THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS

Date: February 13, 2012

To: Urban Renewal Agency of the City of Twin Falls

From: Melinda Anderson, URA Executive Director

Request:

Consideration of a request to approve a Letter of Intent with KeyBanc Capital Markets (KBCM) to underwrite financing for Revenue Allocation Area 4-3.

Background:

On Monday, January 31, Fritz Wonderlich represented the Agency at the hearing for judicial confirmation of RAA 4-3 which Judge Bevan approved. There is a 42-day waiting period for possible appeals of the confirmation. This LOI request is the next step to acquire the funding needed to finance the public infrastructure and other expenses associated with Chobani's expansion to Twin Falls.

The LOI is an expression of commitment between the Agency and KBCM as the underwriter for financing for the Chobani project.

Approval Process:

A majority vote of a quorum of the Agency board in open meeting.

Budget Impact:

None at this time. Fees and transactions costs will be negotiated at the time of the financial transaction.

Conclusion:

The Letter of Intent contains a very one-sided release and indemnification agreement. KeyBanc says that this is now the standard indemnification used by all large financial institutions. This item is non-negotiable. The issue of release and indemnification would arise out of a bond-holder lawsuit arising out of a default on the payment of the bonds.

Attachments:

1. Letter of Intent

Geoff Urbina
206-684-6259
Geoff_a_urbina@keybanccm.com
Fax: 206-684-6505

KeyBanc
Capital Markets

1301 5th Avenue
WA-31-13-2320
Seattle, WA 98101

January 26, 2012

PERSONAL AND CONFIDENTIAL

Mr. Gary Garnand
Chairman
The Urban Renewal Agency of the City of Twin Falls
PO Box 1907
Twin Falls, ID 83301-1907

Re: Agro Farma Idaho, Inc. TIF Financing – Phase 1

Dear Mr. Garnand:

We are pleased to submit this letter to summarize the current intentions of The Urban Renewal Agency of the City of Twin Falls (the "Agency") and KeyBanc Capital Markets Inc. ("KBCM") with respect to a proposed offering of the Agency's Debt Securities (the "Securities") and certain related matters.

Subject to the further provisions set forth in this letter, KBCM is prepared to consider acting as either Underwriter or Placement Agent ("Investment Banker") in an offering of the Securities based on the following understandings:

1. The Agency proposes to sell/place to/with KBCM, as Investment Banker, Securities from time to time on the terms set forth in either a bond purchase agreement or placement agreement (the "Agreement") to be entered into between the Agency and KBCM.

2. The aggregate principal amount of debt securities to be sold/placed will be determined at a future date subject to our mutual agreement.

3. The compensation to KBCM for acting as Investment Banker shall be mutually agreed upon during the process of the Securities being sold pursuant to the Agreement.

4. The Agency will pay all its own expenses in connection with the preparation and filing of the Agency's legal documents, staff time and any other expense that it may incur leading up to the signing of the official statement or Agreement.

5. The Agency agrees to the provisions with respect to KBCM's indemnity and other matters set forth in Appendix A, which appendix is incorporated herein by reference. The Agency acknowledges that it has received and reviewed the Special Disclosure Statement set forth in Appendix B, which is incorporated herein by reference.

6. The Agency and KBCM agree that the Agency's engagement of KBCM as Investment Banker in connection with the transactions contemplated in this letter agreement shall be exclusive. The Agency represents that it has not engaged as of the date hereof, and agrees that it shall not engage, any other person for the purpose of acting as Investment Banker in connection with an offering of the Agency's Securities without the prior written consent of KBCM.

7. KBCM's participation as Investment Banker in an offering of Securities is conditioned on preparation of an Offering Document satisfactory to KBCM and its counsel; satisfactory completion by KBCM and its counsel of a due diligence investigation of the Agency, satisfactory comfort from the Agency's accountants (including, if necessary, the Agency's former accountants), the receipt of any ratings letters from nationally recognized statistical ratings organizations as KBCM deems necessary, and the absence of any material adverse change in the condition, affairs or prospects of the Agency at all times before completion of the offering. KBCM's participation in the proposed offering is also subject to the approval of KBCM's Debt Transaction Committee and the execution of a definitive Agreement satisfactory to KBCM and its counsel and the satisfaction of all applicable closing conditions thereunder, including delivery to KBCM of any required opinions of bond counsel.

8. The Agency represents that it is a sophisticated enterprise that has retained KBCM for the limited purposes set forth in this letter, and the parties acknowledge and agree that their respective rights and obligations are contractual in nature. Each party disclaims any intention to impose fiduciary obligations on the other by virtue of the engagement contemplated by this letter. This letter is solely for the benefit of KBCM and the Agency and each of their respective officers, directors, employees and agents, and any person controlling KBCM within the meaning of the Securities Act of 1933, as amended, and the respective legal representatives, successors and assigns of KBCM and the Agency, and no other person shall acquire or have any right under or by virtue of this letter.

Except for numbered paragraphs 3, 4, 5 and 6 above, which constitute binding agreements between the Agency and KBCM with respect to the subject matter thereof, this letter is not intended to be a binding agreement, and neither the Agency nor KBCM will be obligated unless and until each party has executed an Agreement, and in such event, the parties' respective obligations will arise only under such Agreement. This letter is, however, an expression made in good faith of the current intentions of the parties hereto.

Remainder of Page Intentionally Blank. Signature Page Follows.

If the foregoing is in accordance with the Agency's understanding, please indicate the Agency's acceptance on the enclosed copy and return it to KBCM.

Sincerely,

KEYBANC CAPITAL MARKETS INC.

By: _____

Its: Managing Director

Agreed to as of the above date:
The Urban Renewal Agency of the City of Twin Falls

By: _____
Its: Chairman
Taxpayer Identification Number

_____

APPENDIX A

In the event that KeyBanc Capital Markets Inc. ("KBCM") becomes involved in any capacity in any action, proceeding or investigation brought by or against any person, including shareholders of Urban Renewal Agency of the City of Twin Falls (together with its affiliates, the "Agency"), in connection with any matter related to the assignment described in the attached letter, the Agency will reimburse KBCM for its legal and other expenses (including the cost of any investigation and preparation) reasonably incurred in connection therewith as such expenses are incurred; provided, however, that if it is finally judicially determined by a court of competent jurisdiction in any such action, proceeding or investigation that any loss, claim, damage or liability of KBCM has resulted primarily and directly from the gross negligence or willful misconduct of KBCM in performing the services which are the subject of the letter, KBCM shall repay such portion of the reimbursed amounts that is attributable to expenses incurred in relation to the act or omission of KBCM which is the subject of such finding. The Agency also will indemnify and hold KBCM harmless against any losses, claims, damages or liabilities to any such person in connection with any matter related to the assignment described in the letter, except to the extent that any such loss, claim, damage or liability is finally judicially determined by a court of competent jurisdiction to have resulted primarily and directly from the gross negligence or willful misconduct of KBCM in performing the services that are the subject of the letter. If for any reason the foregoing indemnification is unavailable to KBCM or is insufficient to hold it harmless, then the Agency shall contribute to the amount paid or payable by KBCM as a result of such loss, claim, damage or liability in such proportion as is appropriate (i) to reflect the relative benefits to the Agency on the one hand and to KBCM on the other hand in connection with the transaction to which such exculpation, indemnification or reimbursement relates or (ii) if the allocation on that basis is not permitted by applicable law, to reflect not only the relative benefits referred to in clause (i) above, but also the relative fault of KBCM and the Agency as well as any other relevant equitable considerations. The Agency and KBCM agree that it would not be just and equitable if the contribution provided for herein were determined by pro rata allocation or any other method which does not take into account the equitable considerations referred to above. It is hereby agreed that the relative benefits to the Agency, on the one hand, and KBCM, on the other hand, with respect to this engagement shall be deemed to be in the same proportion as (i) the total proceeds from the transactions contemplated in the letter (before deducting expenses) received by the Agency bear to (ii) the fees paid to KBCM in connection with this engagement. In no event shall KBCM contribute any amounts in excess of the fees actually received by it pursuant to the terms of the letter. The Agency shall be liable for any settlement of any claim against KBCM made with the Agency's written consent, which consent shall not unreasonably be withheld, and the Agency shall not, without the prior written consent of KBCM, which consent shall not unreasonably be withheld, settle or compromise any claim or permit a default or consent to the entry of any judgment in respect thereof, unless such settlement, compromise or consent includes, as an unconditional term thereof, the giving by the claimant to KBCM of an unconditional release from any and all liability in respect of such claim. KBCM shall have the right to retain counsel of its own choice to represent it in connection with any matter as to which the indemnity, expense reimbursement and contribution provisions apply. The reimbursement, indemnity and contribution obligations of the Agency under this Appendix A shall be in addition to any liability which the Agency may otherwise have, shall extend upon the same terms and conditions to any affiliate of KBCM and the directors, agents, employees and controlling persons (if any), as the case may be, of KBCM and any such affiliate and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Agency, KBCM, any such affiliate and any such person. The indemnity obligations of the Agency hereunder shall not extend to any affiliate of KBCM or to the directors, agents, employees, or controlling persons (if any), as the case may be, of KBCM or any such affiliate to the extent that any loss, claim, damage or liability is finally judicially determined by a court of competent jurisdiction to have resulted primarily and directly from the gross negligence or willful misconduct of KBCM or any such other person in performing the services which are the subject of the letter. The Agency also agrees that KBCM and its affiliates, directors, agents, employees and controlling persons shall have no liability to the Agency or its shareholders, for or in connection with any matter referred to in the letter except to the extent that any losses, claims, damages, liabilities or expenses are finally judicially determined by a court of competent jurisdiction to have resulted primarily and directly from the gross negligence or willful misconduct of KBCM in performing the services that are the subject of the letter. The provisions contained in this Appendix A shall survive any termination or completion of the engagement provided by the letter and shall be in addition to any rights that any indemnified party hereunder may have at common law or otherwise.

APPENDIX B
KEYBANC CAPITAL MARKETS INC.
SPECIAL DISCLOSURE STATEMENT

KeyBanc Capital Markets Inc. ("KBCM") is a wholly-owned subsidiary of KeyCorp. KBCM is a broker/dealer registered with the Securities and Exchange Commission, and a member of the Financial Industry Regulatory Authority, the New York Stock Exchange and the Securities Investor Protection Corporation.

KeyCorp is also the parent of KeyBank National Association. KBCM is not a bank; it is a separate corporate entity from its affiliated bank subsidiaries of KeyCorp. The obligations of KBCM are not obligations of any of its affiliate banks, and none of the affiliated banks are responsible for, or guarantee, the securities sold, offered or recommended by KBCM. Except in certain specified circumstances, securities and other investment products sold, offered or recommended by KBCM are not bank deposits or obligations, and are not insured by the FDIC. KBCM will sell, as agent, banker's acceptances or CD's issued by its affiliate banks and by unaffiliated third party banks. The CD's that KBCM sells as agent are insured by the FDIC only to the extent that the FDIC insures the deposits of the issuing bank.

KBCM's banking affiliates may be lenders to issuers of securities that KBCM underwrites or privately places, in which case the proceeds of securities offerings underwritten or privately placed may be used to repay those loans. Please refer to the relevant offering disclosure documents for a discussion of any such lending arrangement.

KBCM and its affiliated banks may share credit information concerning their customers. KBCM customers will be deemed to have consented to such sharing of information unless an objection is made in writing and delivered to KBCM.

Important information required by U.S. Patriot Act. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each client. Therefore, all new and existing clients of KeyCorp and its affiliates are subject to certain identity verification requirements.

When a client hires KeyCorp or any of its affiliates for the purpose of conducting business on behalf of the client, KeyCorp or its applicable affiliate will ask for their address and identification number (i.e., tax ID or social security number). In the case of an individual, his or her date of birth will be required. For certain business accounts, KeyCorp or its applicable affiliate must also obtain date of birth and other information for certain individuals associated with the business. KeyCorp and its affiliates reserve the right to request any such other identifying documents from clients or their principals as they deem necessary to ensure compliance with applicable law.

KeyBanc Capital Markets Inc. is providing the information contained in this document for discussion purposes only in anticipation of serving as underwriter or placement agent to you. The primary role of KBCM, as an underwriter or placement agent, is to purchase securities, for resale to investors, or place securities with investors, on an agency basis, in an arm's-length commercial transaction between you and KBCM and that KBCM has financial and other interests that differ from your interests. KBCM is not acting as a municipal advisor, financial advisor or fiduciary to you or any other person or entity. The information provided is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934. You should consult with your own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate. If you would like a municipal advisor in this transaction that has legal fiduciary duties to you, then you are free to engage a municipal advisor to serve in that capacity.