incorporated herein by reference, and as more particularly described in the “Legal Description” of the Site, attached hereto as **Attachment 2** which is incorporated herein by reference.

E. 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 Site is as set forth herein.

F. 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 Law and the Act. The office of the Agency is located at 308 Constitution Way, Idaho Falls, Idaho 83402. “Agency,” as used in this Agreement, includes the Urban Renewal Agency and any assignee of or successor to its rights, powers, and responsibilities.

2. Participant

The Participant is JHJCC, LLC, an Idaho limited liability company. The principal address of the Participant is P.O. Box 1604, Idaho Falls, Idaho 83403.

Whenever the term “Participant” is used herein, such term shall include any assignee or successor in interest approved or consented to by the Agency, which consent should not be unreasonably withheld. The Participant qualifies as an “owner participant” as that term is used in the Urban Renewal Plan.

G. The Private Development

The Private Development shall mean the development undertaken by Participant or the approved successors or assigns upon the Site. The Private Development consists of the construction of a new commercial, office, and retail project. The Private Development and any further development upon the Site or any portion of the Site shall comply with all the provisions of the Urban Renewal Plan and all applicable City building and zoning ordinances.

III. IMPROVEMENT OF THE SITE AND AGENCY'S PARTICIPATION

A. Development Design

Participant agrees that the Private Development will be in full compliance with the Urban Renewal Plan.

B. Cost of Construction

The cost of the Private Development and the Agency Funded Improvements, defined below, shall be borne by the Participant except as otherwise set forth herein.

C. Agency, City, and Other Governmental Agency Permits

Participant has or 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 and operation.

D. Agency Funded Public Improvements

The Agency Funded Public Improvements are directly related to public infrastructure and basalt remediation and are: (a) critical to the redevelopment of the Site and (b) 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 the Private Development, which achieves several of the objectives contained within the Urban Renewal Plan, Agency finds that a portion of the public improvements may be reimbursed by the Agency. Agency finds that the Agency Funded Public Improvements are in the best public interest and provide for enhanced development of the Site within the Project Area.

In consideration of the terms of this Agreement and subject to certain conditions as contained in this Agreement, Agency agrees to pay the costs of certain approved Agency Funded Public Improvements, inclusive of design and engineering costs, as verified by the Agency. Approved Agency Funded Public Improvements shall include those improvements listed on Attachment 43.

E. Agency Review of Construction Documents

Upon Agency's request, Agency shall have the right and the opportunity to review Participant's construction plans, budgets, and bids for the Agency Funded Public Improvements (collectively the "Agency Funded Public Improvement Construction Documents"). Participant will utilize commercially reasonable contracting, budgeting, and bidding practices to ensure that the Agency Funded Public Improvements are constructed consistent with the Agency Funded Public Improvement Construction Documents and are undertaken in a reasonable manner. For purposes of this Section and Section F, below, Participant shall be presumed to have utilized commercially reasonable contracting, budgeting and bidding practices if its general contractor solicits or solicited competitive bids for the Agency Funded Public Improvements and such work is not performed by an affiliate or subsidiary of Participant.

F. Reimbursement Obligation

1. Amount of Reimbursement

In consideration of Participant's construction of the Agency Funded Public Improvements, Agency, subject to the terms of this Agreement, agrees to reimburse Participant an amount equal to the Actual Eligible Costs, as defined below, of the Agency Funded Public Improvements, not to exceed Four Million and 00/100 dollars (\$4,000,000.00), with no interest accruing on the Reimbursement Obligation (defined below).

2. Notification, Inspection, Approval

Upon completion of construction of any category of the Agency Funded Public Improvements associated with the Project and on not less than a quarterly basis during construction, Participant shall notify Agency in writing to request a meeting with the Agency Director to determine if the completed Agency Funded Public Improvements meet the requirements of this Agreement. Agency shall provide Participant with written confirmation that the completed Public Improvements are eligible for reimbursement as follows:

- (a) With respect to each Notification of Completion, Participant is responsible for submitting invoices or receipts for work performed as part of the Project (the "Cost Documentation") which will permit Agency to determine the Actual Eligible Costs, which shall be the actual costs to construct the Agency Funded Public Improvements, including costs incurred prior to the Effective Date of this Agreement, as approved by the Agency Director. Cost Documentation shall include the following:

- i. An accounting of the costs associated with the completed Agency Funded Public Improvements and evidence of payment of such costs by Participant. Participant shall include invoices from Participant's design professionals, general contractor, subcontractor(s), and material suppliers for each type of eligible cost item, which shall specify quantities and unit costs of installed materials.
- ii. Explanation of any significant deviation between the initial cost estimates in Attachment ~~4~~3 and the actual costs in the Cost Documentation.

(b) The Agency Director shall have the right to review the Cost Documentation, to inspect the completed Agency Funded Public Improvements, and to obtain independent verification that the quantities of work claimed and the costs associated therewith are accurate, commercially reasonable, and appropriate for the Agency Funded Public Improvements completed. The Agency's approval shall not be unreasonably delayed or withheld.

(c) Within thirty (30) days of Agency's receipt of the Cost Documentation, the Agency Director shall notify Participant in writing of Agency's acceptance of the Cost Documentation and Agency's determination of the Actual Eligible Costs. Agency shall notify Participant of any disputes with the Cost Documentation and provide Participant a reasonable time to explain any discrepancy. If the Agency Director and the Participant cannot agree on any disputed costs, the Parties agree to submit the dispute to the Agency Board of Commissioners for final determination.

3. Reimbursement

Participant shall initially pay for all of the costs of construction for the Agency Funded Public Improvements associated with the Project. By approval of this Agreement by Agency's Board of Commissioners, Agency has authorized reimbursement for the Actual Eligible Costs of the Agency Funded Public Improvements (the "Reimbursement Obligation") as set forth in Section F, Section G and the other provisions of this Agreement.

G. Reimbursement Procedure

1. Agency's Reimbursement Obligation shall not commence until (1) the first Certificate of Occupancy, or the equivalent thereof, is issued for the Private Development, or upon the City's acceptance of the new public roadway

through the Project Area connecting Pioneer Drive and Sunnyside Road, whichever is earlier; and (2) the Agency has been reimbursed \$16,247.87 for the costs to create the Project Area pursuant to the Memorandum of Understanding, dated May 18, 2017.

2. In conjunction with its receipt of revenue allocation proceeds on a biannual basis, the Agency will retain twenty percent (20%) of the proceeds, capped at Fifty Thousand Dollars (\$50,000) per year, for ~~District~~Project Area operating and administrative expenses and agrees to make payment to Participant of the remaining tax increment revenue allocation proceeds actually received and arising from the Site commencing from the first date the Agency receives tax increment monies arising from the Site subsequent to the satisfaction of the conditions set forth in Section G(1) and until such time as the Reimbursement Obligation has been paid in full or the termination of the Urban Renewal Plan, whichever occurs first. To the extent the Agency operating and administrative expenses exceed Fifty Thousand Dollars (\$50,000) in any year, the Agency may retain sufficient funds to cover the additional expenses, but in no event will the Agency retain more than twenty percent (20%) of the revenue allocation proceeds in that year. **PARTICIPANT ACKNOWLEDGES THE TAX REVENUE ALLOCATION PROCEEDS MAY NOT BE SUFFICIENT TO PAY OFF THE REIMBURSEMENT OBLIGATION ON OR BEFORE THE TERMINATION OF THE URBAN RENEWAL PLAN AND ASSUMES THAT RISK.**

3. The biannual payments are due to Participant within thirty (30) days of receipt of revenue allocation proceeds from the Site by Agency.

4. Agency shall have no obligation to make payments to the Participant for taxes collected and paid to Agency beyond the term described herein.

5. Agency may pay, at any time, in whole or in part, without penalty, the then remaining outstanding balance of the Reimbursement Obligation.

6. All payment due hereunder shall be paid to the Participant, and future owners of units created on the Site as part of the Project shall have no claim or entitlement to such payments as a result such ownership.

7. Non-general Obligation

As provided by Idaho Code Section 50-2910, the obligations of Agency hereunder shall not constitute a general obligation or debt of the Agency, the State of Idaho, or any of its political subdivisions, 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 Reimbursement Obligation.

H. Taxes

The Act provides that Agency will be paid tax increment funds contingent on the amount of assessed value as determined by the Bonneville 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 Bonneville County Assessor or guarantor of collection of taxes by the Bonneville County Treasurer.

Participant shall pay, when due, all real estate and personal property taxes and assessments assessed and levied on Participant's ownership interest of the Site. This provision or covenant shall run with the land and be binding upon Participant's successors. Except as set forth herein, nothing herein contained shall be deemed to prohibit 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 Site or any portion thereof to forfeiture or sale.

The increment tax revenues on the Site by Participant (as determined from the assessment records of the Bonneville County Assessor and the payment records of the Bonneville County Treasurer) shall be paid to Participant if and only as they are paid to Agency by Bonneville County, the entity which has the legal responsibility to collect property taxes.

Participant recognizes 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 Reimbursement Obligation is dependent on the ad valorem assessment and collection process. Therefore, in the event insufficient taxes are received by Agency because of 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 any owner of parcels within the Site or by any tenant related to personal property, 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 Reimbursement Obligation.

Participant shall not apply for or otherwise request any exemption or reduction in property taxes on the Site pursuant to Idaho Code Section 63-602NN or Idaho Code Section 63-606A during the term of the Urban Renewal Plan.

I. Liens/Payment of General Contractor

Participant hereby certifies that as of the Effective Date no mechanic's or materialman's liens have been placed on the Site, as defined above, and that the general contractor and all subcontractors have been or will be paid in full for all work performed on the Private Development. In the event any materialman's liens are placed on the Site, Participant agrees Agency may suspend any payments required under this Agreement until any liens or claims related to the Project and made by any contractor, subcontractor, or material supplier that performed work on the Private Development have been satisfied.

J. Agency Contribution Assignable

Agency and Participant agree that Agency's obligations run only to Participant or its assignee and that Agency is under no obligation to grant any additional consideration or greater participation than set forth herein. Participant shall have the absolute right to assign its right to receive any payments to its lender, its successor, or other entity designated by Participant.

K. Indemnification

Participant shall indemnify and hold Agency and its respective officers, agents, and employees (collectively referred to in this Section K as "Agency") 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 K as "Claim"), which may be imposed upon or incurred by or asserted against Agency and for which Agency ~~is~~ may be legally liable under applicable law (excluding any liability or obligation Agency assumes by contract) by reason of any of the following occurrences, provided Participant shall have no obligation to indemnify and hold Agency harmless from and against any Claim to the extent it arises from ~~(i) the negligence or willful act or omission of Agency or Agency's contractors and associated subcontractors or (ii) public use of public improvements once dedicated to the City or other public entity:~~

1. Any work done in, on, or about the Site, including the Agency Funded Public Improvements, or work related to the Agency Funded Public Improvements; or

2. Any use, nonuse, possession, occupation, condition, operation, maintenance, or management of the Site or any part thereof; or
3. Any negligent or intentional wrongful act or omission on the part of Participant or any of its agents, contractors, servants, employees, subtenants, operators, licensees, or invitees; or
4. Any accident, injury, or damage to any person or property occurring in, on, or about the Site or any part thereof, during construction; or
5. 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.
6. Funding, by Agency, of the Agency Funded Public Improvements.

In case any such Claim is brought against Agency, Participant, upon written notice from Agency, shall, at Participant's expense, resist or defend such Claim.

L. Insurance

Participant shall, or through its contractor constructing the Agency Funded Public Improvements, shall, at Participant's sole cost, obtain and maintain in force for the duration of the Agreement (including the warranty period) insurance of the following types, with limits not less than those set forth below, and in a form acceptable to Agency:

1. Commercial General Liability Insurance ("Occurrence Form") with a minimum combined single limit liability of \$1,000,000 each occurrence for bodily injury and property damage, with a minimum limit of liability of \$1,000,000 each person for personal and advertising injury liability. Such policy shall have a general aggregate limit of not less than \$2,000,000, which general aggregate limit will be provided on a per project basis. The policy shall be endorsed to name Agency, including its respective affiliates, and City as additional insureds.
2. Workers' Compensation Insurance, if Participant has employees, including occupational illness or disease coverage, in accordance with the laws of the nation, state, territory, or province having jurisdiction over Participant's employees, and Employer's Liability Insurance. If Participant has employees, Participant shall not utilize occupational

accident or health insurance policies, or the equivalent, in lieu of mandatory Workers' Compensation Insurance or otherwise attempt to opt out of the statutory Workers' Compensation system.

3. Automobile Liability Insurance covering use of all owned, non-owned, and hired automobiles with a minimum combined single limit of liability for bodily injury and property damage of \$1,000,000 per occurrence. This policy shall be endorsed to name Agency, including its respective affiliates, directors, and employees, as additional insureds.

4. All insurance provided by Participant under this Agreement shall include a waiver of subrogation by the insurers in favor of Agency. Participant hereby releases Agency, including its respective affiliates, directors, and employees, for losses or claims for bodily injury or property damage covered by Participant's insurance or other insured claims arising out of Participant's performance under this Agreement or construction of the Project.

5. Certificates of insurance, reasonably satisfactory in form to Agency (ACORD form or equivalent), shall be supplied to Agency evidencing that the insurance required above is in force, and that notice will be given to Agency prior to any cancellation of the policies in accordance with the policies. Participant shall also provide, with its certificate of insurance, executed copies of the additional insured endorsements and dedicated limits endorsements required in this Agreement. At Agency's request, Participant shall provide a certified copy of each insurance policy required under this Agreement.

6. Except as otherwise stated above, the obligations set forth in this Section shall remain in effect only until the date City accepts the dedication of the Agency Funded Public Improvements.

7. All policies of insurance required by this Agreement shall be issued by insurance companies qualified to do business in the State of Idaho.

8. The foregoing insurance coverage shall be primary and noncontributing with respect to any other insurance or self-insurance that may be maintained by Agency. Participant's General and Automobile Liability Insurance policies shall contain a Cross-Liability or Severability of Interest clause. The fact that Participant has obtained the insurance required in this Section shall in no manner

lessen or affect Participant's other obligations or liabilities set forth in the Agreement.

M. Warranty

Participant warrants that the materials and workmanship employed in the construction of the Agency Funded Public Improvements shall be good quality and shall conform to generally accepted standards within the construction industry and agrees to repair any non-conforming improvements during the warranty period upon receipt of notice from Agency of such non-conforming improvements. Such warranty and repair obligation shall extend for a period of one (1) year after acceptance of the Agency Funded Public Improvements by the City. 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.

N. Maintenance

Participant recognizes Agency has no specific authority to accept maintenance responsibility of the Agency Funded Public Improvements. Participant anticipates that the City and or various public utilities may accept ownership and maintenance obligations of some or all of the Agency Funded Public Improvements; however, such acceptance is not a condition precedent to the obligations of the Parties hereto.

IV. USE AND MAINTENANCE OF THE SITE AND ADJACENT AREA

A. Use of the Site

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

B. Effect and Duration of Covenants

Covenants contained in this Agreement shall remain in effect until sooner of December 31, 2030, or the date on which the Urban Renewal Plan terminates, whichever is sooner. 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 Site, or any part thereof, for the benefit of and in favor of Agency, its successors and assigns.

E. Local, State and Federal Laws

Participant covenants that it will carry out the construction of the Agency Funded Public Improvements in conformity with all applicable laws, including all applicable federal and state labor standards and anti-discrimination laws.

V. DEFAULTS, DISPUTE RESOLUTION, 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, provided that in the case where rectifying the matters specified in the notice of default requires more than forty-five (45) days, such notified Party shall not be in default so long as they commence prior to the expiration of the forty-five (45) days and diligently pursue actions needed to rectify such matters. 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, Agency may seek reimbursement of any amounts paid to Participant up to the amount of damages incurred by Agency for Participant's default.

B. 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 the Northwestern States 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.

C. 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. The nondefaulting Party may also, at its option, cure the default and sue to collect reasonable attorney's fees and costs incurred by virtue of curing or correcting the Party's breach.

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

D. 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.

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. 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.

J. 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 Agency Funded Public Improvements.

K. 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, including Attachments 1 through 3, inclusive, incorporated herein by reference, constitutes 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.

[signatures on following page]

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.

IDAHO FALLS REDEVELOPMENT AGENCY

By: _____
Lee Radford, Chair
Date: _____

ATTEST:

By: _____
_____,
Secretary

PARTICIPANT
JHJCC, LLC

By: _____
_____, Managing Member
Date: _____

ACKNOWLEDGMENTS

STATE OF IDAHO)
) ss.
County of Bonneville)

On this _____ day of _____, 2018, before me, _____, the undersigned notary public in and for said county and state, personally appeared Lee Radford, known or identified to me to be the Chair of the Idaho Falls Redevelopment 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 such Agency 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.

Notary Public for Idaho
Commission Expires _____

STATE OF IDAHO)
) ss.
County of Bonneville)

On this _____ day of _____, 2018, before me,
_____, the undersigned notary public in and for said county
and state, personally appeared _____, known or identified to me to be
the managing member of JHJCC, LLC, 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 on behalf of JHJCC,
LLC.

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

Notary Public for Idaho
Commission Expires _____

Attachment 1

Map of the Site

Attachment 2

Legal Description

Attachment 3

Agency Funded Public Improvements

Basalt Remediation	\$1,024,882
Street Improvements	\$1,413,456
Sewer System Improvements	\$166,083
Water System Improvements	\$344,255
Power System Improvements	\$489,315
Engineering, legal and consulting fees	\$374,950
Management Fee	\$187,059
Total	\$4,000,000