#### VIRTUAL PUBLIC MEETING INFORMATION

In order to mitigate the spread of flu, Covid-19 and other viruses, we invite interested parties to participate in public hearings either electronically or in person. If you have a cough, fever, or are not feeling well, please register to participate remotely at: <a href="https://www.cityofcaldwell.org/departments/clerk-draft/city-council-agenda-documents">https://www.cityofcaldwell.org/departments/clerk-draft/city-council-agenda-documents</a>

Written Comments and/or Virtual Participation: Written comments for consideration regarding the "Public Comments" portion of the agenda or requests for virtual participation associated with items on the agenda must be submitted at least 24 hours in advance of the meeting. Please email the Caldwell City Clerk at: cityclerk@cityofcaldwell.org

<u>Live Stream Viewing:</u> If you are not planning to speak, members of the public are encouraged to view the meeting via the live stream option: <a href="https://www.youtube.com/channel/UCci7S1A0UJNK6asXxxugLGA">https://www.youtube.com/channel/UCci7S1A0UJNK6asXxxugLGA</a>



#### CALDWELL URBAN RENEWAL AGENCY <u>REGULARLY SCHEDULED MEETING</u> NOVEMBER 13, 2023 6:00 P.M.

#### CONFLICT OF INTEREST DECLARATION

#### **SPECIAL PRESENTATION(S)**

#### PUBLIC COMMENTS

(Members of the public may address items of concern <u>not listed</u> on the agenda.)

#### CONSENT CALENDAR [All Consent Calendar items are considered action items]

- 1) Approve minutes from the Urban Renewal Agency Regularly Scheduled Meeting held on October 10, 2023 and the Special Urban Renewal Agency Meeting held on October 16, 2023;
- 2) Approve Resolution authorizing the execution of a Funding Agreement with Caldwell Housing Authority regarding the Rice House Project;
- 3) Approve Resolution authorizing the execution and recording of an Environmental Covenant between the Agency and the Idaho Dept. of Environmental Quality regarding the property located at 306 S. Kimball;
- 4) Approve Resolution authorizing the execution and delivery of a Special Warranty Deed and standard closing documents conveying 306 S. Kimball to Mussell Construction, Inc. pursuant to the Disposition and Development Agreement dated August 10, 2020.

#### **OLD BUSINESS**

1) **ACTION ITEM**: Approve Resolution authorizing the execution of a revised and updated Development and Disposition Agreement (DDA) with TS Development for redevelopment of the property at 510 Arthur.

#### **NEW BUSINESS**

- 1) **ACTION ITEM:** Accept the notice for a public hearing to be held on Monday, December 11, 2023 pertaining to amendments to the FY-2024 Urban Renewal Agency Budget.
- 2) **ACTION ITEM:** Consider invoices for payment from the Urban Renewal Agency Treasurer:

VENDOR	AMOUNT	DESCRIPTION
Bluebird Car Wash	\$129,653.00	FY23 (15) Frontage Improvements
Caldwell Housing Auth	\$24,731.95	FY23 (28)Foundation - Rice House
Canyon County	\$393.65	FY23(4) Sept-2 Fair Expo Building Improvements

Canyon County	\$772.90	FY23(4) Sept-1 Fair Expo Building Improvements
City of Caldwell	\$16.77	FY23 (16) Compactor Relocation
City of Caldwell	\$117,241.15	FY23 (5) Luby Park Pickle ball
City of Caldwell	\$10,110.76	FY23 (13) 21st Ave Parking Lot
City of Caldwell	\$2,300.00	FY23 (10)213-215-217 Kimball Norman Complex
City of Caldwell	\$-46.06	FY23 (22) Luby Park Irrigation
City of Caldwell	\$103,038.81	FY23 (2) Indiana & Ustick RAB
City of Caldwell-Econ. Dev	\$18,900.00	FY24 Nov Economic Dev Contributions
City of Caldwell-Econ. Dev	\$900.00	FY24 October Economic Dev Contributions
City of Caldwell-Streets	\$84,849.15	FY23 (20) Florida&Ustick RAB
City of Caldwell-Streets	\$497,281.99	FY23 (1)Ustick Rd Widening
deChase	\$102,494.73	FY23 (9)Creekside Mixed Use Project/September
deChase	\$49,375.46	FY23 (9)Creekside Mixed Use Project/May
deChase	\$54,143.66	FY23 (9)Creekside Mixed Use Project/July
deChase	\$60,077.48	FY23 (9)Creekside Mixed Use Project/August
НМН	\$6,435.00	FY 24 Oct Attorney Services
Mountain States Appraisal	\$6,900.00	FY 23 (8) Re-Use Appraisal Report
TOTAL	\$1,269,570.40	
TOTAL FY23	\$1,243,335.40	
TOTAL FY24	\$26,235.00	

#### 1) Treasurer Report:

- a. **ACTION ITEM**: Approve Monthly Cash Reconciliation Reports.
- b. Update Report: URA Current Project List.

#### 2) **Economic Development Reports:**

- a. Economic Development Activity Report from Steve Jenkins (October 2023).
- b. Economic Development Activity Report from Ofelia Morales (October 2023).

#### 3) Attorney Reports:

- a. Update Report: Property tax interest and penalties.
- b. Update Report: Cooper Project (Kimball & Blaine)
- 4) Commissioner Reports.
- 5) Chairman Report.
- 6) Executive Session pursuant to Idaho Code, Section 74-206, Section (1)(d) for the purpose of discussing records that are exempt from disclosure provided in chapter 1, title 74, Idaho Code.
- 7) Motion to adjourn.

<u>Date of the next Regularly Scheduled Urban Renewal Agency Meeting:</u> December 11, 2023 at 6:00 p.m. in the Community Room - Caldwell Police Station at 110 South Fifth Avenue. Any person needing special accommodations to participate in the meeting should contact the Secretary to the Urban Renewal Agency at 411 Blaine Street or call #208-455-4656 prior to the meeting. The entire agenda packet may be viewed on the City of Caldwell's website: <a href="https://www.cityofcaldwell.org/your-government/city-commissions-and-boards/urban-renewal-agency">https://www.cityofcaldwell.org/your-government/city-commissions-and-boards/urban-renewal-agency</a>

Cualquier persona que necesita arreglos especiales para participar en la reunión debe comunicarse con el Secretario de la Ciudad en 411 Blaine Street o llame al # 455 a 4656 antes de la reunión.



# CALDWELL URBAN RENEWAL AGENCY WORKSHOP OCTOBER 10, 2023 5:30 P.M.

## WORKSHOP SESSION FOR THE PURPOSE OF DISCUSSING THE PROCESS AND PROCEDURES CONCERNING DISPOSITION AND DEVELOPMENT AGREEMENTS AND RE-USE APPRAISALS.

Chairman Porter opened the workshop session at 5:30 p.m.

Mark Hilty, Agency Attorney, provided information regarding the processes involved in Disposition and Development Agreements by use of a PowerPoint Presentation.

Mr. Hilty summarized Idaho Code requirements for the disposal of property in Urban Renewal Areas (Idaho Code §50-211), and highlighted the re-use appraisal process as used in determining the fair value (residual land value) of real property. He outlined the redevelopment process for properties within an Urban Renewal Project Area and included information on the Request for Proposal process and how it leads to a Disposition and Development Agreement (DDA).

Discussion followed concerning the processes.

In response to questions from Commissioner Allgood regarding rules for the Agency to acquire property and for redevelopment of properties, Mr. Hilty explained the acquisition process, and noted that the Agency is not a business. The end goal is to see successful redevelopment of properties that are difficult to redevelop in the private market. He added that there are things the Agency does in the redevelopment process that don't pencil the way they would if the Agency were operating as a business. He also clarified that the DDA outlines the conditions of development that are placed on a developer for a particular project.

Commissioner Moore expressed concerns centering on his perception of being in the position of making a decision on proposals and projects without adequate information to make an informed decision. He requested additional communication between developers and the Agency, in the form of more frequent updates from developers about progress made with respect to project completion timelines, as well as a checklist of some kind when considering proposals for a new property.

The workshop adjourned at 6:00 p.m.

#### CALDWELL URBAN RENEWAL AGENCY REGULARLY SCHEDULED MEETING October 10, 2023 6:00 p.m.

The regularly scheduled meeting of the Caldwell Urban Renewal Agency convened at 6:00 p.m. in the Caldwell Police Department Community Room with Chairman Porter presiding.

#### (ROLL CALL)

The URA Secretary called the roll. Present: Commissioner Porter, Commissioner Doty, Commissioner Warwick, Commissioner Brooks, Commissioner Moore, Commissioner Allgood, and Commissioner Garcia.

Absent: None.

#### (CONFLICT OF INTEREST DECLARATION)

None.

#### (SPECIAL PRESENTATIONS)

None.

#### (PUBLIC COMMENTS)

None.

#### (CONSENT CALENDAR) [All Consent Calendar items are considered action items]

- 1) Approve minutes from the Urban Renewal Agency Regularly Scheduled Meeting held on September 11, 2023;
- 2) Approve Resolution No. 2023-17 authorizing the execution of the Letter of Intent for the Rice House Fund Obligation in the amount of \$154,200.00;
- 3) Approve Resolution No. 2023-18 authorizing the execution of a Joint Powers Subscriber Agreement with Idaho Counties Risk Management Program;
- 4) Approve request to accept the 2024 Urban Renewal Agency Meeting Calendar.

MOVED BY Doty, SECONDED by Garcia to approve the Consent Calendar as printed.

Roll-call vote. Those voting yes: Commissioner Doty, Commissioner Warwick, Commissioner Brooks, Commissioner Moore, Commissioner Garcia, and Commissioner Porter. Those voting no: none. Those absent or not voting: none.

**MOTION CARRIED** 

#### (OLD BUSINESS)

None.

#### (NEW BUSINESS)

## (ACTION ITEM: CONSIDER RESOLUTION AUTHORIZING THE EXECUTION OF FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN AGENCY AND AMANO DEVELOPMENTS LLC)

Mark Hilty, Agency Attorney, outlined the contents of the proposed first amendment to the DDA:

- A change and rescaling of the original design/development concept plan
  - Originally proposed as 15,000 sq. ft. on the first floor, 6,000 sq. ft. on the 2<sup>nd</sup> floor.
  - Flagship user was proposed to be the Amano Restaurant, with space for up to three additional users for a mixed-use development.
  - o The scaled back project (1st Amendment) would be one floor only, at 8,850 sq. ft.
  - o Amano Restaurant would remain as the flagship user, with an added concept for a speakeasy bar.
- A summary of the new schedule of performance—modified in attachment 2 of the amendment (note that many of the time frames are relative to when other things occur):
  - o Closing on the property in February, once the re-use appraisal has been completed for the project.
  - Construction to start in March of 2024 (Kreisenbeck Contractors) and completed by November 2024 to capture Winter Wonderland traffic.
- A proposal to adjust the site.
  - The scaled-back project would use approximately two thirds of the original property, rather than the full parcel.
  - o A lot line adjustment would be necessary, and would allow for an additional property and another user.

Mr. Hilty noted that staff has shared with the developer that the Agency's most likely concern will be the density of development for this scaled-back project. The Agency has shown a preference in the past for greater scale in terms of developments. The proposed lot line adjustment would provide additional development density lost through scaling back the original project.

Mr. Hilty referred to a map of the downtown area, and identified the Amano project parcel and outlined the changes to the area that would occur with the proposed Amano amendment. For reference, he also identified the nearby Tilian Phase II project area, and noted discussions regarding the parcel coming back to the City and being used for parking in the interim, with potential for more permanent development in the future.

In response to questions from Commissioner Moore regarding the Phase II hotel site parcel, Mr. Hilty gave more detail about the process and expectation for this parcel after an amendment to the Tilian DDA is completed. He also explained the current and future ownership of the parcel in reference to changes in the DDA and the closing out of the CEURA project area.

In response to questions from Commissioner Doty regarding whether the dimensions of the hotel site project area and the Amano scaled back project area are similar, Mr. Hilty reported that without working through the measurements in more detail, it is not clear if the redesigned Amano project would fit in the hotel site project area.

Ann Kunkel of Varin Thomas 242 N 8th Street in Boise, representing Amano Developments LLC reported on the changes to the project outlined by the proposed amendment to the DDA:

- Schedule of Performance, noting the design/performance schedule refinements with hard dates/deadlines in place for efficient tracking of project progress.
- Overall reduction in size of the project reducing footprint on existing property to allow a portion of the property to go back to the Agency/City in order to develop it separately, or use it in another way.
- Cost of construction and financing in the current economic climate does not support a two-story design project as originally presented.
  - High construction costs mean rental rates for the office spaces in the original design would be very high, making it very difficult to find tenants.
  - o The two prospective tenants originally committed to the office spaces have backed out.
  - The developer went back to design contractors with the goal of reducing the size of the project while retaining the visual appeal of the original project.
  - Reconfigured inside and outside to continue the architectural feel that was originally approved

In response to comments and questions from Commissioner Doty regarding the loss of 12,000 sq. ft. of the project and significant departure from the RFP, Ms. Kunkel agreed that the removal of the second floor—the office component—is where most of that loss is apparent. She also outlined the steps and diligent efforts of the applicant to bring forward a redesign that keeps the visual aspects and primary purpose intact, and provides a project that will be beneficial for downtown Caldwell. The economic/financial considerations are the reason for the proposed change.

Commissioners Doty and Moore expressed concerns with accepting the amendments to the DDA and with the departure of the project from the original RFP approved. Commissioner Doty also referenced other developers who have come forward with alterations, then finally pulled out of the project entirely.

Mr. Hilty clarified to the Commissioners that legally, the DDA may be modified for any successful proposal.

Salvador Alamilla, owner of Amano reported that economic conditions have drastically changed since the original proposal. He noted that in the beginning, they were confident they could get office tenants in the second floor space, but the reality now is that prospective tenants have backed out entirely. Interest rates continue to rise and make financing options difficult. He believed the changes pencil out better than the original proposal, and they will allow the business to weather a potential recession.

In response to a question from Commissioner Allgood, Mr. Alamilla responded that seating has remained substantially the same; reductions were made to some of the interior design rather than overall capacity. Rebecca Alamilla, the wife of the owner, stated that there was a reduction of approximately 25-30 seats, however there is still a dramatic increase of indoor and outdoor seating when compared to the current Amano location capacity. She also noted the success of the current location.

In response to questions regarding financing, Ms. Alamilla explained the process, and reported that there is now a finalized budget and everything is in place to move forward with financing once approval comes from the Agency for the changes. Cannot move forward until that time.

Ms. Kunkel added that the reduction in scope of the Amano project betters the financial picture of the project by reducing the loan size, which will also keep the business loan local rather than out of state.

Commissioner Doty recommended consideration of moving the Amano project site to the parcel that was the original hotel site, and stated his reasons for the recommendation. Mr. Alamilla concurred that it could be a very desirable and workable option with possibly only a minor redesign process of about two weeks to fit the project to the space.

In response to questions and comments from Commissioner Moore regarding if moving the project location is feasible, Mr. Hilty responded that there is a way forward legally; whether it can be done or not depends partly on the cooperation of parties who are not currently around the table for this discussion. His team can work through the options and come back with a report before the next Agency meeting. If it doesn't work, the current proposal would be considered.

Mr. Hilty further explained that since Tilian owns the hotel site property, if they were in agreement with putting a restaurant there instead of a hotel, the Tilian DDA would need to be amended to include a restaurant rather than a hotel. This project would then fall under that umbrella and the Amano DDA would be terminated. The original site could be available for another project.

Ms. Kunkel noted that since she is also the Tilian representative; when talking about possibility of swapping the location, she will need to recuse herself from working with Amano during those discussions.

In response to questions from Mr. Alamilla regarding financing the new location if the property belongs to Tilian, it appears that the property would need to be under the Amano name to secure the financing.

Commissioner Allgood commented that the Agency's purpose is to bring businesses into town that are successful and a draw to this community. Amano has proven themselves over the years; it is not a start-up company, and has received national recognition. They have done an amazing job at their current location and are looking to expand and he supports this effort.

Commissioner Warwick spoke in support of a possible relocation to the Tilian site. She complimented the new design and their diligence in negotiating to keep the project moving forward. In response to her comments, Ms. Alamilla noted that they are very vested in this project and have spent more than \$100,000 since the first of the year to modify it and keep it viable.

Further discussion among the commissioners, the development team, and Mr. Hilty resulted in a recommendation to table the item until the research by the legal team on this matter is complete.

MOVED by Warwick, SECONDED by Garcia to table the proposal until the next meeting or a special meeting as determined by the Agency Attorney in association with the findings of his research with the Tilian group.

**MOTION CARRIED** 

## (ACTION ITEM: CONSIDER RESOLUTION MO. 2023-16 RECOMMENDING THE ADOPTION OF THE CALDWELL CENTRAL URBAN RENEWAL PLAN TO THE CITY COUNCIL OF THE CITY OF CALDWELL)

Steve Jenkins, Caldwell Economic Development Director, read a statement into the record:

"Our achievements have been vast in downtown Caldwell:

- Indian Creek Plaza activities and events
- Clearing out blight/ revitalizing downtown

However, our journey does not end here; it is imperative that we sustain this momentum and continue to invest in the heart of our city.

Several key factors highlight the ongoing need for urban renewal in downtown Caldwell:

- 1. Sidewalk Improvements: While we have made significant strides in enhancing the downtown experience, there remain opportunities for further improvement, particularly in the realm of sidewalk infrastructure. Upgrading and expanding our sidewalks will not only enhance pedestrian safety but will also contribute to the overall accessibility and attractiveness of our downtown area.
- 2. Parking Facilities to Support Growth: As our downtown continues to thrive, the demand for parking facilities has become increasingly evident. By investing in well-planned and strategically located parking structures, we can address this need and provide essential support for the sustained growth of businesses and cultural activities in our community.

- 3. Continued Beautification of Indian Creek: The beautification of Indian Creek has been a hallmark of our urban renewal efforts. To preserve and amplify the charm of this natural asset, we must continue our commitment to its beautification. Enhancing green spaces, maintaining cleanliness, and integrating public art will contribute to a more inviting and aesthetically pleasing environment.
- 4. Completion of RFP Projects: There are ongoing Requests for Proposals (RFPs) that present exciting opportunities for further development. Completing these projects is crucial not only for the specific initiatives at hand but also for the overall progression of downtown Caldwell. Each completed project contributes to the narrative of growth, innovation, and community engagement.

Our past successes are the foundation upon which we can build an even brighter future for downtown Caldwell. Urban renewal is not just about physical development; it's about fostering a sense of community, providing spaces for collaboration and creativity, and ensuring that our downtown remains a vibrant and dynamic hub for all."

Douglas Waterman, Agency Attorney outlined the contents of the proposed resolution and the draft Caldwell Central Urban Renewal Plan. He explained that the adoption process for a new URA re-appropriation area is directed by Idaho Statute. He also noted that the City Council has declared that this particular area is appropriate for renewal activity, since it met the qualifications of deterioration as outlined in Idaho Code.

Review of the new plan area by the URA is the next step in the process. If approved this evening, it would next be reviewed by City Council, and if approved there, it would then be forwarded to Planning & Zoning for review of conformance to the City's Comprehensive Plan. It would finally return to City Council for a public hearing and adoption by the Council. The approved new URA allocation area would then be provided to the taxing districts.

Mr. Waterman noted that newer legislative changes to the Idaho Code require more specific information than previously permitted regarding the proposed Urban Renewal Plan and completion of projects. The main components are the Feasibility Study and the Project List. He provided a short explanation of the Feasibility Study component and how it ties into the Project List component. The projects identified in the plan area are the ones that help the area develop; the consequence of that development is that there is funding available to do the projects that help the area develop.

After noting that property acquisition and development is one of the features of an Urban Renewal Agency Allocation Area, Mr. Waterman highlighted the contents of the feasibility study, contracted with Clearwater Financial, and stated that it can be found in Exhibit 7 of the proposed Plan:

- Estimated revenue generated by tax-increment financing (increase in property values as a result of Urban Renewal activities) is projected to be approximately \$37 million.
- Estimated revenue from other sources such as the parking facility contemplated by this Plan is projected to be about 9 million.
- The study anticipates that two bonds could be issued—one in the first quarter of the plan, and another in the third quarter of the plan—the benefit being having funding available to do larger projects now, and use anticipated revenue over time to pay off the bonds.

The project list, identified as Exhibit 4 of the proposed Plan, includes what activities the agency will engage in over the next 20 years to help support economic development within the project area. Mr. Waterman summarized the project types, noting that the project list includes infrastructure projects in the downtown core as well as a parking structure. He also commented that the location of the railroad line downtown may present its own unique set of potentially difficult issues.

- Project improvement cost total is projected to be about \$42 million, which correlates with the proposed project list.
- One of the primary projects contemplated in this plan is a parking garage and parking equipment associated with it. Estimated cost of the structure is projected to be about 19 million.

Mr. Waterman commented on the differences in Urban Renewal law from when our first Urban Renewal Plan was put in place to now, noting that when the original Urban Renewal Plan was adopted, the law permitted a much broader articulation of what projects were appropriate, and required less clarity on what the activities were going to be over the lifetime of the plan. The new plan will require more specificity. He indicated the Plan will have a timeframe of twenty years to complete the projects as originally approved; it cannot be modified to add more projects. Once the projects are completed, the Urban Renewal re-allocation area sunsets.

In response to a question from Commissioner Doty regarding how the revenue projections were calculated, Raelynn North, City Finance Director, reported that the Feasibility Study revenue projections were based on property taxes and parking revenue. She noted that the revenue projections are conservative, and that the revenue may go to the City rather than the Urban Renewal allocation area.

In answer to a second question from Commissioner Doty regarding the new Tilian apartment project being included in the new Urban Renewal Plan area, and it's designation as deteriorated or deteriorating, Mr. Waterman clarified that the deteriorated or blighted clause speaks to the entire area, and is not site specific by virtue of an address. In general, you want an allocation area that has room for development, and is not just capturing development that is likely to occur on its own.

Commissioner Doty recommended that the Tilian development be removed from the URA Plan area in order that the tax revenue from the project could potentially generate income for safety services. Mr. Waterman stated that a parcel could be removed from the proposed Plan, and the Plan could be recommended to City Council with the provision to exclude the Tilian development.

Mr. Waterman further clarified that if the Tilian project was removed, the Project List would then need to be modified. The removal or inclusion of outstanding projects in the area would not generate liability. He also said if they remove Tilian from the map, it would still allow the Plan to move forward.

In response to a question from Commissioner Brooks regarding inclusion of the County parking lots located in front of the courthouse in the proposed URA Plan, Mr. Jenkins reported that the 12<sup>th</sup> Avenue/Albany area was included for future right of way improvements and parking alterations. Mr. Jenkins further clarified that the footprint was expanded in connection with comments from City Council Members and members of the public in previous presentations.

In response to questions from Commissioner Allgood, Mr. Waterman explained that while Urban Renewal Plans are adopted within the calendar year, the start date is always January 1<sup>st</sup> of the year in which they are adopted. If the Plan was adopted on January 2<sup>nd</sup>, the Feasibility Study and Project List would need to be reworked. The plan presented by Clearwater Financial cannot be adopted in January; however, if the numbers are reworked, the Plan could be adopted in 2024 or any year after that.

MOVED by Doty, SECONDED by Moore to approve Resolution No. 2023-16 with the provision that Phase I of the Tillian Development located at Main & 7<sup>th</sup> Avenue be removed from the proposed Caldwell Central Urban Renewal Plan.

Roll-call vote. Those voting yes: Commissioner Doty, Commissioner Warwick, Commissioner Brooks, Commissioner Allgood, Commissioner Garcia, and Commissioner Porter. Those voting no: Commissioner Moore. Those absent or not voting: none.

MOTION CARRIED

## (ACTION ITEM: CONSIDER INVOICES FOR PAYMENT FROM THE URBAN RENEWAL AGENCY TREASURER)

Raelynn North, URA Treasurer, presented the following invoices for payment and recommended approval.

VENDOR	AMOUNT	DESCRIPTION
Hamilton, Michaelson, and Hilty	\$9,805.00	September Attorney Services
City of Caldwell	\$99,868.75	(5) Luby Park Pickle Ball
City of Caldwell Economic Development	\$18,000.00	FY-24 October Econ. Dev. Contribution
City of Caldwell Streets	\$722,392.08	(1) Ustick Road Widening Project - September
Canyon County	\$5,422.63	(4) August Fair Expo Building Improvements
Clearwater Financial	\$3,450.00	Operating Feasibility Study – August Progress
Destination Caldwell	\$1,930.00	(26) Downtown Wayfinding Project
deChase	\$49,375.46	(9) Creekside Mixed Use Project/June
deChase	<del>\$54,143.66</del>	(9) Creekside Mixed Use Project/August
deChase	\$60,077.48	(9) Creekside Mixed Use Project/September
TOTAL	\$1,041,835.06	
TOTAL FY23	\$1,023,835.06	
TOTAL FY24	\$18,000.00	

Ms. North provided clarification on the deChase invoices, noting that after going through the invoices with Mr. Hilty and with Robb MacDonald, Public Works Director, they determined that the total amount of reimbursable expenses listed for the project is more than the budgeted amount of reimbursable expenses for the entire project. They are still working through the details and will provide more clarity at the next meeting.

Commissioner Doty and Commissioner Moore reported that they have received comments from the public about the incomplete status of the Pickle Ball Court Project at Luby Park. Mr. MacDonald reported that the project is substantially complete, but there are some punch list items that the contractor is working through. We are pushing to get those items finished as soon as possible.

In response, Commissioner Moore requested that a written report be provided by Ms. McCoy, Parks and Recreation Director, regarding the status of the completion of the pickle ball court in relation to the project punch list. Debbie Geyer, URA Secretary, will distribute Ms. McCoy's report to the URA Commissioners, once it is available.

MOVED by Doty, SECONDED by Moore to approve the invoices with the provision that the invoices for deChase be removed.

Roll-call vote. Those voting yes: Commissioner Doty, Commissioners Warwick, Commissioner Brooks, Commissioner Moore, Commissioner Allgood, Commissioner Garcia, and Commissioner Porter. Those voting no: none. Those absent or not voting: none.

**MOTION CARRIED** 

#### (ACTION ITEM: TREASURER'S REPORT)

#### **MONTHLY CASH RECONCILIATION REPORTS:**

Raelynn North, URA Treasurer, provided a summary of each of the items in the report. She noted that the final bond payment was made in September, with \$32,000 in interest coming back to the agency next month.

TOTAL			\$9,993,978.80
LGIP	\$	775,768.82	
Banner Bank, CD	\$		
Banner Bank Operating Account	\$	9,218,209.98	
Restricted TOTAL			\$9,218,209.98
Restricted – Other Tax District	\$		
Restricted – Projects	\$	8,741,185.73	
Restricted – URA North	\$	54,264.39	
	Φ	100 750 06	
Unrestricted – Operations	\$	422,759,86	

MOVED by Commissioner Allgood, SECONDED by Commissioners Garcia to approve the monthly cash reconciliation report as presented.

Roll-call vote. Those voting yes: Commissioner Allgood, Commissioner Garcia, Commissioner Porter, Commissioner Doty, Commissioner Warwick, Commissioner Brooks, and Commissioner Moore. Those voting no: none. Those absent or not voting: None.

MOTION CARRIED

#### PROJECT LIST UDPATE REPORT:

Ms. North outlined the contents of the project list. She noted that projects are beginning to zero out as they are completed; and a couple of others are going over budget. Mr. MacDonald clarified for the commissioners the addition of two construction projects related to, but not originally part of the Ustick Widening project, which has put the project over budget.

Ms. North will be working with Mr. MacDonald to compile a report on where projects are to date for the next meeting. She indicated that all funds have been obligated, and all is on track to close out the projects on the list. There will be a budget resolution coming forward next month to close out the fiscal year.

#### (ECONOMIC DEVELOPMENT REPORTS)

#### (ECONOMIC DEVELOPMENT ACTIVITY REPORT FROM STEVE JENKINS [AUGUST 2023])

#### **Current Projects**

#### **Miscellaneous Updates:**

*North Ranch:* The retail building is almost fully leased, with Baskin Robbins and El Senor Pollo signing a lease recently. Construction is moving along nicely for ICCU, and a Les Schwab is also planned for the area.

**Project Seahawk:** workforce housing project that would bring in 150 units for families earning 60% AMI and below. This is a redevelopment project that would be along I-84.

**Project DT:** Continue to work with this prospect, as they will be constructing a large mixed-use project in east Caldwell. They have a large anchor user that has committed to the project.

**Project Bright:** A large industrial user that is moving forward with plans to locate in the Sky Ranch area. Discussions continue to be productive and plans are moving forward.

Project Richard (Obie Companies)- moving forward with finalizing the ENA for their downtown hotel project.

**Project Spot**: Large big box retailer looking at opportunities to locate in Caldwell. They have extended an offer to a property owner and are awaiting next steps.

Project Yanke: still working on their site plan. Plans continue to move forward on a site in East Caldwell.

**Project Australia:** manufacturer looking to grow in the Caldwell area. They are seeking 20 acres for a manufacturing facility that could be up to 300k SF.

**Project Razorback:** A national beverage company that is moving forward with plans to build a facility on Cleveland Blvd. This will be the first location in the state of Idaho.

Project Titanic: moving forward with an offer on a downtown property for a future mixed-use project.

PEG Companies: groundbreaking was held for a 416-unit build-for-rent project that is valued at \$150m.

#### **North Caldwell URA:**

**Project Horizon:** The site visit went well. We are continuing discussions with their team to work through further updates.

A developer has an interest in developing a large project along Highway 20/26. We continue to work with this group to find solutions to access this corridor.

#### **Downtown Updates:**

Working with The Car Park to establish Caldwell's paid parking program. This plan is scheduled to launch later this year.

Tilian is nearing completion and will open later this month.

#### **Additional updates:**

Business View magazine will be doing its second feature on Caldwell. This time it will focus on cities that have had tremendous economic success.

Caldwell recently conducted a "city to city" visit with Puyallup, WA to share best practices.

August job openings top 9.6 million, more than expected as the labor market remains strong. Most of the gains were white-collar jobs, with manufacturing and public schools also increasing demand for workers.

Housing affordability for new buyers continues to deteriorate, with estimated monthly mortgage payments exceeding \$2,300 (Bloomberg).

#### (ECONOMIC DEVELOPMENT ACTIVITY REPORT FROM OFELIA MORALES [AUGUST 2023])

#### **Downtown Updates:**

**Project Care (Update):** Are now working with a developer on finalizing a site plan.

**Project Educate (Update):** Retail concept that is hoping to be the second of its kind in our downtown. They have identified a few options and hope to be open in spring 2024. They have summited a LOI for downtown space.

**Project Zen (Update):** Retail concept seeking to move from another location in Canyon County to downtown Caldwell. A few spaces have been identified. Their investors have been visiting the locations identified and seem to be happy with the locations.

**Project Bend (Update)**: Food concept seeking space near downtown. This concept will be the first of its kind in Canyon County and will create a fun environment for everyone to enjoy. They are continuing to search as the parcel identified has been a challenge.

**Project Vet. (Update):** Seeking to relocate shop to Main Street. Identified one option that may work. They have found a space on Main Street.

#### **New Projects:**

Project Surplus: Retail shop seeking to own their own space. One space has been identified.

**Project Bright:** Retail seeking to relocate from Ada County to Canyon County. Offer product services that we currently do not have in downtown.

**Project Bird:** Restaurant that has an interest in a concept in Caldwell in the future. This year they will be opening two new concepts one in Ada County and one in Canyon County.

Chairman Porter asked for clarification on the date of the grand opening for the Undiscovered Barrel and for the date/time of the grand opening of Hello Norman in their new space. Ms. Morales reported that she will provide specifics about the events to the commissioners via an email, and she also noted that Hello Norman's previous downtown space has been filled, and an announcement will be forthcoming soon.

#### (ATTORNEY'S REPORT)

- a) <u>Update Report: Aztec Development (Kimball & Arthur):</u> Douglas Waterman, Agency Attorney reported that the DDA has been terminated. Commissioner Doty asked for clarification as to the outcome of the property; Mr. Waterman stated that the legal team will be providing an update in the near future.
- b) <u>Update Report: Property tax interest and penalties:</u> Mr. Waterman reported that Mr. Hilty and two of the commissioners met with the Canyon County legal team in August. No official response has been received to date concerning the communication from Mr. Hilty to Canyon County regarding the matter, but Mr. Hilty has received a verbal response that they are working on it.
- c) <u>Update Report: TS Development (510 Arthur):</u> Mr. Waterman reported that Mr. Hilty has been working with the developer, and everything is moving toward finalization.
- d) <u>Update Report: deChase Development Project Tilian:</u> Mr. Waterman reported that Phase II of the Tilian project will not be moving forward, and an amendment to the DDA in in process. The review of the reimbursement amounts for Phase I and Phase II of the project is not yet complete. We will also be reviewing with Tilian in the next couple of weeks a possible option brought up today regarding relocation of the Amano project to the site.

#### (COMMISSIONER REPORTS)

None.

(ADJOURNMENT)		
MOVED by Warwick, SECONDED by	Moore to adjourn at 8:20 p.m.	MOTION CARRIED
Approved as written this 13 <sup>th</sup> day of Novemb	ber, 2023.	
Commissioner Porter	-	
Commissioner Warwick	-	
Commissioner Brooks	-	
Commissioner Allgood	·	
Commissioner Moore		
Commissioner Garcia		

(CHAIRMAN REPORT)
None.

ATTEST:

URA Secretary

# Urban Renewal Agency of the City of Caldwell 411 Blaine Street Caldwell, Idaho 83605



# SPECIAL MEETING Caldwell Urban Renewal Agency

Monday October 16, 2023 5:30 p.m.

Caldwell Police Department
Community Room
110 South 5<sup>th</sup> Avenue

### **AGENDA**

ACTION ITEM: (Continued from October 10, 2023)
Consider Resolution authorizing the execution of a First Amendment to Disposition and Development Agreement between Agency and Amano Developments LLC.

**ACTION ITEM**: Consider recommending the adoption of the Caldwell Central Urban Renewal Plan to the City Council of the City of Caldwell.

Posted: October 12, 2023



#### CALDWELL URBAN RENEWAL AGENCY SPECIAL MEETING October 16, 2023 5:30 p.m.

The special meeting of the Caldwell Urban Renewal Agency convened at 5:30 p.m. in the Caldwell Police Department Community Room with Chairman Porter presiding.

#### (ROLL CALL)

The URA Secretary called the roll. Present: Commissioner Porter, Commissioner Doty, Commissioner Warwick, Commissioner Brooks, Commissioner Moore, Commissioner Allgood and Commissioner Garcia.

Absent: None.

#### (CONFLICT OF INTEREST DECLARATION)

None.

(ACTION ITEM: [CONTINUED FROM 10-11-2023] CONSIDER RESOLUTION AUTHORIZING THE EXECUTION OF THE FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN AGENCY AND AMANO DEVELOPMENTS LLC)

The URA Secretary read a statement from Mayor Jarom Wagoner into the record:

Dear Urban Renewal Commission members,

This letter is in regards to support of the Amano project that you will be discussing tonight. I wish I could be there in person to presents this information but I am traveling back to Boise with the Mayor's Youth Advisory Council after our trip to Washington DC.

I want you all to know that I fully support Amano and truly believe that they are a vital and critical component to the success of downtown Caldwell. Please realize that economic markets shift and change, and businesses must be flexible to be economically viable.

I have reviewed the plans that Amano has submitted and I 100% support them and what they will do for our downtown. Amano has been a staple in the downtown and continues to attract customers from not only throughout the treasure valley but the entire country. As you know, Salvador was recently awarded as one of the top chefs in America and Amano was recognized in the New York Times as one of the top restaurants in America. They have been courted by many cities, including Boise and Eagle, to relocate their restaurant from downtown Caldwell to their city.

To the credit of Salvador and his wife Becca, they have remained steadfast and true to downtown Caldwell. I strongly encourage you to vote in support of the Amano application and continue to grow the strong bond that they have with the City Of Caldwell.

Thank you so much for your consideration.

Sincerely, Mayor Jarom Wagoner Mark Hilty, Agency Attorney, provided updated information regarding a suggestion to relocate the footprint of the Amano project to the Phase II hotel site, owned by the deChase Mixsis group. After reviewing what contract work would need to be completed very soon, what the site development would need to look like, and items relevant to the site that would be discussed at tomorrow's City Council meeting, it was determined that a relocation of the Amano project will not work.

Conversations with the Attorney for deChase indicate that they may not be willing to give the property back to the Agency/City, and there is not an agreement ready at this time on what will happen to the site; we are back to reviewing the proposal as it was presented at the last meeting.

Mr. Hilty revisited the three parts of the project: the downsizing of project scale, the adjustment of the location to take up less of the parcel than originally planned to allow for outside development of the remaining piece, and an adjustment to specify closing on the property, construction, and schedule of performance timelines.

In response to questions from Commissioner Moore regarding reduction in square footage, construction cost per square foot, and rising financing rates, Sal Alamilla of Amano Development LLC summarized the processes and highlighted the many positive aspects of the very unique building design. His desire is to bring a one-of-a-kind project to the downton in his restaurant expansion. He also reviewed the economic conditions that would necessitate very high anticipated lease rates for the original second floor office spaces, and the difficulty in finding businesses willing to commit to leasing at that rate. Original businesses that had committed early on have since backed out.

Mr. Alamilla added that the roughly \$450 per sq. ft. construction cost rate is high but attainable, and that Kreisenbeck Construction would be the contractor.

In response to a question from Commissioner Moore regarding regular updates on construction progress, Mr. Alamilla indicated he would provide project updates at the Agency meeting every other month.

In response to comments from Commissioner Doty regarding the value of the land, and possibly reissuing the RFP for this property to give original proposal companies another shot at it, Steven Jenkins, Economic Development Director, provided the names and a few details of the original companies who had submitted proposals. One of the four companies, TS Development, is now committed to a project at 510 Arthur Street here in Caldwell, two of the remaining proposals were submitted by Aztec Development, and the fourth proposal was the original approved plan submitted by Amano Development.

He further noted that Amano has been steadfast in their progress with this project. All other businesses downtown have reaped the benefit from the current Amano Restaurant downtown. Despite the changes in financial rates and other considerations, they have worked very hard to bring the City the best project possible.

Commissioner Garcia commented that downsizing the project makes another parcel available for the remaining land, and stated that it is a very beautiful design at a level that Caldwell deserves, and he believes that this business will be around for a long time.

Commissioner Allgood noted that Mr. Alamilla's schedule for construction and completion is very aggressive and designed to be completed quickly. With this scaled back version of the original plan, we are still getting what is important—a new, expanded Amano Restaurant downtown.

At the request of Commissioner Brooks, Mr. Hilty briefly summarized the RFP process, and indicated that what is wanted at a certain location can be more or less specific as desired by the entity putting out the call for proposals. He also mentioned that the original project area for this location has been closed out. Although the commissioners don't have to agree to amend the DDA, the URA Commissioners are not free to seek new RFPs for this location.

MOVED by Warwick, SECONDED by Garcia to accept the resolution authorizing the execution of the first amendment of the DDA between the Agency and Amano Development.

Roll-call vote. Those voting yes: Commissioner Warwick, Commissioner Allgood, Commissioner Garcia, and Commissioner Porter. Those voting no: Commissioner Brooks, Commissioner Moore, and Commissioner Doty. Those absent or not voting: none.

**MOTION CARRIED** 

## (ACTION ITEM: CONSIDER RESOLUTION NO. 2023-16 RECOMMENDING THE ADOPTION OF THE CALDWELL CENTRAL URBAN RENEWAL PLAN TO THE CITY COUNCIL OF THE CITY OF CALDWELL)

Mr. Hilty, Agency Attorney provided a summary of the previous action on this item and noted that it was returned to the agenda due to the fact that essential information has come forward relevant to this item. Communication between the Agency legal team and Clearwater Financial indicates that the removal of the Tilian apartment project from the new allocation area would reduce the feasibility of the plan, and that there are errors present in the study that need to be corrected before moving forward.

Cameron Arial with Clearwater Financial provided comments via Zoom on this topic. He reviewed the process used to compile the feasibility study and identified the property area that was the subject of the study. Mr. Arial reported that in the process of reviewing the feasibility study presented at the last meeting to make the appropriate adjustment requested by the Agency, there were two errors that came to light in the original analysis that have a significant impact on the income generation for the area. The first involved the inadvertent inclusion of County assessed values on tax-exempt properties in the original analysis for the plan. The second error was including the base valuation in the ongoing income generation analysis, rather than the net value.

Correcting these errors, using the revised numbers, and excluding the Tilian project, Mr. Arial noted that there is a significantly smaller increment value generated for the area that is insufficient to fund a parking structure or the majority of the projects in the plan. Even when including the Tilian project in the new allocation area, there is not enough increment value to fund a parking structure until year 19. He suggested that the parking structure project could become a public/private partnership between development/business entities and the City rather than a part of the new area plan.

In response to a question from Commissioner Brooks regarding where the estimated parking revenue amounts came from, Mr. Arial stated that it was a combination of the estimates from a local parking management company, an average annual number for the proposed parking structure, and a national weighted average for Caldwell. He mentioned that the full amount would not come in the first year, and that the percentage of occupancy would determine actual year-to-year numbers.

Commissioner Doty provided comments regarding mistakes found within the proposed plan and his view that projects that were part of a previous plan should not be included in the new plan, since they could now be contributing to the tax base. Commissioners Moore and Warwick concurred with his remarks.

In response to a question from Commissioner Allgood regarding what action the Agency should be taking on this item, Mr. Hilty stated that the law requires the Agency to make a recommendation to Council. That was the decision made last meeting. With what has been learned today of the deeper issues with the feasibility study, it is within the Agency's authority to change the recommendation to Council and go back to the drawing board.

He also reminded commissioners that there are two parts to any feasibility study – one is revenue and one is projects, and neither is where we thought it would be. He indicated that his staff will be regrouping on this in the coming days.

MOVED by Doty, SECONDED by Moore to withdraw the previous recommendation of approval to Council on this item, and to not move forward at this time.

Roll-call vote. Those voting yes: Commissioner Doty, Commissioner Warwick, Commissioner Brooks, Commissioner Moore, Commissioner Allgood, Commissioner Garcia, and Commissioner Porter. Those voting no: none. Those absent or not voting: none.

MOTION CARRIED

#### (ADJOURNMENT)

MOVED by Warwick, SECONDED by Garcia to adjourn at 6:31 p.m.

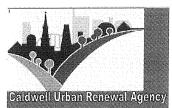
MOTION CARRIED

A TEXTS OF
ATTEST:
URA Secretary

Approved as written this 13th day of November, 2023.

MEMORANDUM

TO: Caldwell Urban Renewal Agency
Meeting Date November 13, 2023



SUBJECT:		Department Submittals	X to mark	Initials
		Building Department		
Rice House A	<i><b>Agreement</b></i>	CDBG		
		Clerk		
		City Attorney		
		Finance Department	X	RN
		Human Resources		
		Planning & Zoning		
		Fire Department		
		Police Department		
		Public Works		
		Street Department		
		Water Department		
		WWTP		
		Engineering		
		Mapping		
COST IMPACT.	:	Parks and Recreation		
FUNDING	URA	Airport		
SOURCE:		Information Systems		T
TIMELINE:		Golf Course		
		OTHER:		
SUMMARY ST				
Γhis is the CHA	A URA agreement for the RICE	house project.		
RECOMMENL	DED ACTION:			
	ana Ilayaa Aana	mont		
tecommend app	proval of the Rice House Agree	ement.		

RESOLUTION NO		
RESOLUTION AUTHORIZING THE APPROVAL OF THE AGREEMENT BETWEEN CALDWELL HOUSING AUTHORITY AND URBAN RENEWAL FOR THE RICE HOUSE PROJECT;		
BE IT <b>HEREBY RESOLVED</b> by the Caldwell Urban Renewal Committee of the City of Caldwell, Idaho, that the Caldwell City Urban Renewal Committee approve the Agreement for the Rice House Agreement between Caldwell Housing Authority and Caldwell Urban Renewal Agency, and		
<b>PASSED BY THE CADLWELL URBAN RENEWAL COMMITTEE</b> of the City of Caldwell, Idaho this 13 <sup>th</sup> of November 2023.		
APPROVED BY THE CHAIRMAN OF THE CALDWELL URBAN RNEWAL COMMITEE of the City of Caldwell, Idaho this 13 <sup>th</sup> day of November 2023.		
Approved,		
By Jim Porter, Chair		

ATTEST:

By \_\_\_\_\_URA Secretary

**FUNDING AGREEMENT** 

This Funding Agreement ("Agreement") is made this day of November, 2023, by and between the Urban Renewal Agency of the City of Caldwell, Idaho, an independent public body corporate and politic of 411 Blaine Street, Caldwell, Idaho 83605 ("Agency") and the Caldwell Housing Authority, an independent public body corporate and politic, of 22730 Farmway Road, Caldwell, Idaho 83607 ("CHA") for the purpose of Agency hiring CHA to perform the Work described below. Agency and CHA are sometimes referred to in this Agreement as a "Party" or collectively as the "Parties."

WHEREAS, the Parties previously entered into a Letter of Intent for Agency to assist in funding CHA's effort to relocate and rehabilitate the John C. Rice House, a historic house in Caldwell, for the general purposes of redevelopment, elimination of blight, historic preservation, and the purposes of CHA all of which are consistent with Agency's Plan ("Project"):

#### NOW, THEREFORE, the parties agree as follows:

- 1. The Work: The CHA shall provide all labor, materials, equipment, and services necessary to complete the Project ("Work"). Agency shall provide funding for that portion of the Work associated with the foundation of the house ("Foundation") for reimbursement of actual costs in an amount not to exceed \$154,200.
- 2. <u>Relationship of Parties</u>: Neither CHA nor any of its agents or employees shall act on behalf of or in the name of the Agency except as provided in this Agreement, unless authorized in writing by Agency. Neither Agency nor any of its agents or employees shall act on behalf of or in the name of CHA except as provided in this Agreement, unless authorized in writing by CHA.
- 3. CHA's Representative: CHA's authorized representative is M.ke. Difference CHA's representative shall possess full authority to receive instructions from the Agency and to act on those instructions. If CHA changes its representative or their authority, CHA shall immediately notify the Agency in writing.

  Publiculorks Director
- 4. Agency's Representative: Agency's representative is **Robe Machen**. The Agency's representative shall be fully acquainted with the project. If the Agency changes its representative or the representative's authority, the Agency shall immediately notify CHA in writing.
- 5. <u>Workmanship</u>: The Work shall be executed in accordance with this Agreement in a workmanlike manner. All materials used in the Work shall be furnished in sufficient quantities to facilitate the proper and expeditious execution of the Work.
- 6. Access to Work: The CHA shall facilitate the access of the Agency, its employees, representatives and agents to Work in progress as necessary to assure compliance with this Agreement.

7. <u>Compliance with Laws</u>: The CHA shall comply with all laws, ordinances, rules and regulations at its own cost. The CHA shall be liable to the Agency for all loss, cost, or expense attributable to any acts or omissions by the CHA, its employees, subcontractors, and agents for failure to comply with laws, ordinances, rules and regulations including fines, penalties, or corrective measures.

#### 8. Payment by Agency:

- a. The Agency shall reimburse CHA for the Foundation based upon CHA's demonstrated and documented actual Foundation costs in an amount not to exceed ONE HUNDRED FIFTY-FOUR THOUSAND TWO HUNDRED and NO/100 (\$154,200).
- b. CHA shall submit reports and invoices to Agency on a monthly basis. Reimbursement will be paid to CHA in monthly installments as monthly reports and invoices are approved by Agency.
- c. The Foundation shall be complete and all requests for reimbursement submitted to Agency no later than September 30, 2024. Requests for reimbursement after that date may be denied by Agency.

#### 9. <u>Miscellaneous:</u>

- a. Except as expressly provided, this Agreement is for the exclusive benefit of the Parties, and not the benefit of any third party. This Agreement represents the entire and integrated agreement between the Parties, and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement and each and every provision is for the exclusive benefit of the Parties and not for the benefit of any third-party.
- b. Except as to the assignment of proceeds, neither Party shall assign their interest in this Agreement without the written consent of the other Party. The terms and conditions of this Agreement shall be binding upon both Parties, their partners, successors, assigns, and legal representatives. If either Party attempts to make such an assignment, that Party shall nevertheless remain legally responsible for all obligations under this Agreement, unless otherwise agreed by the other Party.
  - c. This Agreement shall be governed by the laws of the state of Idaho.
- d. The partial or complete invalidity of any one or more provisions of this Agreement shall not affect the validity or continuing force and effect of any other provision.
- e. The failure of either Party to insist, in any one or more instances, on the performance of any of the terms, covenants, or conditions of this Agreement, or to exercise any of its rights, shall not be construed as a waiver or relinquishment of such term, covenant, condition, or right with respect to further performance or any other term, covenant, condition, or right.

- f. The titles given to the sections are for ease of reference only and shall not be relied upon or cited for any other purpose.
- g. The Parties expressly agree that this Agreement was jointly drafted, and that both had opportunity to negotiate its terms and to obtain the assistance of counsel in reviewing its terms prior to execution. Therefore, this Agreement shall be construed neither against nor in favor of either Party, but shall be construed in a neutral manner.

IN WITNESS WHEREOF, the undersigned have executed this Agreement.

Agency:	СНА:	
	Allido	
By:	By: Michael W. Ditteber	
Its:	Its: Executive Director	
Date:	Date: 11(3/2023	

A RESOLUTION OF THE URBAN RENEWAL AGENCY OF THE CITY OF CALDWELL, IDAHO FOR EXECUTION OF AN ENVIRONMENTAL COVENANT IMPOSING ACTIVITY AND USE LIMITATIONS BETWEEN MUSSELL CONSTRUCTION, INC. AND THE CALDWELL URBAN RENEWAL AGENCY FOR PROPERTY LOCATED: LOT 10, 11, AND 12, BLOCK 19, CALDWELL ORIGINAL, ACCORDING TO THE PLAT THEREOF, FILED IN BOOK 1 OF PLATS AT PAGE(S) 20, RECORDS OF CANYON COUNTY.
BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF CALDWELL, IDAHO:
Section 1: Agency hereby authorizes its Chairman to execute the Special Warranty Deed as set forth in full.
Section 2: That this Resolution shall be in full force and effect immediately upon its adoption and approval.
ADOPTED AND APPROVED THIS 13th day of November, 2023.
CHAIRMAN – JIM PORTER
ATTEST:

SECRETARY

RESOLUTION NO.

Recording Requested By and When Recorded Return to:



SPACE ABOVE THIS LINE FOR RECORDERS USE ONLY

THIS PROPERTY IS SUBJECT TO AN ENVIRONMENTAL COVENANT IMPOSING ACTIVITY AND USE LIMITATIONS PURSUANT TO THE UNIFORM ENVIRONMENTAL COVENANTS ACT, IDAHO CODE § 55-3001, et seq.

#### **ENVIRONMENTAL COVENANT**

[PROPERTY OWNER'S NAME], GRANTOR, grants this Environmental Covenant. As provided in Idaho Code §55-3008, [HOLDER'S NAME] is the GRANTEE.

This instrument is an Environmental Covenant ("Environmental Covenant") executed by Caldwell Urban Renewal Agency and the Idaho Department of Environmental Quality ("Department") pursuant to the Uniform Environmental Covenants Act, Idaho Code §§ 55-3001 through 3015. This Environmental Covenant sets forth protective provisions, covenants, restrictions and conditions (collectively referred to as "Activity and Use Limitations") on the Property described below. The Activity and Use Limitations are designed to protect natural resources, human health and the environment. Caldwell Urban Renewal Agency is a "holder" as defined in Idaho Code § 55-3002(6). Caldwell Urban Renewal Agency, as the current property owner grants this Environmental Covenant to all signatories to this instrument.

<u>Property</u>. This Environmental Covenant concerns real property located at 306 Kimball Avenue in Caldwell, Idaho, 83605 County of <u>Canyon</u>, State of Idaho, legally described as 22-4N-3W Caldwell Original Lots 10, 11 & 12 BLK 19. (hereafter referred to as "the Property"). The Property is legally described in the attached Schedule A. The Property [and Restricted Area(s)] are depicted in the map attached as Schedule B.

<u>Property Ownership.</u> Caldwell Urban Renewal Agency hereby represents and warrants to the other signatories to this Environmental Covenant that it is the sole owner of the property, holds fee simple title to the property and Caldwell Urban Renewal Agency has the power and authority to enter into this Environmental Covenant.

Reason for Activity and Use Limitations. The Property described above was previously used to operate the former Nalls Service that operated a retail fueling business that had underground storage tanks, associated piping, dispensers, becoming contaminated with benzene, ethylbenzene and napthalene. This Environmental Covenant is required because the Brownfields site investigation demonstrated that residual concentrations benzene, ethylbenzene, and naphthalene in soil and groundwater underlying the Property. These

concentrations are above allowable risk-based concentrations as determined by the Department therefore future use of the Property shall be limited to protect human health and the environment.

Name and Location of Administrative Record. A copy of the Nalls Service files can be found at the Boise Regional Office located at 1445 N. Orchard in Boise, Idaho. The files are under two different programs, Leaking Underground Storage Tank file EDMS 2011BBK813 and Brownfields file EDMS 2022BBC2.

Activity and Use Limitations. By acceptance and recordation of this Environmental Covenant, Caldwell Urban Renewal Agency, and any successors in interest, are hereby restricted from using the Property, now or at any time in the future, as specifically set forth below:

- There shall be no excavation of soil at depth below 10 feet and there shall be no extraction of ground water under, the Property for any purpose, including, without limitation, drinking by animals or human beings, irrigation or an industrial or commercial use. Ground water may be extracted as part of an environmental investigation or remediation project.
- 2. Excavation or any other disturbances of soil in the Restricted Area of the Property are prohibited, except that soil may be excavated in conjunction with a soil management plan or other activities that are approved by the Department prior to conducting excavation activities. Soils management plan shall be submitted to the Department 30 days prior to excavation in the Restricted Area.

Breach and Cure of Activity and Use Limitations. Caldwell Urban Renewal Agency, or its successors in interest, shall be responsible for demonstrating that use on the Property is in conformity with the Activity and Use Limitations. If any event or action occurs that constitutes or may constitute a breach of the Activity and Use Limitations, Caldwell Urban Renewal Agency, or any successors in interest, shall notify the Department within thirty (30) days of becoming aware of the event or action, and shall remedy the breach of the Activity and Use Limitations within sixty (60) days of becoming aware of the event or action, or such other time frame as may be agreed to by Caldwell Urban Renewal Agency, or any successors in interest, and Department.

Amendment by Consent. This Environmental Covenant may be amended by consent pursuant to Idaho Code § 55-3010. Except for an assignment undertaken pursuant to a governmental reorganization, assignment of this Environmental Covenant to a new holder is an amendment. The HOLDER waives their right to sign the amendment as provided in Idaho Code § 55-3010(1)(c).

<u>Duration and Termination</u>. The Activity and Use Limitations shall apply to the Property, or any subdivided portion thereof, in perpetuity unless terminated by court action as provided in Idaho Code § 55-3009 or by consent pursuant to Idaho Code § 55-3010. Caldwell Urban Renewal Agency, or its successors in interest, may seek consent to terminate the Activity and Use Limitations that apply to the Property, or any subdivided portion thereof, pursuant to Idaho Code § 55-3010, by demonstrating with the record before the Department that:

Contaminated soils and ground water are at levels the Department deems in writing to be adequate for the Property to be developed for unrestricted use.

Upon a request and demonstration of the record for termination of the Environment Covenant,

the Department will take all reasonable steps to locate or identify HOLDERs to determine consent to terminate. If the Department finds that the person no longer exists or cannot be located or identified with the exercise of reasonable diligence, the Holder waives their right to sign the termination as provided in Idaho Code § 55-3010.

<u>Provisions to Run With the Land</u>. Each and all of the Activity and Use Limitations shall run with the land, and pass with each and every portion of the Property, and shall apply to and bind the respective successors in interest thereof. Each and all of the Activity and Use Limitations are imposed upon the entire Property unless expressly stated as applicable to a specific portion of the Property.

Concurrence of Subsequent Owners Presumed. All purchasers, lessees, or possessors of any portion of the Property shall be deemed by their purchase, leasing, or possession of such Property, to be in accord with the foregoing and to agree for and among themselves, and their successors, that the Activity and Use Limitations as herein established must be adhered to and that their interest in the Property shall be subject to the Activity and Use Limitations contained herein.

Recording/Filing of Environmental Covenant This Environmental Covenant and any amendment or termination of this Environmental Covenant shall be recorded in the county recorder's office of every county in which any portion of the Property subject to the Environmental Covenant is located. This Environmental Covenant or any amendment or termination shall be recorded by Caldwell Urban Renewal Agency, or its successors in interest, within ten (10) days of receipt of this Environmental Covenant signed by the Department. Within ten (10) days of the recording of this Environmental Covenant, or any amendment or termination, Caldwell Urban Renewal Agency, or its successors in interest, shall provide to the Department a copy of this recorded Environmental Covenant, or any amendment or termination of this Environmental Covenant. Upon receipt of the copy of the recorded Environmental Covenant, and any amendment or termination therein, the Department shall post the copy of the fully executed instrument in the Registry as required by Idaho Code Section 55-3012(1). In addition, a copy of this recorded Environmental Covenant, or any amendment or termination, shall be provided by Caldwell Urban Renewal Agency, or by its successors in interest, to the following persons: (a) each person that signed this Environmental Covenant; (b) each person holding a recorded interest in the Property; (c) each person in possession of the Property; (d) each municipality or other local government in which the Property is located; and (e) any other person the Department requires. The validity of this Environmental Covenant is not affected by failure to provide a copy of this Environmental Covenant as required under this section.

<u>Compliance Reporting.</u> Caldwell Urban Renewal Agency, or and any successors in interest, shall submit to the Department on an annual basis written documentation verifying that the Activity and Use Limitations remain in place and their compliance with the activity and use limitations.

<u>Enforcement</u>. The Department and any party of this Environmental Covenant shall have authority to enforce the Activity and Use Limitations against Caldwell Urban Renewal Agency, or its successors in interest, including subsequent owners of the Property and any other person using the Property. Failure of Caldwell Urban Renewal Agency, or its successors in interest, to comply with any of the Activity and Use Limitations set forth herein shall be grounds for the Department, or its successor, and/or any party to this Environmental Covenant to require that Caldwell Urban Renewal Agency correct or remove any violations of this Environmental

Covenant. Violation of this Environmental Covenant shall be grounds for the Department, or its successor, and/or any persons identified in Idaho Code § 55-3011 to file civil actions against Caldwell Urban Renewal Agency, or its successors in interest, as provided by law or in equity, including without limitation, the Uniform Environmental Covenants Act, Idaho Code § 55-3011.

<u>Non-Waiver</u>. No failure on the part of the Department or any holder at any time to require performance of any term of this Environmental Covenant shall be taken or held to be a waiver of such term or in any way affect the Department's or any holder's rights to enforce such term.

<u>Property Access</u>. The Department shall have a right of access to the Property at reasonable times for the purposes of evaluating compliance with this Environmental Covenant.

Notice of Conveyance of Property. Within thirty (30) days of the closing of any conveyance of the Property, or part thereof, the Conveyor of the Property, shall provide written notice to the Department and each municipality or other local government in which the Property is located, the name and address of all the owners and/or occupants of the Property, or part thereof, conveyed. The Department shall not, by reason of this Environmental Covenant, have authority to approve, disapprove, or otherwise affect any conveyance of the Property except as otherwise provided by law.

Notices. All notices required hereunder shall be in writing and mailed in the United States Mail, postage prepaid, by certified or registered mail, return receipt requested, to the appropriate address indicated below, or at such address as a party, or its successors to this Environmental Covenant, may designate in a written notice given to the other parties to this Environmental Covenant. Notices which are deposited in the United States Mail in accordance with the terms of this provision shall be deemed received three (3) days after the date of mailing thereof.

OWNER:

Caldwell Urban Renewal Agency

411 Blaine Street Caldwell, Idaho 83605

THE DEPARTMENT:

Idaho Department of Environmental Quality

**ATTN:** Assessment and Compliance Bureau Chief Waste Management and Remediation Division

1410 N. Hilton Boise, ID 83706

<u>Costs and Expenses</u>. All costs of terminating this Environmental Covenant, including the cost of any remediation or abatement of any environmental condition related to Activity and Use Limitations pertaining to the Property, shall be borne by the party seeking such termination.

<u>Partial Invalidity</u>. If any portion of this Environmental Covenant or terms set forth herein is determined to be invalid for any reason, the remaining portion shall remain in full force and effect as if such invalidated portion had not been included herein.

<u>Headings</u>. Headings at the beginning of each section of this Environmental Covenant are solely for the convenience of the parties and are not a part of this Environmental Covenant.

Idaho Code References. All references to the Idaho Code sections include successor provisions.

Reservation of Rights. Notwithstanding any provision of this Environmental Covenant, the Department retains all of its access and enforcement authorities under any applicable statute or rule. Nothing in this Environmental Covenant shall affect the Department's ability to enforce the terms of any Consent Order or other agreement relating to remediation of the Property entered into between the Department and Caldwell Urban Renewal Agency, or any other responsible party. Nothing in this Environmental Covenant shall affect the obligations of Caldwell Urban Renewal Agency, or any other responsible party under such consent order or other agreement. The Department's acceptance hereunder is based upon the information presently known or available to the Department with respect to the environmental condition of the Property, and the Department reserves the right to take appropriate action under applicable authorities in the event the Department determines new information warrants such action.

<u>Effective Date</u>. The effective date of this instrument shall be the date the fully executed Environmental Covenant is recorded at the county recorder's office.

Signature and A Accepted:	cknowledgments
Idaho Departme	nt of Environmental Quality
Signature: Printed Name; Title: Date:	Jess Byrne Director, Idaho Department of Environmental Quality
State of Idaho	) ) ss.
County of Ada)	, 44.
County and Stat of the Idaho De	day of, in the year, before me, a Notary Public in and for said te, personally appeared Jess Byrne, known or identified to me to be the Director partment of Environmental Quality that executed this Environmental Covenant, ged to me that the Idaho Department of Environmental Quality executed the
	HEREOF, I have hereunto set my hand and affixed my official seal the day and ficate first above written.
	Notary Public for Idaho: Residing at: Commission Expires:

Signature and Accepted:	cknowledgments
Property Owner	
Signature: Printed Name; Title: Date:	
State of Idaho, c	ounty of, ss.
-	URES MUST BE NOTARIZED. See Idaho Code § 55-711 through § 55-715 for dgment language.]
	HEREOF, I have hereunto set my hand and affixed my official seal the day and icate first above written.
	Notary Public for Idaho: Residing at: Commission Expires:

### Schedule A



610 S. Kimball Avenue Caldwell, ID 83605

**ELECTRONICALLY RECORDED-DO NOT** REMOVE THE COUNTY STAMPED FIRST PAGE AS IT IS NOW INCORPORATED AS PART OF THE ORIGINAL DOCUMENT

File No. 795863 TK/LF

#### 2022-008643

RECORDED

#### 02/15/2022 04:26 PM

**CHRIS YAMAMOTO** CANYON COUNTY RECORDER

Pgs=2 SCARDENAS

TYPE: DEED

PIONEER TITLE CANYON - CALDWELL **ELECTRONICALLY RECORDED** 

#### WARRANTY DEED

For Value Received WELLCO Land Company L.L.C., an Idaho limited liability company, a dissolved LLC

hereinafter referred to as Grantor, does hereby grant, bargain, sell, warrant and convey unto

#### The Urban Renewal Agency of the City of Caldwell, Idaho

hereinafter referred to as Grantee, whose current address is 411 Blaine St. Caldwell, ID 83605 The following described premises, to-wit:

See Exhibit A attached hereto and made a part hereof.

To HAVE AND TO HOLD the said premises, with their appurtenances unto the said Grantee(s), and Grantees(s) heirs and assigns forever. And the said Grantor(s) does (do) hereby covenant to and with the said Grantee(s), the Grantor(s) is/are the owner(s) in fee simple of said premises; that said premises are free from all encumbrances EXCEPT those to which this conveyance is expressly made subject and those made, suffered or done by the Grantee(s); and subject to U.S. Patent reservations, restrictions, dedications, easements, rights of way and agreements, (if any) of record, and current years taxes, levies, and assessments, includes irrigation and utility assessments, (if any) which are not yet due and payable, and that Grantor(s) will warrant and defend the same from all lawful claims whatsoever.

Dated: February 2, 2022

WELLCO Land Company L.L.C.

Rick Wells, Member

Cindy Wells, Member

State of Idaho, County of Canyon

This record was acknowledged before me on 2-15

by Rick Wells and Cindy Wells, as

Members of WELLCO Land/Company, L.L.C., a dissolved LLC.

TAMMY KRATZBERG COMMISSION #18555 NOTARY PUBLIC

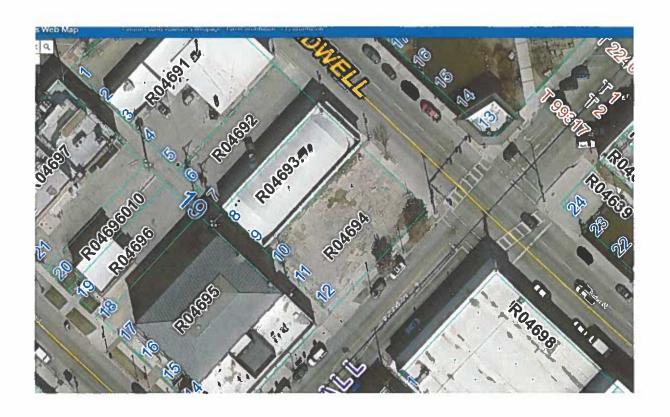
STATE OF IDAHO

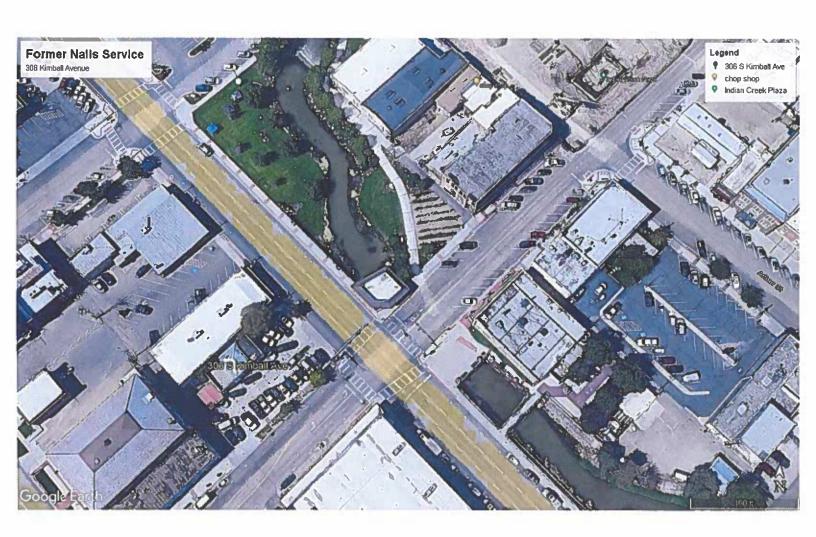
#### **EXHIBIT A**

Lots 10, 11 and 12, Block 19, Caldwell Original, according to the plat thereof, filed in Book 1 of Plats at page(s) 20, records of Canyon County, Idaho.

bu)

### Schedule B





RESOLUTION NO
A RESOLUTION OF THE URBAN RENEWAL AGENCY OF THE CITY OF CALDWELL, IDAHO FOR EXECUTION OF A SPECIAL WARRANTY DEED BETWEEN MUSSELL CONSTRUCTION, INC. AND THE CALDWELL URBAN RENEWAL AGENCY FOR CONVEYANCE OF PROPERTY LOCATED: LOT 10, 11, AND 12, BLOCK 19, CALDWELL ORIGINAL, ACCORDING TO THE PLAT THEREOF, FILED IN BOOK 1 OF PLATS AT PAGE(S) 20, RECORDS OF CANYON COUNTY.
BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF CALDWELL, IDAHO:
Section 1: Agency hereby authorizes its Chairman to execute the Special Warranty Deed as set forth in full.
Section 2: That this Resolution shall be in full force and effect immediately upon its adoption and approval.
ADOPTED AND APPROVED THIS 13 <sup>th</sup> day of November, 2023.
CHAIRMAN – JIM PORTER

SECRETARY

### SPECIAL WARRANTY DEED

The Urban Renewal Agency of the City of Caldwell, Idaho, an independent public body corporate and politic, of 411 Blaine St., Caldwell, Idaho 83605 ("Grantor"), for valuable consideration paid by Mussell Construction, Inc., an Idaho corporation, of 320 11<sup>th</sup> Ave. So., Ste 207, Nampa, Idaho 83651 ("Grantee"), does hereby sell, transfer and convey unto Grantee, all of that certain real property located in Canyon County, Idaho, and described on Exhibit A attached hereto and incorporated herein ("Property").

Together with all and singular the tenements, hereditaments, and appurtenances thereunto belonging or in anywise appertaining, the reversion and reversions, remainder and remainders, rents, issues and profits thereof and all estate, right, title and interest in and to the Property.

To have and to hold, all and singular the Property together with its appurtenances unto Grantee and Grantee's successors and assigns forever.

Grantor makes no covenants or warranties with respect to title, express or implied, other than that previous to the date of this instrument, Grantor has not conveyed the same estate to any person other than Grantee and that, except as set forth herein, such estate is at the time of the execution of this instrument free from encumbrances done, made or suffered by the Grantor, or any person claiming under Grantor, subject to any and all easements, restrictions, agreements and encumbrances of record or appearing on the land as of the date of this instrument.

- 1. The Property is conveyed subject to the Disposition and Development Agreement entered into by and between the Grantor and Grantee and dated August 10, 2020 as implemented by any subsequent implementation agreements between Grantor and Grantee (herein collectively referred to as the "**DDA**"). The full text of the DDA and any implementation agreements are available for review at the offices of the Grantor and the City of Caldwell, Idaho.
- 2. Prior to the issuance by the Grantor of a certificate of completion as provided in the DDA, the Property cannot be sold by Grantee for the primary purpose of land speculation. This prohibition shall not be applicable to a transfer or transfers to any entity or entities owned or controlled by the Grantee. This prohibition shall not apply to any of such Property (or any portion thereof) subsequent to the issuance of the certificate of completion with respect to the construction of the improvements thereon or to a sale of any such Property (or any portion thereof) at foreclosure (or to a conveyance thereof in lieu of a foreclosure) pursuant to a foreclosure thereof.

This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Property or to prohibit or restrict the leasing or selling of any part or parts thereof or of any improvements constructed thereon.

- 3. The Grantee covenants by and for itself, its heirs, executors, administrators, assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, age, handicap, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property; nor shall the Grantee itself, or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Property.
- 4. No violation or breach of the covenants, conditions restrictions, provisions, or limitations contained in this Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust, or other financing or security instrument permitted by the DDA. Provided, however, any successor of the Grantee to the Property shall be bound by such remaining covenants, conditions, restrictions, limitations, and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale, or otherwise.
- 5. Ad Valorem Tax Generating Uses. For a period of twenty (20) years from the recordation of this Deed, if any portion of the Property would qualify for exemption from ad valorem taxes due to (a) such portion being leased, conveyed, or transferred to an entity exempt or partially exempt from ad valorem taxes, or (b) such portion being utilized for any use that is exempt or partially exempt from ad valorem taxes, then the Grantee or owner of such portion of the Property shall be required to make a payment in lieu of taxes to the Grantor in a sum sufficient to compensate the Grantor and all other taxing districts for any revenue not received by them due to the tax exemption. Such payment shall be due within thirty (30) days after the related taxes would have been due. Nothing herein contained shall be deemed to prohibit Grantee or owner from contesting the validity or amounts of any tax, assessment, encumbrance, or lien or to limit the remedies available with respect thereto.
- 6. If Grantee fails to commence construction of the Project within six (6) months from the date of closing, Grantor shall have the continuing option to buy back the Property for the per square foot price paid by Grantee. Further, if construction, once commenced, is not diligently pursued to issuance of a certificate of completion, Grantor shall have the continuing option to buy back the Property for the per square foot price paid by Grantee plus the fair value of any construction. For purposes of this Deed, the term "commence construction" shall mean Grantee's acquisition of and payment for a building permit for construction of the Project in substantial conformance with the DDA. For purposes of this Deed, the term "not diligently pursued to completion" shall mean that Grantee is more than sixty (60) days behind the Project Schedule set forth in the DDA, Grantor has complied with notice provisions of the DDA and Grantee has not commenced a program to achieve compliance with the Project Schedule set forth in the DDA that is reasonably acceptable to Grantee.

- 7. Covenants contained in paragraphs 2 and 6 of this Deed shall remain in effect until Grantor has issued the Certificate of Completion pursuant to the DDA. Covenants contained in paragraph 3 shall run in perpetuity. Covenants contained in paragraph 5 shall remain in effect for twenty (20) years from November 1, 2023. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. If Grantee or any subsequent owner of any portion of the Property conveys any portion of the Property, such owner shall, upon the conveyance, be released and discharged from all obligations in connection with the portion of the Property conveyed by it arising under this Deed or the DDA after the conveyance but shall remain liable for all obligations in connection with the portion of the Property so conveyed arising under this Deed prior to the conveyance. The new owner of any such portion of the Property shall be liable for all obligations arising under this Deed with respect to such portion of the Property after the conveyance.
- 8. In the event of any express conflict between this Deed and the DDA, the provisions of this Deed shall control.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized.

#### **GRANTOR:**

	The Urban Renewal Agency of the City of Caldwell, Idaho
	By
The provisions of this Deed are hereby a	approved and accepted:
	GRANTEE:
	Mussell Construction, Inc.
	By Mike Mussell, President

STATE OF IDAHO	)
	) ss.
COUNTY OF CANYON	)
of the Board of Commissione	, 2023, before me the undersigned, a Notary Public ly appeared Jim Porter known or identified to me to be the Chairman ers of The Urban Renewal Agency of the City of Caldwell, Idaho that and acknowledged to me that such agency executed the same.
IN WITNESS WHEF day and year in this certificat	REOF, I have hereunto set my hand and affixed my official seal the e first above written.
*SEAL	NOTARY PUBLIC FOR IDAHO Residence: My Commission Expires:
STATE OF IDAHO COUNTY OF CANYON	) ss. )
in and for said State personal president, or vice-president, of instrument or the person w	, 2023, before me the undersigned, a Notary Public ally appeared Mike Mussell known or identified to me to be the resecretary or assistant secretary, of the corporation that executed the ho executed the instrument on behalf of said corporation, and a corporation executed the same.
IN WITNESS WHER day and year in this certificate	EOF, I have hereunto set my hand and affixed my official seal the first above written.
	NOTARY PUBLIC FOR IDAHO Residence: My Commission Expires:
*SEAL	My Commission Expires:

# **EXHIBIT A**

(Legal description)

Lots 10, 11 and 12, Block 19, Caldwell Original, according to the plat thereof, filed in Book 1 of Plats at page(s) 20, records of Canyon County

RESOI	LUTION	NO.	2023-	

A RESOLUTION OF THE CALDWELL URBAN RENEWAL AGENCY AUTHORIZING THE EXECUTION OF A REVISED AND UPDATED DISPOSITION & DEVELOPMENT AGREEMENT WITH TS DEVELOPMENT FOR THE SITE KNOWN AS 510 ARTHUR STREET.

**BE IT HEREBY RESOLVED** by the Caldwell Urban Renewal Agency authorizes the execution of the Disposition and Development Agreement made part hereof and set forth in full.

**PASSED BY THE CALDWELL URBAN RENEWAL AGENCY** this 13<sup>th</sup> day of November, 2023.

APPROVED BY THE CHAIRMAN OF THE URBAN RENEWAL AGENCY OF THE CITY OF CALDWELL on this 13<sup>th</sup> day of November, 2023.

	APPROVED:
	Jim Porter - CHAIRMAN
ATTEST:	
URA Secretary	

# DISPOSITION AND DEVELOPMENT AGREEMENT URBAN RENEWAL AGENCY OF THE CITY OF CALDWELL, IDAHO

&

TS DEVELOPMENT, L.L.C. an Idaho corporation

November 14, 2023

510 Arthur Redevelopment Project

## **LIST OF ATTACHMENTS**

Attachment 1 Legal Description of the Property

Attachment 2 Schedule of Performance

Attachment 3 Design Development Plan

Attachment 4 Title Report

Attachment 5 Reuse Appraisal

Attachment 6 Form of Deed

Attachment 7 Form of Memorandum

Attachment 8 Certificate of Completion

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## **DISPOSITION AND DEVELOPMENT AGREEMENT**

(510 Arthur Redevelopment Project )

THIS DISPOSITION AND DEVELOPMENT AGREEMENT ("Agreement") is entered into by and between the Urban Renewal Agency of the City of Caldwell, Idaho, a public body, corporate and politic ("Agency"), organized pursuant to the Idaho Urban Renewal Law, Title 50, chapter 20, Idaho Code, as amended (the "Law"), and undertaking projects under the authority of the Local Economic Development Act, Title 50, chapter 29, Idaho Code, as amended (the "Act"), and TS Development, L.L.C., an Idaho limited liability company, ("Developer"), collectively referred to as the "Parties" and each individually as "Party," on the terms and provisions set forth below. It is intended to replace in its entirety the previous agreement executed by the Agency only on February 15, 2023, and adopted by Agency Resolution No. 2023-02.

#### 1. **DEFINITIONS**

"Agency" means the Urban Renewal Agency of the City of Caldwell, Idaho, a public body, corporate and politic, and any assignee of or successor to its rights, powers, and responsibilities under this Agreement.

"Agency Closing Conditions" has the meaning ascribed to it in Section 5.3.1.

"Agreement" has the meaning ascribed to it in the first paragraph of this document.

"Certificate of Completion" means the Certificate of Completion for the Project, as ascribed to it in Section 9.1 and in the substance and form of the draft certificate of completion attached to this Agreement as **Attachment 8**.

"City" means the City of Caldwell, Idaho.

"Close" and "Closing" refer to that point in time when a deed held in Escrow is recorded in the office of the Recorder of the county in which the Property is located and funds due to Agency upon delivery of the Deed are available for distribution from the Escrow to Agency, notwithstanding that such funds may not actually be distributed due to wire transfer deadlines or similar circumstances.

"Closing" has the meaning ascribed to it in Section 5.2.2.

"Closing Date" means the date of the Closing.

"Deed" means the Special Warranty Deed.

"<u>Design Development Plan</u>" means the Design Development Plan accepted by the Agency and attached hereto as **Attachment 3**.

"<u>Design Review Drawings</u>" has the meaning ascribed to it in <u>Section 7.4</u>, including any approved revisions.

"<u>Developer</u>" means TS Development, L.L.C., an Idaho limited liability company, of 4204 N. Marcliffe Ave., Boise, ID 83704, any Developer Affiliate that takes title to any portion of the Property under this Agreement, and any other permitted assignee or successor in interest as herein provided.

"Developer Affiliate" has the meaning ascribed to it in Section 2.4.2.

"Developer Closing Conditions" has the meaning ascribed to it in Section 5.3.2.

"Effective Date" has the meaning ascribed to it in Section 13.8.

"<u>Escrow</u>" means the escrow set up by the Parties with the Escrow Agent with respect to the acquisition of the Property.

"Escrow Agent" means Pioneer Title Company, 610 S. Kimball Ave., Caldwell, Idaho 83605.

"<u>Final Construction Documents</u>" means those drawings, plans, and specifications sufficient in detail to obtain a building permit for the Project, including a final landscaping and grading plan.

"Hazardous Materials" means any substance, material, or waste which is (1) defined as a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," or "restricted hazardous waste" under any provision of federal or Idaho law; (2) petroleum; (3) asbestos; (4) polychlorinated biphenyls; (5) radioactive materials; (6) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. § 1251, et seq. (33 U.S.C. § 1321), or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. § 1317); (7) defined as a "hazardous substance" pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq. (42 U.S.C. § 6903); (8) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601, et seq. (42 U.S.C. § 9601); or (9) determined by Idaho, federal, or local governmental authority to be capable of posing a risk of injury to health, safety, or property, including underground storage tanks.

"Memorandum" means a summary of this Agreement in the substance and form attached hereto as **Attachment 7**, to be recorded in the office of the Recorder of Canyon County, Idaho.

"Party" has the meaning ascribed to it in the first paragraph of this document.

"Parties" has the meaning ascribed to it in the first paragraph of this document.

"Permitted Title Exceptions" has the meaning ascribed to it in Section 5.3.2(c).

"Piazza" has the meaning described in Section 2.5 and is depicted in Attachment 1.

"Plan Area" means the area under the jurisdictional scope of the Redevelopment Plan.

"Project" means the project that is the subject of this Agreement as further described in Section  $\underline{0}$ .

"Project Area" means the Project Area identified in the Redevelopment Plan.

"Project Budget" has the meaning ascribed to it in Section 4.1(a).

"Property" or "Site" means the real property described and depicted on Attachment 1.

"Purchase Price" has the meaning ascribed to it in Section 5.1.1.

"Redevelopment Plan" means the Urban Renewal Plan for the Caldwell East Urban Renewal Project.

"Reuse Appraisal" means the Reuse Appraisal issued by the Reuse Appraiser to be attached hereto as **Attachment 5** upon completion and approval by Agency and Developer.

"Reuse Appraiser" means Valbridge Property Advisors, 1459 Tyrell Lane, Suite B, Boise, Idaho 83706.

"Reuse Appraisal Data" has the meaning ascribed to it in Section 9.2.

"Schedule of Performance" means the schedule attached to this Agreement as Attachment 2.

"Shovel Ready Work" means that on-site work to be completed by or caused to be completed on behalf the Agency so that the Property shall be an appropriate condition to allow commencement of construction of the Project on the Property, which work may be completed after commencement of construction, including without limitation, all necessary demolition of existing structures, soil remediation or other environmental conditions, and the relocation of utility lines on the Property. Provided, however, that Agency is not obligated to perform Shovel Ready Work on the Arthur Street right-of-way portion of the Property.

"Special Warranty Deed" means a deed in the substance and form of the draft deed attached hereto as **Attachment 6**.

"Title Company" means Pioneer Title Company, 610 S. Kimball Ave., Caldwell, Idaho 83605.

"Title Policy" has the meaning ascribed to it in Section 5.3.2(c).

"Title Objections" has the meaning ascribed to it in Section 3.2.

"<u>Title Report</u>" has the meaning ascribed to it in <u>Section 3.2</u> and as attached to this Agreement as **Attachment 4**.

"Urban Renewal Law" has the meaning ascribed to it in Section 2.4.1.

#### 2. SUBJECT OF AGREEMENT

#### 2.1. Purpose of This Agreement.

The purpose of this Agreement is to effectuate the Redevelopment Plan by memorializing the disposition of Agency owned property to Developer to facilitate the Project and providing for construction of a mixed-use development within the Plan Area.

## 2.2. The Redevelopment Plan.

This Agreement is subject to the provisions of the Redevelopment Plan.

#### 2.3. The Project Area.

The Project Area is located in the Plan Area, and the exact boundaries thereof are specifically described in the Redevelopment Plan.

#### 2.4. Parties to This Agreement.

#### 2.4.1. Agency

Agency is an independent public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Idaho Urban Renewal Law of 1965, title 50, chapter 20, Idaho Code, as amended, and the Local Economic Development Act, title 50, chapter 29, Idaho Code, as amended (collectively the "<u>Urban Renewal Law</u>"). The office of Agency is located at 411 Blaine Street, Caldwell, Idaho 83605.

#### 2.4.2. Developer

Developer is TS Development, L.L.C., an Idaho limited liability company. The principal office of Developer is located at 4204 N. Marcliffe Ave., Boise, ID 83704. Developer reserves the right to transfer its rights under this Agreement as authorized herein, including the right to have the Property to which it is to take title hereunder conveyed to and developed by an affiliated entity that the Developer, or its members, have a majority ownership stake in and control ("Developer Affiliate").

## 2.4.3. Developer's General Contactor

As of the Effective Date, Developer has selected Grand Peak LLC as its general contractor for the Project. The qualifications and identity of Developer's general contractor are of particular concern to Agency. When Developer selects its general contractor for the Project, other than any contractor identified in materials previously supplied to the Agency by Developer, Developer agrees to notify Agency of such desire and provide the identity of the substitute general contractor for Agency's reasonable approval in writing.

2.5 The Project. The "Project" is defined as a three-story structure featuring a mixed-use, multi-tenant retail, loft, and office configuration. The ground floor is approximately 11,954 square feet of retail and pedestrian supported amenities including an entry Piazza. The second-

story office/loft flex space of approximately 9,200 square feet of flex office - residential space. The flex lofts and offices will feature outdoor patios and scenic outdoor meeting venues. The third story restaurant and loft space of approximately 2,465 square feet will be two independent structures. A local wine bistro and grille will occupy the creek side of the roof-top venue. A small loft will look out on 5<sup>Th</sup> Avenue as a flex space amenable to office or meeting space.

A Piazza to be constructed as a pedestrian area with aesthetic amenities accommodating access and special events while providing an interface between the building, the 6<sup>th</sup> Ave. bridge, the Indian Creek Plaza and beyond. ("Piazza").

Collectively, the mixed-use development, Piazza, and associated right of way improvements are referred to as the "Project".

Agency understands and acknowledges that a material consideration for Developer to commence with the Project is that Arthur St. must be vacated by the City and abandoned between 5<sup>th</sup> Avenue and 6<sup>th</sup> Avenue as depicted on **Attachment 1** and conveyed to the Developer to allow for the full development of the Project. Transfer of the Piazza portion of the Property shall be subject to the general conditions outlined on **Attachment 9**.

The Project will substantially conform to the Design Development Plan attached hereto as **Attachment 3** (the "<u>Design Development Plan</u>") and the Agency shall use its best efforts to allow the Project to conform to the Design Development Plan.

## 2.6. <u>Disposition Does Not Contemplate Land Speculation</u>.

Developer represents and warrants that each of its undertakings pursuant to this Agreement are and will be used for the purpose of the development of the Project in compliance with the Urban Renewal Law, and not for speculation in landholding. The Agency's conveyance of the Property to Developer is for the express purpose of constructing the Project and no substitution or replacement project is permitted under the terms of this Agreement without the express written permission from the Agency Board of Commissioners.

#### 2.7. Selection of Developer.

Developer further recognizes that in view of:

- (a) The importance of the Project as part of the development of the Property to the general welfare of the community;
- (b) the reliance by Agency on the real estate and construction expertise of Developer; and
- (c) the fact that a change in control of Developer or any other act or transaction involving or resulting in a significant change in the ownership or a change with respect to the identity of the parties in control of Developer or the degree thereof may be for practical purposes a transfer or disposition of any portion of the Project; and

(d) the qualifications and identity of Developer are of particular concern to Agency, and it is because of such qualifications and identity that Agency has entered into this Agreement with Developer;

No voluntary or involuntary successor in interest of Developer, unless to Developer Affiliate shall acquire any rights or powers under this Agreement except as expressly set forth herein. Except as provided herein, Developer shall not assign all or any part of this Agreement without the prior written approval of Agency, which consent shall not be unreasonably withheld, conditioned, or delayed.

The following shall not be changed without the prior written approval of Agency until the issuance of the Certificate of Completion: (a) the structure of Developer as an Idaho limited liability company; (b) the persons responsible for Developer management; and (c) the authority of such management as it relates to the Property and the Project.

It shall not be unreasonable for Agency to withhold its approval when using criteria such as those used by this and other redevelopment agencies in selecting redevelopers for similar developments, or because the proposed transferee does not have a current financial strength, experience, or reputation for integrity equal to or better than Developer as of the date this Agreement has been executed by Agency. Developer shall promptly notify Agency of any and all changes whatsoever in the identity of the parties having control of Developer. This Agreement may be terminated by Agency if there is any significant change (voluntary or involuntary) in the management or control of Developer in violation of this Agreement (other than such changes occasioned solely by the death or incapacity of an individual) that has not been approved by Agency prior to the time of such change if such change occurs prior to the issuance of the Certificate of Completion. In the event of changes occasioned solely by the death or incapacity of an individual, Agency shall have the right and prerogative to reasonably approve the individuals assigned to the Project by Developer to replace such individual(s).

Notwithstanding any other provisions hereof, Developer reserves the right, at its discretion and without the prior written consent of Agency, subject to the disclosure requirements set forth below, to join and associate with other persons in joint ventures, partnerships, or other entities for the purpose of acquiring and developing the Property, or portions thereof, provided that Developer maintains operating control of such entities and remains fully responsible to Agency as provided in this Agreement with respect to the Property. This paragraph is not deemed to preclude mortgage-lender participation and conditions therein, provided such mortgage-lender participation complies with this Agreement.

Provided further, however, Developer is required to make full disclosure to Agency of its principals, officers, managers, joint venturers, and key managerial employees involved in the Project and all similar material information concerning Developer, to the extent relevant to the performance hereunder.

#### 3. RIGHT OF ENTRY/REVIEW OF TITLE

## 3.1 Right of Entry; Developer's Investigations.

Subject to the conditions set forth herein, including the indemnity provisions set forth in Section 8.2, Developer and its agents, contractors, consultants, and employees are hereby given permission to access the Property at all reasonable times until the Closing (or earlier termination of this Agreement), during normal business hours, for the purpose of conducting tests and inspections of the Property, including surveys and architectural, engineering, geotechnical and environmental inspections and tests; provided, however, any intrusive or invasive investigations (e.g., core sampling, and including, without limitation, any environmental testing other than a Phase I or Phase II Environmental Site Assessment or update to any prior environmental assessments) shall be subject to Agency's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

Developer shall provide to Agency, promptly upon completion and at no cost or expense to Agency, a list of all reports, studies and test results prepared by Developer's consultants and copies of any of the above-listed materials Agency might request. Other than Phase I and any necessary Phase II remediation, all the foregoing inspections shall be performed by Developer at Developer's sole cost and expense.

As a condition to any such entry, inspection or testing, Developer shall (a) notify Agency in advance of the date and purpose of the intended entry and provide to Agency the names and/or affiliations of the persons entering the Property; (b) conduct all studies in a diligent, expeditious and safe manner and not allow any dangerous or hazardous conditions to occur on the Property; (c) comply with all applicable laws and governmental regulations; (d) keep the Property free and clear of all materialmen's liens, lis pendens and other liens arising out of the entry and work performed by or on behalf of Developer; (e) maintain or assure maintenance of workers' compensation insurance on all persons entering the Property in the amounts required by the State of Idaho; and (f) promptly repair any and all damage to the Property caused by Developer, its agents, employees, contractors, or consultants and return the Property to its original condition following Developer's entry.

Developer shall indemnify, defend, and hold harmless Agency, and its officers, officials, representatives, members, employees, volunteers and agents from and against any and all loss, cost, liability or expense (including reasonable attorneys' fees) arising from the entries of Developer, its agents, contractors, consultants, and employees upon the Property or from Developer's failure to comply with the conditions to Developer's entry onto the Property provided for herein; provided, however, the indemnity shall not extend to protect Agency from any pre-existing liabilities for matters merely discovered by Developer (e.g., latent environmental contamination). Such indemnity shall survive the Close of Escrow or the termination of this Agreement for any reason.

#### 3.2 Review of Title; Approved Title Exceptions.

Prior to the Effective Date of this Agreement, Developer received the Commitment for Title Insurance and underlying title documents disclosed therein for the Property, issued by the

Title Company under File No. 822957, having an effective date of December 15, 2022 (the "<u>Title Report</u>"). The Title Report is attached to this Agreement as **Attachment 4**.

Developer shall have thirty (30) days from Effective Date to notify Agency of any objections ("<u>Title Objections</u>") it may have with respect to the Title Report. If Developer does not give such notice within such thirty (30) day period, such failure shall be conclusively deemed to be Developer's approval of those matters.

If Developer has any Title Objections, Agency shall have ten (10) business days after receipt thereof to notify Developer that Agency (a) will cause or (b) elects not to cause any or all of the Title Objections disclosed therein to be removed or insured over by the Title Company in a manner reasonably satisfactory to Developer. Agency's failure to notify Developer within such ten (10) business day period as to any Title Objections that Agency is willing to cure or cause to be insured over shall be deemed an election by Agency not to remove or have the Title Company insure over such Title Objections.

If Agency notifies or is deemed to have notified Developer that Agency shall not remove nor have the Title Company insure over any or all of the Title Objections, Developer shall have three (3) business days after the expiration of Agency's ten (10) business day period to respond to Developer's Title Objections to either (a) terminate this Agreement; or (b) waive such Title Objections and proceed to Closing.

Not less than fifteen (15) business days prior to the Close of Escrow, Developer shall obtain a supplement to the Title Report (with the understanding that Developer shall have the right to order updates to the Title Report at any time prior to Close of Escrow) disclosing any new title matters that will adversely affect the development of the Project, not disclosed to Developer prior to the expiration of the Effective Date, Developer shall have five (5) business days from receipt of such supplemental title report (and all underlying documents referenced therein) to notify Agency of any objections ("Supplemental <u>Title Objections</u>") it may have with respect to the updated Title Report. Developer may obtain an updated Title Report prior to the Closing Date to allow Developer to confirm there has been no changes to the Title Report.

If Developer does not give such notice within such five (5) business day period, such failure shall be conclusively deemed to be Developer's approval of those matters.

If Developer has any Supplemental Title Objections, Agency shall have five (5) business days after receipt thereof to notify Developer that Agency (a) will cause or (b) elects not to cause any or all of the Supplemental Title Objections disclosed therein to be removed or insured over by the Title Company in a manner reasonably satisfactory to Developer. Agency's failure to notify Developer within such five (5) business day period as to any Supplemental Title Objections that Agency is willing to cure or cause to be insured over shall be deemed an election by Agency not to remove or have the Title Company insure over such Supplemental Title Objections.

If Agency notifies or is deemed to have notified Developer that Agency shall not remove nor have the Title Company insure over any or all of the Supplemental Title Objections, Developer shall have three (3) business days after the expiration of Agency's five (5) business day period to respond to Developer's Supplemental Title Objections to either (a) terminate this Agreement; or (b) waive such Supplemental Title Objections and proceed to Closing.

If Developer does not give notice within said period, Developer shall be deemed to have elected to waive the Title Objections.

#### 3.3 Compliance with Laws.

Developer shall comply with applicable laws and building codes with respect to any work or investigations on the Property prior to Closing.

#### 4. EVIDENCE OF PROJECT FINANCING

## 4.1. Submission of Preliminary Evidence of Financing.

No later than ninety (90) days after the Effective Date or such later time as may be approved by Agency, Developer shall submit to Agency's legal counsel evidence satisfactory to 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. Such preliminary evidence of financial capability shall include all of the following:

- (a) Reliable cost estimates for Developer's total cost of acquiring the Property and developing the Project (including both "hard" and "soft" costs) ("Project Budget").
- (b) If the total Project Budget exceeds the amount of financing commitments received pursuant to subparagraph (a) above, evidence satisfactory to the Agency demonstrating that Developer has adequate funds available and committed to cover such difference.
- (c) For purposes of compliance with this <u>Section 4.1</u>, non-binding loan commitments or loan term sheets from a qualified lender will be acceptable.

## 4.2. <u>Time to Approve Evidence of Financing</u>.

Agency shall approve or disapprove of Developer's evidence of financing within twenty (20) days of receipt of a complete submission. Agency's approval shall not be unreasonably withheld. If Agency shall disapprove such evidence of financing it shall be by written notice to Developer stating the reasons for such disapproval and Developer shall promptly resubmit its evidence of financial capability, as modified to conform to Agency's requirements, not more than twenty (20) days after receipt of the Agency's disapproval.

#### 4.3. Public Records Law.

All information submitted to Agency may be subject to the Idaho Public Records Law. As an alternative to formal submittal of this required information, Developer may allow an inspection and review of such information by Agency. In such case, the timeframe for approval set forth in Section 4.2 shall still apply.

## 4.4. Lender Modifications.

The Parties acknowledge that substantial debt financing may be necessary for the development of the Project. Developer may submit for Agency approval, and Agency shall reasonably consider, modifications to this Agreement requested by Developer's lenders or prospective lenders for the Project.

#### 5. DISPOSITION AND CONVEYANCE OF THE PROPERTY

#### 5.1. Disposition and Conveyance of the Property.

In accordance with and subject to all the terms, covenants, and conditions (including the attachments) of this Agreement, Agency agrees to convey the entire fee estate of the Property in the condition required pursuant to <u>Section 6.1</u>.

Developer agrees to develop the Property and complete construction of the Project for the consideration, and subject to the terms, conditions, and provisions of this Agreement, including, without limitation, construction commencement and completion as provided in the Schedule of Performance (Attachment 2) and the other attachments. Agency agrees to meet its obligations herein provided with respect to the Property including, without limitation, as provided in the Schedule of Performance. The time periods set forth in the Schedule of Performance shall be extended for up to 90 days in total if the delays are caused by matters beyond Developer's reasonable control or otherwise consented to by Agency.

#### 5.1.1. Purchase Price

The purchase price for the Property (the "<u>Purchase Price</u>") is based upon the fair market value of the Property, taking into account and giving due consideration to the uses provided in the Redevelopment Plan, the restrictions upon, and the covenants, conditions and obligations assumed by the Developer provided in this Agreement, as determined in the Reuse Appraisal (**Attachment 5**), provided that the purchase price shall not be less than \$0..

#### 5.1.2. Payment of Purchase Price

Prior to the Closing, the Purchase Price, if any, shall be deposited into Escrow by Developer by (i) a wire transfer of funds, (ii) cashier's or certified check drawn on or issued by the offices of a financial institution located in the State of Idaho, or (iii) cash.

### 5.2. Escrow.

Within five (5) business days after the Effective Date of this Agreement, the Parties agree to open an escrow (the "Escrow") with Escrow Agent. A duplicate original of this Agreement shall be delivered to the Escrow Agent upon the opening of the Escrow. Agency and Developer shall provide joint escrow instructions as shall be necessary and consistent with this Agreement to Escrow Agent prior to Closing. The Escrow Agent hereby is empowered to act under this Agreement and such Escrow instruction letter.

## 5.2.1. Payment of Costs

Developer and Agency shall each pay one-half of the Escrow fee, any charges for recording the Deed, the Memorandum, and the other documents to be recorded hereunder (to the extent the County Recorder's Office does not waive such charges). Agency shall pay the charge for an ALTA standard owner's policy in the amount of the Purchase Price. Developer shall pay the charge for any additional title coverage requested by Developer, including an ALTA extended owner's policy, if Developer obtains such policies. Developer will be responsible for paying endorsements desired by Developer except for the cost of any endorsements Agency agrees to provide to cure any Title Objections pursuant to Section 3.2. Agency and Developer shall each be responsible for their respective attorneys' fees and costs. Taxes and assessments, if any, applicable to periods before and after Closing shall be allocated to the Property and prorated between the Parties in an equitable manner. Agency shall cause all utilities serving the Property to be terminated on or before Closing and shall be responsible for costs associated with such utility services prior to Closing. All other costs of the Escrow not specifically allocated in this Agreement shall be allocated to the Parties as is customary in a commercial real estate transaction in Canyon County, Idaho.

#### 5.2.2. Close of Escrow

The Close of Escrow ("Closing") shall occur within ten (10) days after the date all of the Agency Closing Conditions and the Developer's 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 than April 1, 2023. The Close of Escrow means the fulfillment of the Escrow terms and conclusion of the Escrow, including, without limitation, the execution of unexecuted documents, the recordation of documents specified for recording, the issuance of title insurance policies, the payment of fees and the delivery of funds and documents as directed in the Escrow instruction letter. The Escrow shall close as provided in the Escrow instruction letter on or before the Closing.

## 5.2.3. Deliveries by Agency

On or before the scheduled Closing Date, Agency shall deliver the following to the Escrow Agent:

- (a) the Special Warranty Deed, duly executed and acknowledged by Agency;
- (b) the Memorandum, duly executed and acknowledged by Agency; and
- (c) all other documents reasonably required by Escrow Agent from Agency to carry out and close the Escrow pursuant to this Agreement, including Agency's portion of the Escrow fees and prorations.

#### 5.2.4. Deliveries by Developer

On or before the scheduled Closing Date, Developer shall deliver the following to the Escrow Agent:

(a) the Purchase Price;

- (b) the Special Warranty Deed, duly executed and acknowledged by Developer;
- (c) the Memorandum, duly executed and acknowledged by Developer; and
- (d) all other sums and documents reasonably required by Escrow Agent from Developer to carry out and close the Escrow pursuant to this Agreement, including Developer's portion of the Escrow fees and prorations.

#### 5.2.5. Termination

If the Escrow is not in condition to Close before the time for conveyance established in this Agreement, either Party who then shall have fully performed the acts to be performed before the Closing, may, in writing, terminate this Agreement in the manner set forth in Section 11.6, and demand the return of its money, papers, and documents. Thereupon all obligations and liabilities of the Parties under this Agreement, except where such obligations and liabilities expressly survive termination, shall cease and terminate in the manner set forth in Section 11.6. If neither Agency nor Developer shall have fully performed the acts to be performed before the time for conveyance established in the Schedule of Performance, no termination or demand for return shall be recognized until ten (10) days after the Escrow Agent shall have mailed copies of such demand to the other Party or Parties at the address of its or their principal place or places of business. If any objections are raised within the 10-day period, the Escrow Agent is authorized to hold all money, papers, and documents until instructed in writing by both Agency and Developer or upon failure thereof by a court of competent jurisdiction. If no such demands are made, the Parties shall cause the Closing to occur as soon as possible. The terms of this paragraph shall not affect the rights of Agency or Developer to terminate this Agreement under Section 11.6. Nothing in this Section shall be construed to impair or affect the rights or obligations of Agency or Developer to specific performance.

#### 5.2.6. Amendment

Any amendment to the Escrow instructions shall be in writing and signed by both Agency and Developer. At the time of any amendment, the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

#### 5.2.7. No Real Estate Commissions or Fees

Agency represents that it has not engaged any broker, agent, or finder in connection with this transaction. Developer represents that it has not engaged a broker in connection with this transaction. Developer agrees to hold Agency harmless from any claim concerning any real estate commission or brokerage fees arising out of Developer's actions and agrees to defend and indemnify Agency from any such claim asserted concerning the commission or brokerage fees. Agency agrees to hold Developer harmless from any claim concerning any real estate commission or brokerage fees arising out of Agency's actions and agrees to defend and indemnify Developer from any such claim asserted concerning the commission or brokerage fees. Provided, however, nothing herein shall prevent Developer from preleasing or preselling space within the Project, thus incurring real estate commissions or brokerage fees. In no event, though, shall Agency be

liable for any real estate commission or brokerage fees on account of any such preleasing or preselling activity.

## 5.3. <u>Conditions to Property Transfer.</u>

### 5.3.1. Conditions to Agency's Obligations

In addition to any other condition set forth in this Agreement in favor of Agency, Agency shall have the right to condition its obligation to convey the Property to Developer and close the Escrow upon the satisfaction, or written waiver by Agency, of each of the following conditions precedent on the Closing Date or such earlier time as provided for herein (collectively, the "Agency Closing Conditions"):

- (a) Permits and Approvals. Developer shall have obtained all land use approvals and entitlements for the conveyance of the Property and for the development of the Project from all governmental agencies with jurisdiction, with the exception of grading permits, building permits, and final condominium plat approvals. The time period for appealing or challenging such approvals and entitlements shall have expired with no challenge outstanding. Developer shall have obtained approval of its final grading plans and building plans for the Project and grading permits and building permits shall be ready to be issued upon payment of fees on or after Closing. If available, Developer shall provide written confirmation from the City that the permits and approvals are ready to be issued upon the payment of fees on or after Closing.
- (b) **Developer Deliveries Made**. Developer has deposited with Escrow Agent all sums and documents required of Developer by this Agreement for the Closing.
- (c) **Insurance**. Developer shall have timely submitted and obtained Agency's approval of the insurance required pursuant to <u>Section 8.1</u> of this Agreement.
- (d) **Evidence of Financing**. Agency shall have approved Developer's evidence of financing in accordance with <u>Section 4</u> of this Agreement, and the financing for the Project shall close and be available to Developer upon Developer's acquisition of the Property.
- (e) **No Default**. Developer shall not be in material default of any of its obligations under this Agreement (and shall not have received notice of a default hereunder which has not been cured or is in the cure process), and all representations and warranties of Developer contained herein shall be true and correct in all material respects as of the date of this Agreement and the Closing Date.

#### 5.3.2. Conditions to Developer's Obligations

In addition to any other condition set forth in this Agreement in favor of Developer, Developer shall have the right to condition its obligation to purchase the Property and close the Property Escrow upon the satisfaction, or written waiver by Developer, of each of the following conditions precedent on the Closing Date or such earlier time as provided for herein (collectively, the "Developer's Closing Conditions"):

- (a) **Permits and Approvals.** Developer shall have approved the condition of the Property and obtained all land use approvals and entitlements for the conveyance of the Property and for the development of the Project from all governmental agencies with jurisdiction. The time period for appealing or challenging such approvals and entitlements shall have expired with no challenge outstanding. Developer shall have obtained approval of its final grading plans and building plans for the Project and grading permits and building permits shall be ready to be issued upon payment of fees on or after Closing.
- (b) **Agency Deliveries Made.** Agency has deposited with Escrow Agent all documents required of Agency by this Agreement for the Closing.
- (c) Title Policy. The Title Company is unconditionally and irrevocably committed to issue to Developer at Closing an ALTA standard coverage owner's title policy, or, upon Developer's request, an ALTA extended coverage owner's policy of title insurance ("Title Policy"), insuring Developer's title to the Property in the amount of the Purchase Price, subject only to the following (collectively, the "Permitted Title Exceptions"): the standard exceptions and exclusions from coverage contained in such form of the policy; matters created by, through or under Developer; items that are or would have been disclosed by an ALTA survey; items that would have been disclosed by a physical inspection of the Property on the Effective Date; real estate taxes not yet due and payable; the documents to be recorded under this Agreement; any mutually agreed upon Title Objections. If Developer requests ALTA extended coverage, any standard exceptions shall not be Permitted Title Exceptions.
- (d) **No Default.** Agency shall not be in material default of any of its obligations under this Agreement (and shall not have received notice of a default hereunder which has not been cured or is in the cure process), and Agency's representations and warranties contained herein shall be true and correct in all material respects as of the date of this Agreement and the Closing Date.
- (e) **Debt and Equity Financing**. That Developer is able to obtain financing reasonably acceptable to Developer, and submit to Agency reasonably acceptable evidence of financing pursuant to <u>Section 4</u> and as approved by the Agency, and that all conditions to any financing commitments for the Project are satisfied and such commitments are fulfilled by the lenders and other third parties involved. A commitment to make a construction loan shall be considered fulfilled by depositing with Escrow Agent the mortgage or deed of trust securing the loan to be executed by Developer as of the Closing Date.
- (f) Arthur Street. Vacation of the Arthur Street as depicted on Attachment 1 and transfer in fee to Developer as part of the Property at Closing subject to the conditions set forth in Attachment 9.

#### 5.4. Satisfaction of Conditions.

Where satisfaction of any of the foregoing conditions requires action by Developer or Agency, each Party shall use its diligent efforts, in good faith, and at its own cost, to expeditiously satisfy such condition. If a Party is not in a position to know whether or not a condition precedent

has been satisfied, then the Party that is aware of the status of the condition shall immediately notify the other Party.

## 5.5. Waiver.

Agency may at any time or times, at its election, waive any of the Agency Closing Conditions set forth in <u>Section 5.3.1</u>, but any such waiver shall be effective only if contained in a writing signed by Agency and delivered to Developer. Developer may at any time or times, at its election, waive any of the Developer's Closing Conditions set forth in <u>Section 5.3.2</u>, but any such waiver shall be effective only if contained in a writing signed by Developer and delivered to Agency.

## 5.6. Termination.

In the event each of the Agency Closing Conditions set forth in Section 5.3.1 is not fulfilled by the outside date for the Closing Date, or such earlier time period as provided for herein, or waived by Agency pursuant to 5.5, and provided Agency is not in default of this Agreement, Agency may at its option terminate this Agreement and the Escrow opened hereunder. In the event that each of the Developer's Closing Conditions set forth in Section 5.3.2 is not fulfilled by the outside date for the Closing Date, or such earlier time period as provided for herein, or waived by Developer pursuant to Section 5.5, and provided Developer is not in default of this Agreement, Developer may at its option terminate this Agreement and the Escrow opened hereunder. No termination under this Agreement shall release either party then in default from liability for such default. In the event this Agreement is terminated, all closing documents and funds delivered by Agency to Developer or Escrow Agent shall be returned immediately to Agency and all closing documents and funds delivered by Developer to Agency or Escrow Agent shall be returned immediately to Developer.

# 6. <u>CONDITION OF THE PROPERTY</u>.

# **6.1.** <u>"As Is"</u>.

Subject to Agency's representations and warranties expressly set forth in this Agreement and Agency's obligation to deliver the Property in "shovel ready condition", Developer acknowledges and agrees that any portion of the Property that it acquires from Agency pursuant to this Agreement shall be purchased "as is." Agency makes no representations or warranties with respect to whether the Property is currently, or in the future, located either wholly or partially in a flood plain or a flood hazard boundary or similar area.

Notwithstanding the foregoing, Agency will deliver the Property in with all Shovel Ready Work completed for the benefit of Developer. All costs and expenses of the Shovel Ready Work shall be paid by Agency, either directly to the contractor completing the Shovel Ready Work, or for any Shovel Ready Work completed by Developer, on Agency's behalf after the Closing. In the event Developer completes the Shovel Ready Work on the Agency's behalf, Agency will reimburse Developer all its costs and expenses incurred by Developer over and above the cost of the construction of the Project within thirty (30) days after receipt the invoices and reasonably supporting documentation of such costs by Agency. For the purpose of clarity, in no event shall the Shovel Ready Work be encompassed or included in the Project or scope of work of Developer

to complete the Project as contemplated by this Agreement even if such work is completed by Developer on Agency's behalf. Provided, however, that notwithstanding any provision of the Agreement to the contrary, Agency is not obligated to perform Shovel Ready Work on the Arthur Street right-of-way portion of the Property.

## 6.2. Agency Representations.

Agency represents and warrants to Developer as follows: (1) Agency has given Developer a complete copy of the Title Report; (2) the Title Report constitutes all information of which Agency has actual knowledge concerning the physical condition of the Property, including, without limitation, information about any Hazardous Materials or violations of any applicable laws; (3) the individuals entering into this Agreement on behalf of Agency have the authority to bind Agency; (4) entering into this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary Agency action and do not violate the laws governing Agency's activities or any other agreement to which Agency is a party; (5) upon Close of Escrow, there will be no tenants, occupants or other parties in possession of the Property. These representations and warranties shall survive Close of Escrow and delivery of the Deed to Developer.

#### 6.3. Environmental Release and Waiver.

Subject to Agency's representations and warranties expressly set forth in this Agreement, Developer hereby releases and waives all rights, claims, or causes of action Developer may have in the future against Agency arising out of or in connection with any Hazardous Materials at, on, in, beneath, or from the Property. At Developer's request and Agency's sole cost and expense, Agency shall obtain a Phase I Environmental Site Assessment (the "Phase I") on the Property within thirty (30) days of such request. Agency shall be solely responsible for any necessary remediation as recommended by the Phase I or any necessary Phase II Environmental Site Assessment in order to deliver the Property in Shovel Ready condition to Developer.

# 7. DEVELOPMENT OF THE PROPERTY.

#### 7.1. Scope of Development.

The Property shall be developed subject to the terms and conditions of this Agreement.

### 7.2. Local, State, and Federal Laws.

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

## 7.3. Antidiscrimination During Construction.

Developer, for itself and its successors and assigns, agrees that in the construction of the improvements provided for in this Agreement, Developer will not discriminate against any employee or applicant for employment because of physical disability, race, color, creed, religion, sex, sexual orientation, gender identity/ expression, marital status, ancestry, or national origin.

# 7.4. <u>Design Development Plan and Design Review Drawings</u>.

The Parties acknowledge Developer has submitted to Agency the Design Development Plan. Agency approved the Design Development Plan for development of the Property. Prior to submitting or re-submitting design review drawings to the City Design Review Committee (the "Design Review Drawings"), Developer shall provide Agency all updated and revised Design Review Drawings and a clear chart showing itemized changes from the approved Design Development Plan. Agency shall have fifteen (15) days to review, approve, disapprove, or modify the Design Review Drawings, or any changes thereto. Any disapproval shall state in writing the reasons for disapproval and the changes which Agency requests to be made. Such reasons and changes must be consistent with any items previously approved or deemed approved hereunder. Developer, upon receipt of a disapproval based upon powers reserved by Agency hereunder, shall revise such plans, drawings, and related documents (or such portions thereof) and resubmit them to Agency as soon as possible after receipt of the notice of disapproval. Developer shall not submit any Design Review Drawings to the City without Agency's prior approval of such Design Review Drawings.

#### 7.5. Final Construction Documents.

Thirty (30) days prior to Closing, Developer shall submit to Agency Final Construction Documents and a clear chart showing changes from the Design Development Plan including:

- square footage by type of uses
- perspective renderings
- floor plans
- site plan
- elevations/sections listing exterior finishes

The Final Construction Documents shall be approved, approved conditionally, or disapproved within the time established in the Schedule of Performance and subject to the provisions of Sections 7.6 through 7.9, provided, City's approval of the Final Construction Documents shall constitute Agency's approval unless Agency notifies Developer in writing within fifteen (15) days after Developer notifies Agency that City has approved the Final Construction Documents that Agency disapproves of the Final Construction Documents.

## 7.6. Agency Approval of Plans, Drawings, and Related Documents.

Subject to the terms of this Agreement, Agency shall have the right of reasonable architectural review of all plans and drawings, including any substantial changes therein. In reviewing the Final Construction Documents, Agency shall be guided by the Redevelopment Plan for the Project Area and Developer's original response to Agency's RFP. Developer shall make every reasonable effort to present drawings and plans in compliance with the guidelines. In the event Developer seeks deviation or waiver from those guidelines, Developer shall so indicate when those drawings and plans are submitted. The guidelines shall be applicable unless specifically waived by Agency.

## 7.7. Communication; Revisions.

Agency and Developer shall communicate and consult informally as frequently as is necessary to ensure that the formal submittal of any documents to Agency can receive prompt and speedy consideration. If any revisions or corrections of plans approved by Agency shall be required by any government official, agency, department, or bureau having jurisdiction or any lending institution involved in financing, Developer and Agency shall cooperate in efforts to revise or correct the plans or obtain a waiver of such requirements or to develop a mutually acceptable alternative.

#### 7.8. Prompt Review.

Agency shall promptly approve (but in not less than 20 days) the Final Construction Documents to the extent such plans, drawings, and related documents are consistent with plans (including the Design Development Plan) previously approved by Agency. Agency may designate a committee of its members and staff to expedite plan approvals. Failure by Agency either to approve or to disapprove plans that are consistent with plans previously approved by Agency within the times established in the Schedule of Performance shall be deemed an approval. Any such approved plans, drawings, and related documents shall not be subject to subsequent disapproval. Provided, however, if Developer proposes or advances any material change to the exterior design of the Project previously approved by Agency, Agency shall have the right to review and approve or disapprove such changes within the time frames and in compliance with the procedures stated herein. Any disapproval shall state in writing the reasons for disapproval and the changes which Agency requests to be made. Developer, upon receipt of a disapproval based upon powers reserved by Agency hereunder, shall review such plans, drawings, and related documents (or such portions thereof) and resubmit them to Agency as soon as possible after receipt of the notice of disapproval. Plans approved or deemed approved hereunder shall be deemed in all respects to be in accordance with the Redevelopment Plan. Further, Agency shall utilize its best efforts to assure that review processes of the City of Caldwell, Idaho are provided on the expedited basis to Developer for this Project.

## 7.9. Changes to Final Construction Documents.

If Developer desires to make any substantial change in the Final Construction Documents after their approval, such proposed change shall be submitted to Agency for approval. For purposes of this <u>Section</u>, and this <u>Section</u> only, "substantial change" is defined as any change in the Final Construction Documents which by such change will reduce the value or cost of the Project (following completion) by more than fifteen percent (15%) or change the size of the Project by more than fifteen percent (15%). Such change in the Final Construction Documents shall in any event, be deemed approved by the Agency unless rejected, in whole or in part, by written notice thereof setting forth in detail the reason therefore, and such rejection shall be made within 10 days of submittal to the Agency.

# 7.10. Construction Reporting.

The Parties acknowledge and agree that communication and cooperation between the Parties is imperative to the successful completion of the Project and to achieve the objectives of the Redevelopment Plan. Therefore, the Parties shall endeavor to keep the other Party sufficiently

informed regarding matters related to the development and construction of the Project so the other Party can have a meaningful opportunity to review, comment, and respond on matters relating to the other Party's performance of its obligations under this Agreement.

#### 7.10.1. Developer's Obligations

Developer, as requested by Agency, shall:

- (a) Permit Agency staff to attend weekly and/or monthly construction progress and design meetings for the Project to permit Agency to assess the progress of development and construction and assess compliance with the Schedule of Performance, and the adherence of the development and construction to the plans approved by Agency;
- (b) Provide Agency with a monthly written status report on the Project (consisting of a simple narrative of the status, an update as to the progress on the Schedule of Performance and a summary of the percentage of completion) in sufficient time to allow for their distribution to Agency's Board of Commissioners prior to their regular monthly meetings; such monthly report shall include any photos taken by Developer in the normal course of project supervision that would be helpful to supplement the simple written narrative in the monthly status reports;
- (c) If requested, attend and provide oral status reports on the Project at regular monthly meetings of Agency's Board of Commissioners;
- (d) To the extent the meetings described in <u>Section 7.10.1(a)</u> above are not adequate as determined by Agency, schedule and attend meetings at the request of the Agency with Agency's staff, Agency's consultants, and representatives from the City or other public entities (if necessary) for general coordination and review of the progress and schedule of the Project, any implementation agreements or other documents to be submitted by either Party, and any other tasks necessary or convenient for development of the Project to achieve the objectives of the Redevelopment Plan; and
- (e) If requested, include Agency name and logo on construction signs, fencing and other locations in and around the Project Site during construction.

## 7.10.2. Agency's Obligations

In furtherance of this <u>Section</u>, Agency shall:

- (a) provide timely and meaningful comments to the information, reports, and other documents submitted to Agency by Developer; and
- (b) upon Developer's request, provide Developer with all of Agency's comments, conditions, and requirements regarding Developer's plans for the Project in sufficient time (provided that Developer provides Agency with a reasonable period of time for Agency to review Developer's plans) for Developer to respond to Agency's comments, conditions, and requirements prior to filing an application with City for the Project.

## 7.10.3. Meeting Attendance

The Parties shall use their best reasonable efforts to have their respective principals and staff members available, as needed, to participate in meetings, hearings, and work sessions if requested by the other Party.

## 7.10.4. Access to the Property

For the purpose of assuring compliance with this Agreement, agents and employees of Agency shall have the reasonable right of access to the Property without charges or fees and at normal construction hours during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in constructing the improvements. Agency shall cause anyone who comes onto the Property on Agency's behalf to comply with applicable OSHA or other safety regulations, and to provide no less than 48 hours' notice prior to exercising its rights of access pursuant to this <u>Section</u>. To the extent permitted by law, Agency shall indemnify, defend, and hold harmless Developer and its respective officers, officials, representatives, members, employees, and agents from and against any and all loss, cost, liability or expense (including reasonable attorneys' fees) arising from the negligence or willful misconduct of Agency, its agents, and employees upon entry on the Property pursuant to this <u>Section</u>. Such indemnity shall survive the Close of Escrow or the termination of this Agreement for any reason.

#### 7.10.5. Reasonableness

Developer shall reasonably comply with the requirements of the Redevelopment Plan and shall prepare Final Construction Documents consistent with the Design Development Plan. Agency will not unreasonably impose requirements regarding materials, design elements, construction methods or other elements that materially affect the costs of the Project, or which would cause development of the Project to become economically infeasible as set forth in Sections 11.6.1(d) and 11.6.2(d). Nothing herein shall limit the reviewing authority of Agency granted under this Agreement, provided, however, that Agency and, Developer acknowledge that cooperation between the Parties is essential to the development of the Project.

#### 7.10.6. Cost of Construction.

As between the Parties the cost of developing and constructing all improvements on the Property under this Agreement shall be borne by Developer unless agreed to otherwise in writing.

#### 8. INSURANCE AND INDEMNIFICATION.

## 8.1. <u>Bodily Injury, Property Damage, and Workers' Compensation Insurance</u>.

Developer shall, or through its contractor shall, at its sole cost, obtain and maintain in force from and after the Closing (as specified below) insurance of the following types, with limits not less than those set forth below with respect to the Project, and with the following requirements:

- (a) Commercial General Liability Insurance (Occurrence Form) with a minimum combined single limit liability of \$2,000,000 each occurrence for bodily injury and property damage; with a minimum limit of liability of \$2,000,000 each person for personal and advertising injury liability. Such policy shall have an aggregate products/completed operations liability limit of not less than \$2,000,000 and a general aggregate limit of not less than \$2,000,000. The products/completed operations liability coverage shall be maintained in full force and effect for not less than eighteen months following completion of the Project issuance of a certificate of occupancy, whichever is later. The policy shall be endorsed to name Agency, including its respective affiliates, the financing parties and the respective officers, directors, and employees of each as additional insureds. All policies shall be occurrence form policies and not a claims-made policy.
- (b) During the construction of the Project, Builder's Risk Insurance upon the Project covering one hundred percent (100%) of the replacement cost of the Project. This policy shall be written on a builder's risk "all risk" or open peril or special causes of loss policy form that shall at least include insurance for physical loss or damage to the construction, temporary buildings, falsework, and construction in transit, and shall insure against at least the following perils: (i) fire; (ii) lighting; (iii) explosion; (iv) windstorm or hail; (v) smoke; (vi) aircraft or vehicles; (vii) riot or civil commotion; (viii) theft; (ix) vandalism and malicious mischief; (x) leakage from fire extinguishing equipment; (xii) sinkhole collapse; (xiii) collapse; (xiv) breakage of building glass; (xv) falling objects; (xvi) debris removal; (xviii) demolition occasioned by enforcement of laws and regulations; (xviii) weight of snow, ice, or sleet; (xx) weight of people or personal property.
- (c) Workers' Compensation Insurance, including occupational illness or disease coverage, in accordance with the laws of the nation, state, territory, or province having jurisdiction over Developer's employees, and Employer's Liability Insurance with minimum limits as required by law. Developer 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.
- (d) Automobile Liability Insurance covering use of all, 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.
- (e) All insurance provided by Developer under this Agreement shall include a waiver of subrogation by the insurers in favor of Agency. Developer hereby releases Agency, including its respective affiliates, directors, and employees, for losses or claims for bodily injury, property damage, or other insured claims arising out of Developer's performance under this Agreement or construction of the Project unless otherwise as the result of the negligence or willful misconduct of Agency or its respective affiliates, directors, and employees.
- (f) Developer (or Developer's contractor(s), as applicable) shall provide certificates of insurance satisfactory in form to Agency (ACORD form or equivalent) to Agency evidencing that the insurance required above is in force, that, to the extent commercially reasonable, not less than thirty (30) days' written notice will be given to Agency prior to

any cancellation or restrictive modification of the policies, and that the waivers of subrogation are in force. Developer (or Developer's contractor(s), as applicable) 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, Developer shall provide a certified copy of each insurance policy required under this Agreement.

- (g) All policies of insurance required by this Agreement shall be issued by insurance companies with a general policyholder's rating of not less than A and a financial rating of AAA (or equivalent ratings if such are changed) as rated in the most current available "Best's Insurance Reports" and qualified to do business in the State of Idaho.
- (h) The foregoing insurance coverage shall be primary and non-contributing with respect to any other insurance or self-insurance that may be maintained by Agency. Developer's General Liability Insurance policy shall contain a Cross-Liability or Severability of Interest clause. The fact that Developer has obtained the insurance required in this Section shall in no manner lessen or affect Developer's other obligations or liabilities set forth in the Agreement.

#### 8.2. Indemnification.

Developer shall indemnify and hold Agency, and its officers, agents, and employees harmless from and against all liabilities, obligations, damages, penalties, claims, costs, charges, and expenses, including reasonable architect and attorney fees (collectively referred to in this Section as "claim"), which may be imposed upon or incurred by or asserted against Agency, or its respective officers, agents, and employees by reason of any of the following occurrences:

- (a) Any work or thing done in connection with the Project by or at the direction of Developer, including, without limitation, inspection of the Property prior to Closing, any work on the Property prior to Closing, and the construction of any improvements, or any tenant improvements, in each case by or at the direction of Developer; or
- (b) Any use, nonuse, possession, occupation, condition, operation, maintenance, or management of the Project or any part thereof by Developer; or
- (c) Any negligence on the part of Developer or any of its agents, contractors, servants, employees, subtenants, operators, licensees, or invitees; or
- (d) Any accident, injury, or damage to any person or property occurring in, on, or about the Property or any part thereof during construction of the Project by or at the direction of Developer; or
- (e) Any failure on the part of Developer 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.

In case any action or proceeding is brought against Agency, or its respective officers, agents, and employees by reason of any such claim for which Developer is required to provide

indemnification hereunder, Developer, upon written notice from Agency shall, at Developer's expense, resist or defend such action or proceeding. Notwithstanding the foregoing, Developer shall have no obligation to indemnify and hold Agency and its respective officers, agents, and employees harmless from and against any matter to the extent it arises from the negligence or willful act of Agency, or its respective officers, agents, or employees or from conduct resulting in an award of punitive damages against Agency. The obligations of Developer under this <u>Section</u> are not intended to run with the land or to be binding upon subsequent owners of portions of the Property.

## 9. POST PROJECT COMPLETION PURCHASE PRICE ADJUSTMENT.

# 9.1. <u>Certificate of Completion</u>.

Promptly after completion of all construction and development to be completed by Developer for the Project, Developer shall submit to Agency a request for a certificate of completion for the Project ("Certificate of Completion"). A form of the Certificate of Completion is attached hereto as Attachment 8. Subject to Agency discretion, Agency shall promptly issue the Certificate of Completion if (a) City has issued a temporary certificate of occupancy for the Project, and (b) if Developer is not in default under this Agreement and Agency has not sent notice to Developer of any event which with the passing of time could give rise to a default under this Agreement. The Parties acknowledge the failure to construct the Project within the time frame set forth in the Schedule of Performance may, after Agency provided Developer with written notice of default and an opportunity to cure any such default as set forth in Sections 11.1 and 11.2, be considered by Agency as a default by Developer under this Agreement. Agency shall not unreasonably withhold the Certificate of Completion.

The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage or any insurer of a mortgage securing money loaned to finance the improvements or any part thereof. Such Certificate of Completion is not notice of completion as referred to under other laws of the State of Idaho.

## 9.2. Updated Reuse Appraisal.

By law, Agency may dispose of real property for no less than the fair reuse value. In order to determine the fair reuse value, Agency will engage the Reuse Appraiser to determine the fair reuse value for the Property (the "Reuse Appraisal") at Agency's expense. Developer has submitted or will submit data required by the Reuse Appraiser, which data (the "Reuse Appraisal Data") will be used by the Reuse Appraiser to prepare the Reuse Appraisal. If significant changes to the Project occur following Closing, Agency may require Developer to pay for a Reuse Appraisal following substantial completion based on updated Reuse Appraisal Data. In the event changes to the Project cause an increase (above \$0) to the redevelopment value of the Property, Developer shall pay the additional Purchase Price to Agency within thirty (30) days.

## 10. DEVELOPER'S POST-DEVELOPMENT AND CONSTRUCTION OBLIGATIONS.

Anything to the contrary in this Agreement notwithstanding, the following provisions set forth in this <u>Section</u> are the only obligations of Developer intended to survive with respect to the Property following the issuance of a Certificate of Completion.

#### 10.1. Taxes, Encumbrances, and Liens.

Developer or Developer Affiliate shall pay when due all real estate and personal property taxes and assessments assessed and levied on the Property for any period subsequent to Developer's acquisition of the Property from Agency. Nothing herein contained shall be deemed to prohibit Developer from contesting the validity or amounts of any encumbrance, or lien or to limit the remedies available to Developer with respect thereto. Further, for a period of twenty (20) years following Closing, if any portion of the Property would qualify for exemption from ad valorem taxes due to (a) such portion being leased, conveyed, or transferred to an entity exempt or partially exempt from ad valorem taxes, or (b) such portion being utilized for any use that is exempt or partially exempt from ad valorem taxes, then the owner of such portion of the Property shall be required to make a payment in lieu of taxes to the Agency in a sum sufficient to compensate the Agency and all other taxing districts for any revenue not received by them due to the tax exemption. Such payment shall be due within thirty (30) days after receipt of an invoice by the owner from the Agency, together with reasonable substantiating documentation for the amount claimed, but in no event sooner than the related taxes would have been due. Any payments not invoiced within one (1) year after the related taxes would have been due shall be deemed forfeited.

## 10.2. Obligation to Refrain from Discrimination.

Developer covenants by and for Developer and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of physical disability, race, color, creed, religion, sex, sexual orientation, gender identity/ expression, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of Property, nor shall Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property. The foregoing covenants shall run with the land. Notwithstanding the foregoing, Developer shall have no obligation or liability for the failure of any unrelated third-party successor, assign, or successor in interest in the Property to adhere to this <u>Section</u> and shall be limited as provided in <u>Section</u> <u>10.4</u> to those periods Developer or Developer Affiliate, or other related entity, owned the Property.

## 10.3. Effect and Duration of Covenants.

The covenants against discrimination shall remain in effect in perpetuity. The covenants established in this Agreement that expressly run with land and the Special Warranty Deed shall, without regard to technical classification and designation, be binding for the benefit and in favor of Agency, Agency's successors and assigns, City, and any successors in interest to the Property or any part thereof.

#### 10.4. Provisions That Run with the Land.

Agency is deemed the beneficiary of those terms and provisions of this Agreement that expressly run with the land for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. The covenants that expressly run with the land shall run in favor of Agency without regard to whether Agency has been, remains, or is an owner of any land or interest therein in the Property, any parcel or subparcel, or in the Project Area. Agency shall have the right, if the covenants that expressly run with the land are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of such covenants may be entitled. Notwithstanding the foregoing, if Developer or any subsequent owner of any portion of the Property conveys any portion of the Property, such owner shall, upon the conveyance, be released and discharged from all of its obligations in connection with the portion of the Property conveyed by it arising under this Agreement after the conveyance but shall remain liable for all obligations in connection with the portion of the Property so conveyed arising under this Agreement prior to the conveyance. The new owner of any such portion of the Property shall be liable for all obligations arising under this Agreement with respect to such portion of the Property after the conveyance.

#### 11. DEFAULTS, REMEDIES, AND TERMINATION.

# 11.1. <u>Defaults—General</u>.

Failure or delay by either Party to perform any term or provision of this Agreement after receiving notice and an opportunity to cure as set forth herein shall constitute a default under this Agreement. Upon receipt of such notice, a Party must commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction, or remedy with reasonable diligence. A Party so acting and during any period of curing shall not be in default as further set forth in Section 11.2.

#### 11.2. Written Notice.

The Party claiming a failure or delay in performance shall give written notice of default to the Party failing or delaying performance specifying the default complained of by the injured Party. Except as required to protect against further damages, the Party claiming default may not institute proceedings against the Party in default until sixty (60) days after giving such notice, said sixty (60) days constituting the period to cure any default, provided, however, in the event such default cannot be cured within said sixty (60) days and the defaulting party diligently pursues the same to cure, provided any default by Agency shall cause the Schedule of Performance to be extended for each day Agency is in default before such default is cured.

#### 11.3. No Waiver.

Except as otherwise expressly provided in this Agreement, any failure or delay by either Party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies or deprive such Party of its right to institute and

maintain any actions or proceedings that it may deem necessary to protect, assert, or enforce any such rights or remedies.

#### 11.4. Materiality of Provisions.

It is expressly understood and agreed that each of the covenants, promises, stipulations, and agreements of the Parties hereto and under the provisions of this Agreement are an integral and indivisible part of the consideration given by each to the other and that each covenant, promise, stipulation, and agreement of the Parties shall be deemed and construed as material. Subject to Sections 11.1 and 11.2, it is further understood and agreed that time is of the essence of this Agreement; that failure, refusal, or neglect for any reason whatsoever of either Party hereto to perform any of the covenants, promises, stipulations, or agreements to be performed by the Party pursuant to the terms and provisions of this Agreement shall constitute a material default on the part of the Party failing to perform such covenant, promise, stipulation, or agreement; and that the occurrence of any such default on the part of either Party shall give the other Party the right to terminate or otherwise enforce this Agreement in accordance with the provisions of this Section.

#### 11.5. Legal Actions.

### 11.5.1. Institution of Legal Actions; Venue

Subject to the express limitations herein, either Party may institute legal action to cure, correct, or remedy any default or recover damages for any default or to obtain any other remedy consistent with the purpose of this Agreement. Any legal action shall be filed in the State of Idaho, Third Judicial District Court, in and for Canyon County, Idaho.

#### 11.5.2. Applicable Law

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

#### 11.5.3. Acceptance of Service of Process

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

# 11.5.4. Rights and Remedies

Subject to the express limitation herein, 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.

# 11.5.5. Specific Performance

If any Party has provided notice and an opportunity to cure to the other Party pursuant to <u>Section 11.1</u> and <u>11.2</u>, the default is not cured, the non-defaulting Party, at the non-defaulting Party's option, may institute an action for specific performance of the terms of this Agreement provided that specific performance shall be limited to those actions which necessitate action on the part of a Party but not for any action where damages are otherwise available.

# 11.5.6. Limitation on Agency's Remedies Prior to Developer's Acquisition of the Property

If Developer defaults in its obligation to acquire the Property or to satisfy any conditions relating to the acquisition of the Property, Agency's sole and exclusive remedy shall be to terminate this Agreement.

# 11.6. Remedies and Rights of Termination Prior to Conveyance of the Property to Developer.

#### 11.6.1. Termination for Cause by Developer

In the event that, prior to Closing on the Property, as applicable:

- (a) Agency does not tender title to the Property, as applicable, or possession thereof in the manner and condition and by the dates provided in this Agreement, on or before the Closing Date; or
- (b) Agency is unable to perform its obligations or is in default as set forth in this Agreement subject to any cure periods, provided such cure periods shall not extend the outside Closing Date; or
- (c) the zoning of the Property or the condition of the Property, as determined by Developer, as applicable, does not permit the development, construction, use, operation, or maintenance of the Project and improvements specified in this Agreement to be developed and constructed thereon; or
- (d) Developer, after and despite reasonably diligent effort and prior to the dates established therefore in Section 4.1, is unable to obtain and submit the evidence of financing reasonably acceptable to Agency or on or before Agency's approval of Developer's evidence of financing, Developer notifies Agency in writing that, in Developer's judgment, it is not economically or financially feasible for Developer to perform (or cause Developer to perform) or finance its obligations under this Agreement in the time established therefore in Section 4.1;

then this Agreement may, at the option of Developer, be terminated by written notice thereof to Agency. Upon such termination, neither Agency, Developer shall have any further rights against or liability to the other under this Agreement, unless otherwise specifically identified to survive Closing or an earlier termination or expiration of this Agreement. In the event this Agreement is so terminated, all closing documents and funds delivered by Agency to Developer or Escrow Agent

shall be returned immediately to Agency and all closing documents and funds delivered by Developer to Agency or Escrow Agent shall be returned immediately to the delivering Party.

# 11.6.2. Termination for Cause by Agency

In the event that prior to the conveyance of the Property, as applicable, to Developer:

- (a) Developer transfers or assigns or attempts to transfer or assign this Agreement or any rights herein or in the Property or the buildings or improvements thereon in violation of this Agreement; or
- (b) there is any significant change in the legal structure or control of Developer contrary to the provisions of <u>Section 2.7</u>; or
- (c) Developer, after and despite reasonably diligent effort and prior to the dates established in Section 4.1 , is unable to obtain and submit the evidence of financing reasonably acceptable to Agency or on or before Agency's approval of Developer's evidence of financing, Developer notifies Agency in writing that, in Developer's judgment, it is not economically or financially feasible for Developer to perform (or cause Developer to perform) or finance its obligations under this Agreement in the time established therefore in Section 4.1; or
- (d) Subject to the cure provisions set forth in <u>Section 11</u>, Developer fails to submit to Agency Final Construction Documents; or
- (e) Subject to the cure provisions set forth in of <u>Section 11</u>, Developer does not pay the Purchase Price and take title to the Property under tender of conveyance by Agency pursuant to this Agreement; or
- (f) Subject to the cure provisions set forth in of <u>Section 11.1</u>, Developer is in breach or default with respect to any other obligation of Developer under this Agreement;

then this Agreement may, at the option of Agency, be terminated by Agency by written notice thereof to Developer. Upon such termination, neither Agency nor Developer shall have any further rights against or liability to the other under this Agreement, unless otherwise specifically identified to survive Closing or an earlier termination or expiration of this Agreement. In the event this Agreement is so terminated, all closing documents and funds delivered by Agency to Developer, or Escrow Agent shall be returned immediately to Agency and all closing documents and funds delivered by Developer to Agency or Escrow Agent shall be returned immediately to the delivering Party.

# 11.7 Remedies and Rights of Termination After Conveyance of the Property to Developer.

Notwithstanding any other provision of this Agreement, Developer agrees that if it fails to cure a default in connection with the Schedule of Performance, Agency shall have the continuing option to buy back the Property for the per square foot price paid by Developer. Further, if construction, once commenced, is not diligently pursued to completion, Agency shall

have the continuing option to buy back the Property for the per square foot price paid by Developer plus the fair market value of any construction. For purposes of this Section, the term "commence construction" shall mean Developer's acquisition of and payment for a building permit for construction (including grading or excavating permits) of the Project in substantial conformance with the Design Development Plan. For purposes of this Section, the term "not diligently pursued to completion" shall mean that Developer is more than sixty (60) days behind the Schedule of Performance for reasons in the Developer's reasonable control, Agency has delivered to Developer a default notice pursuant to Section 11.2, and Developer has not commenced a program to achieve compliance with the Schedule of Performance that is reasonably acceptable to Agency.

# 12. GENERAL PROVISIONS.

# 12.1. No Assignment of Rights.

Prior to the issuance by Agency of a Certificate of Completion, Developer shall not, except as expressly permitted by this Agreement, sell, transfer, convey, assign, or lease the whole or any part of such Property or the buildings or improvements thereon without the prior written approval of Agency, which approval shall not be unreasonably withheld. Conveyance to Developer Affiliate shall be permitted and shall not be subject to further review or approval by Agency. This prohibition shall not apply subsequent to the issuance of the Certificate of Completion, which shall signify Agency's acknowledgment that the work required on the Property has been completed. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the Project or to prohibit or restrict the leasing of any part or parts of a building or structure when said improvements are completed or to prohibit or restrict the preleasing or preselling of any part or parts of the structure so long as the lessee or buyer shall obtain no rights under this Agreement and that any right to occupy or acquire any part of the Project prior to Developer completing all the necessary improvements shall be terminable by Agency in the event Developer fails to complete all the necessary improvements. In the absence of specific written agreement by Agency, no such transfer, assignment, or approval by Agency shall be deemed to relieve Developer from any obligations under this Agreement until completion of the Project as evidenced by the issuance of a Certificate of Completion.

### 12.2. Notices, Demands, and Communications Between the Parties.

Formal notices, demands, and communications between Agency and Developer shall be sufficiently given if sent by registered or certified mail, postage prepaid and return receipt requested, to the principal offices of Agency and Developer as set forth below. Routine communication may be by first class mail, e-mail, facsimile, or telephone.

#### Agency:

Urban Renewal Agency of the City of Caldwell, Idaho 411 Blaine Street
Caldwell, Idaho 83605
Telephone: 208.455.4656
dgeyer@cityofcaldwell.org

### With a copy to:

Mark Hilty Hamilton, Michaelson & Hilty, LLP 1303 - 12th Avenue Road Nampa, Idaho 83686 Telephone: 208.467.4479 mhilty@nampalaw.com

#### Developer:

Thomas Bevan
TS Development, L.L.C.
1407 W. McMillan, #200.
Meridian, Idaho 83646
(208) 863-6132
email: tmcc83@gmail.com

#### With a copy to:

Shawn C. Maybon
The Law Offices of Maybon, PLLC
P.O. Box 1084
904 Dearborn Street, Ste 204
Caldwell, Idaho 83606
(208) 454-2974
shawn@maybonlaw.com

# 12.3. 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 or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly involved.

# 12.4. Warranty Against Payment of Consideration for Agreement.

Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement other than normal costs of conducting business and costs of professional services such as for architects, engineers, and attorneys.

# 12.5. Nonliability of Agency Officials and Employees.

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

# 12.6. 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; unusually severe weather; inability to secure necessary labor, material, or tools; acts of another Party; proceedings before or acts or failures to act of any public or governmental agency or entity, including approvals by any historic preservation agency (other than acts or failures to act of Agency shall not excuse performance by Agency); approvals by building officials for issuance of building permits; and temporary cessation of work for archeological digs, environmental analysis, or removal of hazardous or toxic substances; or any 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 the Parties.

# 12.7. Reports, Studies and Test.

If Developer does not proceed with the purchase of the Property and development of the Project, Agency may retain possession of any reports, studies and test results prepared by Developer's consultants, including any soils or engineering tests concerning the Property, previously submitted by Developer. Building and improvement designs, plans and specifications are not intended to be covered by the preceding sentence. However, Developer agrees not to prevent Agency from obtaining building and improvement designs, plans, and specifications from Developer's design professionals if Agency and such design professionals enter into a separate arrangement for Agency to obtain such designs, plans, and specifications provided Developer is reimbursed its out of pocket costs for such building and improvement designs, plans, and specifications. Agency or any other person or entity designated by Agency shall be free to use such reports, studies, and test results for any reason whatsoever without cost or liability thereof to Developer or any other person, except to the extent Agency may have to reach agreement with Developer's consultants. Developer does not make and hereby expressly disclaims any representation or warranty as to the accuracy of any such information or Agency's right to rely thereon.

### 12.8. Attorney Fees.

In the event of any action or proceeding at law or in equity between the Parties to enforce any provision of this Agreement or to protect or establish any right or remedy of any Party hereunder, the unsuccessful Party to such litigation shall pay to the prevailing Party all costs and expenses, including reasonable attorney fees incurred therein by such prevailing Party (including such costs and fees incurred on appeal), and if such prevailing Party shall recover judgment in any such action or proceeding, such costs, expenses, and attorney fees shall be included in and as a part of such judgment.

# 13. SPECIAL PROVISIONS.

#### 13.1. Amendment of Redevelopment Plan.

Pursuant to the provisions of the Redevelopment Plan or modification or amendment therefore, Agency agrees that no amendment that changes the uses or development permitted on the Property or changes the restrictions or controls that apply to the Property or otherwise affects the Property shall be made or become effective without the prior written consent of Developer. Amendments to the Redevelopment Plan applying to other property in the Project Area shall not require the consent of Developer.

# 13.2. Submission of Documents for Approval.

Whenever this Agreement requires any Party to submit plans, drawings, or other documents to another Party for approval, which shall be deemed approved if not acted on by the approving Party within a specified time, said plans, drawings, or other documents shall be accompanied by a letter stating that they are being submitted and shall be deemed approved unless rejected by the approving Party within the stated time. If there is no time specified herein for such Party's action, the approving Party may submit a letter requiring approval or rejection of documents within fifteen (15) days after submission or such documents shall be deemed approved.

# 13.3. Computation of Time.

In computing any period of time prescribed or allowed under this Agreement, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last calendar day of the period so computed shall be included, unless it is a Saturday, Sunday, or legal holiday, in which event the period runs until the end of the next day which is not a Saturday, Sunday, or legal holiday. As used herein, "legal holiday" means a legal holiday recognized by Agency on which the offices of Agency are closed for regular business.

# 13.4. No Third-Party Beneficiary.

The provisions of this Agreement are for the exclusive benefit of Agency, Developer and their successors and assigns, and not for the benefit of any third person; nor shall this Agreement be deemed to have conferred any rights, express or implied, upon any third person except for provisions expressly for the benefit of a mortgagee or lender of Developer, or its successors and assigns.

### 13.5. <u>Dispute Resolution</u>.

In the event that a dispute arises between the Parties concerning (i) the meaning or application of the terms of, or (ii) an asserted breach of this Agreement, the Parties shall meet and confer in a good faith effort to resolve their dispute. The first such meeting shall occur within thirty (30) days of the first written notice from either Party evidencing the existence of the dispute, including notices sent pursuant to Section 11.2 of this Agreement. The Chair of Agency and the manager of Developer shall both be included among the individuals representing the Parties at the first such meeting. If the Parties shall have failed to resolve the dispute within

thirty (30) days after delivery of such notice, the Parties agree to first consider settling the dispute in an amicable manner by mediation, as the Parties may mutually agree before resorting to litigation. The costs of such mediation shall be equally split between the Parties. Should the Parties be unable to resolve the dispute to their mutual satisfaction within thirty (30) days after such completion of mediation, or if the Parties cannot mutually agree to attempt to settle any dispute by mediation, each Party shall have the right to pursue any rights or remedies it may have at law or in equity subject to Section 11.5.

### 13.6. Good Faith and Cooperation.

It is agreed by all Parties hereto to act in good faith in compliance with all of the terms, covenants, and conditions of this Agreement and shall deal fairly with each other.

#### 13.7. Entire Agreement, Waivers, and Amendments.

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

#### 13.8. Effective Date of Agreement.

This Agreement, when executed by Developer and delivered to Agency, must be authorized, executed, and delivered by Agency within forty-five (45) days after the date of signature by Developer or this Agreement shall be void, except to the extent that Developer shall consent in writing to further extensions of time for the authorization, execution, and delivery of this Agreement. Developer recognizes that Agency must comply with certain notice, solicitation, and comment periods and a disclosure process as required by law. Because of that process Agency may be unable to execute this Agreement as proposed, and in such event, this Agreement shall be void. The effective date of this Agreement (the "Effective Date") shall be the date when this Agreement has been signed by Agency.

[signatures on following page]

rbaı	n Renewal Agency of the City of Caldwell, Idaho
<b>/</b> :	
	Name:
	Title:
	, 2023
VEL	OPER:
	OPER: velopment, L.L.C., an Idaho limited liability company
De	velopment, L.L.C., an Idaho limited liability company
De	velopment, L.L.C., an Idaho limited liability company
i De	velopment, L.L.C., an Idaho limited liability company
	velopment, L.L.C., an Idaho limited liability company

(Property)

The Property consists of the following:

Lots 1 thru 7 inclusive, Block 13, Caldwell Original Addition to the City of Caldwell, according to the plat filed in Book 1, Page 20, records of Canyon County, Idaho.

Together with the following described portion of Arthur Street which is to be vacated by the City of Caldwell:

A description generally vacating the southwesterly 63 feet of the platted 80-foot wide right-of-way of Arthur Street between S. 5th Avenue and S. 6th Avenue adjacent to and northeast of Lots 1 through 12 inclusive of Block 13, Revised Map of Caldwell, Idaho, filed in Book 1 of Plats at Page 20, records of Canyon County, Idaho located in the SW ¼ of Section 22, Township 4 North, Range 3 West, Boise Meridian, Canyon County, Idaho, more particularly described as follows:

COMMENCING at the centerline intersection of S. 5th Avenue and Arthur Street; thence South43°43'18"West a distance of 40.00 feet along said centerline of S. 5th Avenue; thence South 46°16'47" East a distance of 40.00 feet to the northerly corner of Lot 1, Block 13, the POINT OF BEGINNING; thence

North 43°43'18" East a distance of 63.00 feet parallel with and 40.00 feet southeasterly of said centerline of S. 5th Avenue; thence

South 46°16'47" East a distance of 310.99 feet parallel with and 23.00 feet northeasterly of said centerline of Arthur Street to a point of non-tangent curvature; thence

Southerly 68.19 feet along the arc of a curve to the right having a central angle of 59°33′19″, a radius of 65.60 feet, and a long chord bearing South 04°59′17″ East a distance of 65.16 feet; thence

North 46°16'47" West a distance of 23.94 feet parallel with and 20.00 feet southwesterly of said centerline of Arthur Street; thence

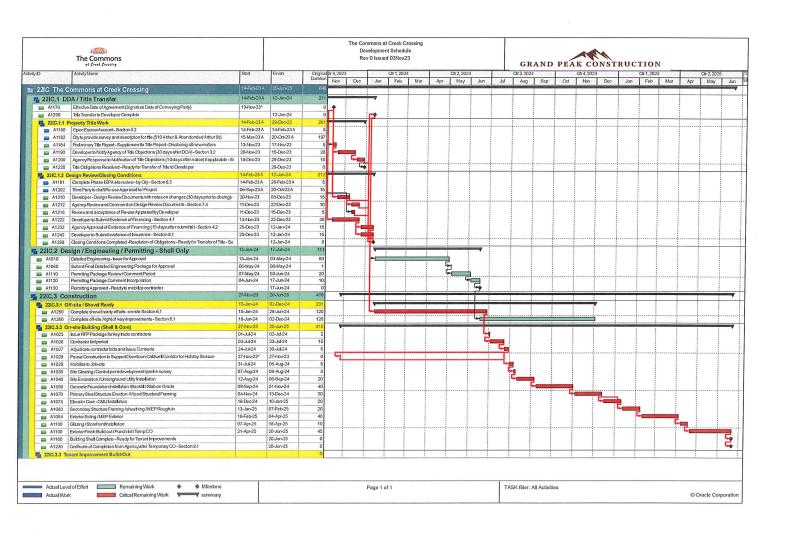
South 43°41'45" West a distance of 20.00 feet parallel with and 4.00 feet northwesterly of the centerline of S. 6th Avenue; thence

North 46°16'47" West a distance of 36.00 feet along the southwesterly right-of-way boundary extended of said Arthur Street to the westerly corner of Lot 12 of said Block 13; thence continuing

North 46°16′47″ West a distance of 300.02 feet along the southwesterly right-of-way boundary of said Arthur Street, also being the northeasterly boundary of Lots 1 through 12 of said Block 13 to the POINT OF BEGINNING.

That portion of the Property consisting of the to-be vacated Arthur Street, which includes the Piazza, is depicted in the following page.







# **Developer / Builder Profile:**

Name of Developer: TS Development LLC / The Commons at Creek Crossing

Name of Contractor: Grand Peak Construction

Description of form of organization of Developer: Multiple Member LLC

Years Developer has been in business under the current name: TS Development LLC, Since 2004

Other names under which the developer has operated: CCI Group LLC, ST Enterprises LLC, and CB

Financial Development LLC.

Contact information for Project Manager: Tom Bevan / Mary Murphy

#### **Concept Plan:**

Concepts are included in the attached PowerPoint presentation in detail and are summarized in this section.

A three-story structure featuring a mixed-use, multi-tenant retail, lofts, and office configuration. The ground floor will be strictly retail, promoting foot traffic and interaction with the surrounding Indian Creek Corridor, features, and amenities through a proposed attached Piazza. Ground floor retail is specially designed for businesses highlighting products and services for families while providing market opportunities for locally produced goods and grown produce. Retail spaces will be built to the sidewalk on the 5<sup>TH</sup> Avenue side of the building accentuating the historical downtown ambiance and feel of this new building. Ground floor retail on the Indian Creekside will cater to restauranters providing experienced-based dining and beverages in a relaxed outdoor environment. The proposed connecting Piazza will be a beautifully designed interface between the building, the creek crossing bridge, the downtown plaza, and beyond.

Second-story office/loft flex space will provide the downtown corridor with great work/live options driving density and foot traffic to the Indian Creek corridor while providing upscale living and work experiences and supporting amenities in an urban setting. The second-story lofts and offices will feature outdoor patios affording tenants beautiful views of Indian Creek and the adjacent downtown Plaza while providing scenic outdoor meeting venues.

Third story restaurant and loft space will be designed as two independent structures. Sky Vino, a local wine bistro and grille, has signed a Letter of Intent (LOI) to occupy the creek side of the roof-top venue and has initiated an interior design incorporating the creek views and featuring aesthetics complementary to the overall design of the building. Additionally, a small loft will be built on the  $5^{\text{Th}}$  Avenue side as a flex space amenable to office or meeting space.

#### Development phasing/timeline

The development team will initiate DDA negotiations as soon as practical and expedite building design and engineering, allowing their completion by Q2 2023. Q2 2023 will be utilized for preconstruction and planning efforts with a groundbreaking scheduled for mid-Summer 2023 and overall project completion in late Fall 2023 in time to coordinate an opening with the 2023 holiday season festivities.

#### **Evaluation Criteria:**

### **Historical Context:**

The overall design concept of The Commons at Creek Crossing honors and cherishes the past while integrating current code, best practices, and evolving technologies. The building site would be the product of a proposed abandonment and repurposing of the current 500 block of Arthur Street. This proposal includes the described building and the construction of a complimentary, adjacent Commons or Piazza in place of the current 500 block of Arthur Street. This Piazza would include an attractive water fountain feature and outdoor venue / seating areas and provide an attractive, useful access from the proposed building to the existing creek crossing bridge.

The exteriors of the building will be multifaceted, featuring a visually pleasing mix of materials and architectural reliefs providing historical context to each side of the building, while delivering pleasant, inviting aesthetics. The building façade facing 5<sup>th</sup> Avenue will provide a similar look and historical feel as the current downtown - a more manufactured brick ambiance with glazing reliefs - bringing a touch of modern yet urban feel. Awnings and other design features on the Avenue side will showcase early 1900-themed features and related artwork. The Indian Creek-facing side of the building features a less industrial/downtown look, bringing instead an ambiance more harmonious to the creek and the beautifully developed landscape along the Indian Creek corridor. Stone highlights and wood accents will provide natural design features and the nearby creek crossing bridge will add a unique and historical reference to the natural beauty of the development along Indian Creek.

### **Development Timeline:**

The development team would like to start DDA negotiations as soon as practical and will plan on putting the Building Design and Engineering on an expedited path that will allow engineering to be complete in Q2 2023. Q2 2023 will be utilized for pre-construction and planning efforts with a groundbreaking scheduled for mid-Summer 2023 and overall project completion in late Fall 2023.

#### **Financial Capacity:**

The project developer, TS Development LLC will provide, in conjunction with local banks such as Banner Bank, the complete construction financing and guarantee a takeout loan is in place for the structure at the completion of the project and occupancy. Please find a letter of reference from Banner Bank as part of the submittal.

#### **Proposed Uses:**

The Commons at Creek Crossing features a mixed-use and multi-tenanted facility, utilizing a floor-by-floor strategy as described below:

Ground Floor – Family-oriented retail / restaurant space. The front and rear of the building will be demised into retail spaces with full ingress and egress provided via 5<sup>th</sup> Avenue or the Indian Creek Corridor. Retail spaces will be approx. 1,000-1,500 SF each and will feature traditional storefront glazing as separate and distinct entries into each tenant premise.

Second Floor — Office / Loft Flex Space. 6-10 lofts. Lofts will be offered with full technological capability and will feature a large walk-out balcony in each flex space.

Third Floor – Restaurant / Loft – A third-floor bistro, Sky Vino, will feature a rooftop patio presence and outdoor ambiance of approx. 1,500 SF and a single flex/loft of approx. 1,500 SF will be available for lease on the 5<sup>th</sup> Avenue front of the building.

# Pedestrian-Friendly Design:

Ground floor retail will be designed and constructed with pedestrian access as a top priority. The 5<sup>th</sup> Avenue and Indian Creek sidewalks/walk paths will be fully integrated with points of building ingress and egress. Walk-friendly strategic flow design is critical to the success of retailers and their critically important interaction with the community.

#### Scale:

The current planned development of a three-story structure with associated parking is being presented as phase I of the project. This drives density but also provides a short-term solution for the parking shortage in downtown Caldwell. One section of the proposed parking area would be for public use and a private parking area will be reserved for loft tenants, keeping them on-site and separate from adjacent street and other public parking areas.

#### Parking:

The developers understand a new community parking facility may be built as part of the continued development of Caldwell's downtown. Until such time such a facility is built, this proposed project will provide both public and reserved spaces as stated. The public parking area will provide community access and help guide foot traffic toward the Indian Creek corridor as well as access to retail tenants along 5<sup>th</sup> Avenue. A small portion of the parking spaces would be private / reserved parking utilized by the second and third-floor office/loft tenants.

#### Investment:

The Investment necessary to purchase and retain the property will be provided by the developer, TS Development LLC, and the Common at Creek Crossing ownership group. Property Management will be provided by The Commons at Creek Crossing team, featuring a management office in Caldwell to best serve tenants locally.

#### **Catalyst Potential:**

The potential catalyst for this site is massive and truly generational in nature. The developer and The Commons at Creek Crossing Team will fully leverage all adjacent constructed features and

naturally available features in every aspect of the project, from building design to tenant management.

All community-based marketing efforts will include prominence of location promotion and advertising strategies, which is beneficial for the entire downtown Caldwell area. The name of the project "The Commons at Creek Crossing" and its location, necessitates a marketing strategy based on geographical locations and providing directional information and thus rewards location promotion, benefiting the entire downtown area. This market strategy and proximity also lends itself to cross-promotion possibilities with adjacent projects and retailers.

The building elevation facing 5<sup>th</sup> Avenue will promote cross access to other projects up and down the avenue encouraging foot traffic along the adjoining sidewalks thus propagating and promoting the feel of a themed historical downtown district; i.e. Seattle Pike Market or San Diego's Gaslamp districts. Themed-based marketing based on "walkability" will promote the entire district while benefitting each individual tenant.

The Piazza-facing elevation will promote interconnectivity to the downtown core area. The building will highlight access to the creek crossing bridge and thus the existing Plaza downtown through a seamless, beautifully designed Piazza walkway. This building side will feature a first-floor patio and restaurant that will blend out into the Piazza. The Piazza corridor will lend itself to special events while also providing extra capacity to the existing downtown Plaza for public/private events. A fountain water feature planned for the Piazza will provide a community aesthetic to all those that pass by the Piazza on their way to other areas of the downtown area and perhaps a great backdrop for a selfie location highlighting the downtown core.

The portion of the building facing Indian creek will fully integrate into the landscape and feel of the Indian Creek corridor and will naturally promote the entire length of the walk along Indian Creek, providing resting locations and enjoyable respites. Indian Creek restaurant amenities will feature meeting locations and dining opportunities for community guests and members alike. The sense of community inherent in the look and feel of Indian Creek and The Commons at Creek Crossing will be designed to fully leverage the beautiful views of Indian Creek and downtown Caldwell.

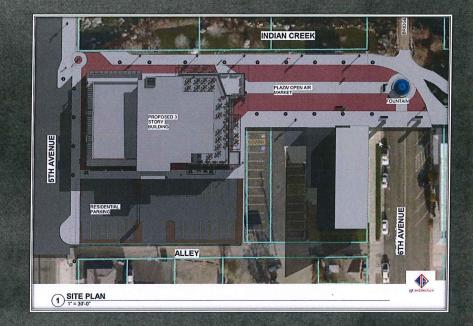
# PROJECT SITE PLAN

# **Upscale Urban / Outdoor inspired Flex Retail Center**

- Level One Retail / Restaurant: 11,954 SF
  - Exterior Patio Dining with both Creek and Plaza views
- Level Two Retail / Office / Loft / Flex Space: 9,200 SF
  - View balconies included in flex spaces
- Level Three Wine Bistro and Loft Flex Space: 2,465 SF
  - · Roof-top wine bistro with balcony seating
- Plaza A proposed reimaging of Arthur Street to include a plaza encompassing an open-air market with an old-world water feature that ties the building into the adjacent Indian Creek Downtown Corridor.
- Building Exteriors: Brick, Stone, Wood, and Glazing

# **Project Value Projection:**

23,620 SF of Building at a final value of \$300/SF = \$7M



1/10/2022

The Commons at Creek Crossing

13



PROJECT ELEVATION - CREEK VIEW / 5<sup>TH</sup> AVENUE

11/10/2022

The Commons at Creek Crossing

14



# PROJECT ELEVATION — CREEK SIDE

11/10/2022

The Commons at Creek Crossing

1"



# PROJECT ELEVATION – PARKING LOT VIEW

11/10/2022

The Commons at Creek Crossing

10



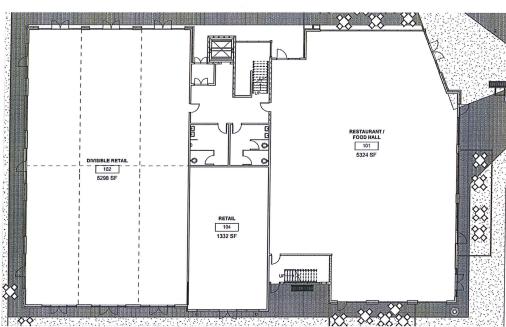
# PROJECT ELEVATION — PIAZZA VIEW

11/10/2022

The Commons at Creek Crossing

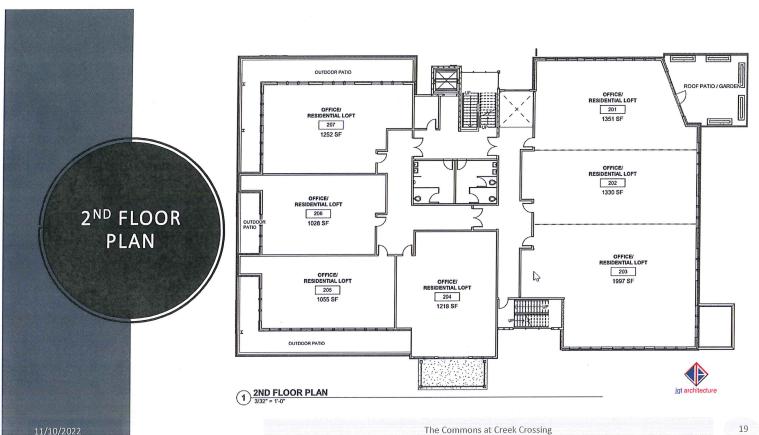
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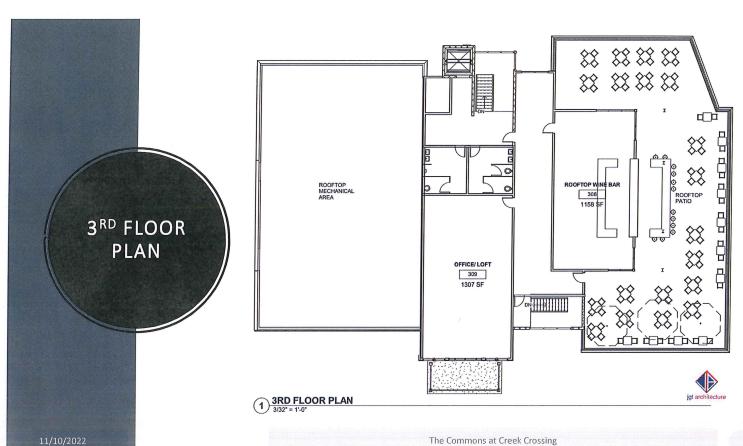


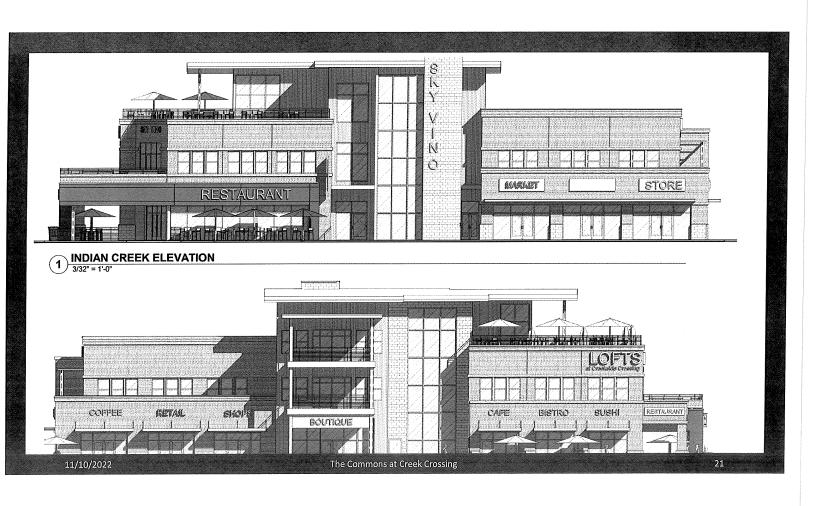


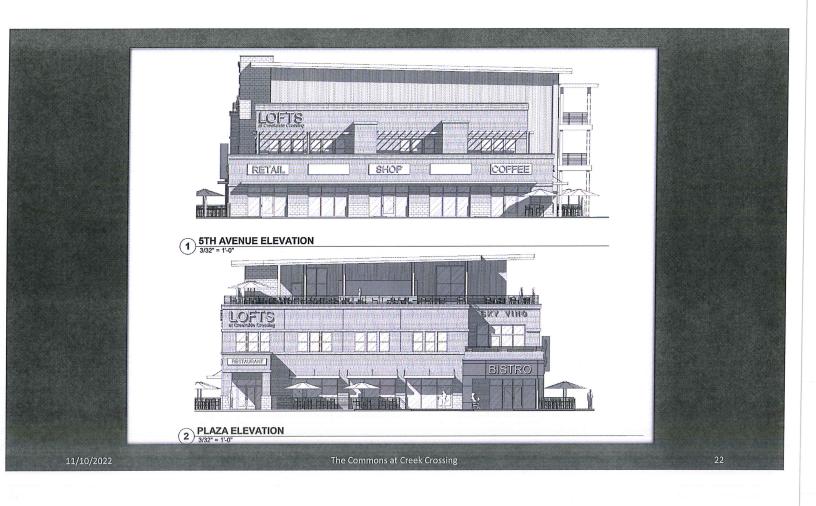
1) FIRST FLOOR PLAN
3/32" = 1'-0"

igt architecture











December 14, 2022 Order No.: 822957

RE:

510 Arthur Street, Caldwell, ID 83607

Dear Valued Customer,

Thank you for giving Pioneer Title Company the opportunity to serve you. We appreciate your business and will strive to merit the confidence you have shown in us. Please find attached your title commitment. In it, you'll find your preliminary title report with supporting documentation related to the property at 510 Arthur Street.

Should you have any questions regarding the documents contained herein including concerns related to exceptions, legal descriptions, or vesting, please contact any one of your Pioneer Title Company team members:

**Escrow Officer** 

Title Officer

Tammy Kratzberg Ph: (208) 455-7306

Email: tkratzberg@pioneertitleco.com

Greg Coll Ph: (208) 455-7347

Email: gcoll@pioneertitleco.com

Best Regards, Your Pioneer Title Co. Team

# **ALTA Commitment for Title Insurance**



Issued By Old Republic National Title Insurance Company

#### NOTICE

IMPORTANT—READ CAREFULLY: THIS COMMITMENT IS AN OFFER TO ISSUE ONE OR MORE TITLE INSURANCE POLICIES. ALL CLAIMS OR REMEDIES SOUGHT AGAINST THE COMPANY INVOLVING THE CONTENT OF THIS COMMITMENT OR THE POLICY MUST BE BASED SOLELY IN CONTRACT.

THIS COMMITMENT IS NOT AN ABSTRACT OF TITLE, REPORT OF THE CONDITION OF TITLE, LEGAL OPINION, OPINION OF TITLE, OR OTHER REPRESENTATION OF THE STATUS OF TITLE. THE PROCEDURES USED BY THE COMPANY TO DETERMINE INSURABILITY OF THE TITLE, INCLUDING ANY SEARCH AND EXAMINATION, ARE PROPRIETARY TO THE COMPANY, WERE PERFORMED SOLELY FOR THE BENEFIT OF THE COMPANY, AND CREATE NO EXTRACONTRACTUAL LIABILITY TO ANY PERSON, INCLUDING A PROPOSED INSURED.

THE COMPANY'S OBLIGATION UNDER THIS COMMITMENT IS TO ISSUE A POLICY TO A PROPOSED INSURED IDENTIFIED IN SCHEDULE A IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF THIS COMMITMENT. THE COMPANY HAS NO LIABILITY OR OBLIGATION INVOLVING THE CONTENT OF THIS COMMITMENT TO ANY OTHER PERSON.

#### COMMITMENT TO ISSUE POLICY

Subject to the Notice; Schedule B, Part I-Requirements; Schedule B, Part II-Exceptions; and the Commitment Conditions, Old Republic National Title Insurance Company, a Florida Corporation (the "Company"), commits to issue the Policy according to the terms and provisions of this Commitment. This Commitment is effective as of the Commitment Date shown in Schedule A for each Policy described in Schedule A, only when the Company has entered in Schedule A both the specified dollar amount as the Proposed Policy Amount and the name of the Proposed Insured.

If all of the Schedule B, Part I-Requirements have not been met within 6 months after the Commitment Date, this Commitment terminates and the Company's liability and obligation end.

Issued By:

**Pioneer Title Company of Canyon County** 610 S. Kimball Avenue Caldwell, ID 83605

Authorized Agent for Old Republic National Title Insurance Company

**OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY** 

A Stock Company 400 Second Avenue South, Minneapolis, Minnesota 55401 16121371-1111

Monroe Manual Wold

**Authorized Signatory** 

This page is only a part of a 2016 ALTA Commitment for Title Insurance. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I – Requirements; and Schedule B, Part II – Exceptions.

ALTA Commitment for Title Insurance

#### COMMITMENT CONDITIONS

#### 1. DEFINITIONS

- (a) "Knowledge" or "Known": Actual or imputed knowledge, but not constructive notice imparted by the Public Records.
- (b) "Land": The land described in Schedule A and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is to be insured by the Policy.
- (c) "Mortgage": A mortgage, deed of trust, or other security instrument, including one evidenced by electronic means authorized by law.
- (d) "Policy": Each contract of title insurance, in a form adopted by the American Land Title Association, issued or to be issued by the Company pursuant to this Commitment.
- (e) "Proposed Insured": Each person identified in Schedule A as the Proposed Insured of each Policy to be issued pursuant to this Commitment.
- (f) "Proposed Policy Amount": Each dollar amount specified in Schedule A as the Proposed Policy Amount of each Policy to be issued pursuant to this Commitment.
- (g) "Public Records": Records established under state statutes at the Commitment Date for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge.
- (a) "Title": The estate or interest described in Schedule A.
- 2. If all of the Schedule B, Part I—Requirements have not been met within the time period specified in the Commitment to Issue Policy, this Commitment terminates and the Company's liability and obligation end.
- 3. The Company's liability and obligation is limited by and this Commitment is not valid without:
  - (a) the Notice;
  - (b) the Commitment to Issue Policy;
  - (c) the Commitment Conditions;
  - (d) Schedule A;
  - (e) Schedule B, Part I—Requirements;
  - (f) Schedule B, Part II-Exceptions; and
  - (g) a counter-signature by the Company or its issuing agent that may be in electronic form.

#### 4. COMPANY'S RIGHT TO AMEND

The Company may amend this Commitment at any time. If the Company amends this Commitment to add a defect, lien, encumbrance, adverse

claim, or other matter recorded in the Public Records prior to the Commitment Date, any liability of the Company is limited by Commitment Condition 5. The Company shall not be liable for any other amendment to this Commitment.

# 5. LIMITATIONS OF LIABILITY

- (a) The Company's liability under Commitment Condition 4 is limited to the Proposed Insured's actual expense incurred in the interval between the Company's delivery to the Proposed Insured of the Commitment and the delivery of the amended Commitment, resulting from the Proposed Insured's good faith reliance to:
  - (i) comply with the Schedule B, Part I—Requirements;
  - (ii) eliminate, with the Company's written consent, any Schedule B, Part II-Exceptions; or
  - (iii) acquire the Title or create the Mortgage covered by this Commitment.
- (b) The Company shall not be liable under Commitment Condition 5(a) if the Proposed Insured requested the amendment or had Knowledge of the matter and did not notify the Company about it in writing.
- (c) The Company will only have liability under Commitment Condition 4 if the Proposed Insured would not have incurred the expense had the Commitment included the added matter when the Commitment was first delivered to the Proposed Insured.
- (d) The Company's liability shall not exceed the lesser of the Proposed Insured's actual expense incurred in good faith and described in Commitment Conditions 5(a)(i) through 5(a)(iii) or the Proposed Policy Amount.
- (e) The Company shall not be liable for the content of the Transaction Identification Data, if any.

This page is only a part of a 2016 ALTA Commitment for Title Insurance. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I – Requirements; and Schedule B, Part II – Exceptions.

- (f) In no event shall the Company be obligated to issue the Policy referred to in this Commitment unless all of the Schedule B, Part I— Requirements have been met to the satisfaction of the Company.
- (g) In any event, the Company's liability is limited by the terms and provisions of the Policy.

#### 6. LIABILITY OF THE COMPANY MUST BE BASED ON THIS COMMITMENT

- (a) Only a Proposed Insured identified in Schedule A, and no other person, may make a claim under this Commitment.
- (b) Any claim must be based in contract and must be restricted solely to the terms and provisions of this Commitment.
- (c) Until the Policy is issued, this Commitment, as last revised, is the exclusive and entire agreement between the parties with respect to the subject matter of this Commitment and supersedes all prior commitment negotiations, representations, and proposals of any kind, whether written or oral, express or implied, relating to the subject matter of this Commitment.
- (d) The deletion or modification of any Schedule B, Part II—Exception does not constitute an agreement or obligation to provide coverage beyond the terms and provisions of this Commitment or the Policy.
- (e) Any amendment or endorsement to this Commitment must be in writing and authenticated by a person authorized by the Company.
- (f) When the Policy is issued, all liability and obligation under this Commitment will end and the Company's only liability will be under the Policy.

# 7. IF THIS COMMITMENT HAS BEEN ISSUED BY AN ISSUING AGENT

The issuing agent is the Company's agent only for the limited purpose of issuing title insurance commitments and policies. The issuing agent is

not the Company's agent for the purpose of providing closing or settlement services.

#### 8. PRO-FORMA POLICY

The Company may provide, at the request of a Proposed Insured, a pro-forma policy illustrating the coverage that the Company may provide. A pro-forma policy neither reflects the status of Title at the time that the pro-forma policy is delivered to a Proposed Insured, nor is it a commitment to insure.

#### 9. ARBITRATION

The Policy contains an arbitration clause. All arbitrable matters when the Proposed Policy Amount is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Proposed Insured as the exclusive remedy of the parties. A Proposed Insured may review a copy of the arbitration rules at http://www.alta.org/arbitration.

This page is only a part of a 2016 ALTA Commitment for Title Insurance. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I – Requirements; and Schedule B, Part II – Exceptions.



# Title Insurance Commitment First Report

Policy Issuing Agent For:

Old Republic National Title Insurance Company

Issuing Agent: Pioneer Title Company of Canyon County Issuing Office: 610 S. Kimball Avenue Caldwell, ID 83605

File No.: 822957 Reference No.:

Schedule A

1. Commitment Date: December 7, 2022 7:30AM

2. Policy or Policies to be issued:

(a) 2006 ALTA Owner's Policy - Standard \$0.00 \$0.00

Proposed Insured: TS Development, L.L.C. an Idaho limited liabitly company

Endorsements: \$0.00

Inspection Fee: N/A

(b) 2006 ALTA Lender's Policy -

Proposed Insured: \$0.00

Endorsements: \$0.00

Inspection Fee: N/A

- 3. The estate or interest in the land described or referred to in this Commitment is: FEE SIMPLE
- 4. Title to the estate or interest in the land is at the Effective Date vested in: The Urban Renewal Agency of the City of Caldwell, Idaho
- 5. The land referred to in this Commitment is described as follows: SEE EXHIBIT A ATTACHED HERETO AND MADE A PART HEREOF.

Old Republic National Title Insurance Company

Authorized Signatory

This page is only a part of a 2016 ALTA Commitment for Title Insurance. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule B, Part I – Requirements; and Schedule B, Part II – Exceptions.

File No.: 822957 Reference No.:

# Schedule B-I

ALTA COMMITMENT

#### Requirements

All of the following Requirements must be met:

- 1. The Proposed Insured must notify the Company in writing of the name of any party not referred to in this Commitment who will obtain an interest in the Land or who will make a loan on the Land. The Company may then make additional Requirements or Exceptions.
- 2. Pay the agreed amount for the estate or interest to be insured.
- 3. Pay the premiums, fees, and charges for the Policy to the Company.
- 4. Documents satisfactory to the Company that convey the Title or create the Mortgage to be insured, or both, must be properly authorized, executed, delivered, and recorded in the Public Records.
- 5. This Company will require the enclosed Seller or Borrower Affidavit (regarding State Liens and Indigent Care Services) be signed and returned in order to issue the policy herein.
- 6. If the proposed buyer is presently married, the spouse must execute any encumbrance of the subject property pursuant to requirements of Chapter 10, Title 55, Idaho code, relating to homesteads or we must be furnished satisfactory proof that:
  - 1. The subject property will not be their principal residence, or
  - 2. Proof that the proposed insured is not married.

File No.: 822957 Reference No.:

### Schedule B-II

ALTA COMMITMENT

#### **Exceptions**

THIS COMMITMENT DOES NOT REPUBLISH ANY COVENANT, CONDITION, RESTRICTION, OR LIMITATION CONTAINED IN ANY DOCUMENT REFERRED TO IN THIS COMMITMENT TO THE EXTENT THAT THE SPECIFIC COVENANT, CONDITION, RESTRICTION, OR LIMITATION VIOLATES STATE OR FEDERAL LAW BASED ON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, GENDER IDENTITY, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN.

The Policy will not insure against loss or damage resulting from the terms and provisions of any lease or easement identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of the Company:

#### General Exceptions:

- 1. Any defect, lien, encumbrance, adverse claim, or other matter that appears for the first time in the Public Records or is created, attaches, or is disclosed between the Commitment Date and the date on which all of the Schedule B, Part I—Requirements are met.
- 2. Rights or claims of parties in possession not shown by the public records.
- 3. Encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey or inspection of the premises including, but not limited to, insufficient or impaired access or matters contradictory to any survey plat shown by the public records.
- 4. Easements, or claims of easements, not shown by the public records.
- 5. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
- 6. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
- 7. Taxes or special assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices to such proceedings, whether or not shown by the records of such agency or by the public records.

(General Exceptions 1 through 7 will not appear as printed Exceptions on Extended Coverage Policies or the ALTA Homeowners Policy)

Special Exceptions:

This page is only a part of a 2016 ALTA Commitment for Title Insurance. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I – Requirements; and Schedule B, Part II – Exceptions.

8. General taxes for the year 2022, which are liens, the 1st half of which are now due and payable but not delinquent until December 20, 2022, and the 2nd half of which are not delinquent until June 20, 2023.

Parcel No:

<u>04654000 0</u>

Amount:

\$4,655.72

9. General taxes for the year 2022, which are liens, the 1st half of which are now due and payable but not delinquent until December 20, 2022, and the 2nd half of which are not delinquent until June 20, 2023.

Parcel No:

<u>04654000 0</u>

Amount:

\$253.22

NOTE: The above taxes DO NOT reflect a Home Owners Exemption. Any new buyer must apply to the Canyon County Assessor's office for said exemption.

10. General taxes for the year 2023, which are liens and are not yet due and payable.

Parcel No.:

04654000 0 and 04655000 0

11. Sewer charges and special assessments, if any, for the City of Caldwell.

Fax:

(208) 454-3640

No search made

12. Levies and assessments of the following district and the rights, powers and easements as provided by law.

District:

Caldwell Irrigation Lateral District

Fax:

(208) 454-8060

No search made.

13. Levies and assessments of the following district and the rights, powers and easements as provided by law.

District:

Pioneer Irrigation District

Fax:

(208) 459-4491

No search made.

- 14. Rights and claims in and to those portions of said premises lying within the right of ways of ditches, canals, laterals, and roads, including but not limited to Arthur Street along the Northeast boundary, Fifth Avenue along the Northwest boundary and an alley along the Southwest boundary.
- 15. Covenants, conditions, restrictions and easements as set forth on the plat.

Name of Plat:

Caldwell Original

Book/Page:

1/20

16. All matters, rights, easements, interests or claims as disclosed by Record of Survey

Recorded:

April 3, 1998

Instrument No.:

9812034

17. Notice of an assessment to be levied by City of Caldwell under Ordinance No. 3067 for Downtown Caldwell Business Improvement District

Recorded:

April 16, 2016

Instrument No.:

2016033047

18. Unrecorded Leaseholds, if any, rights of parties in possession other than the vestees herein, rights of secured parties under financing statements as to personal property located on the premises herein and the rights of tenants to remove trade fixtures.

End of Exceptions

This page is only a part of a 2016 ALTA Commitment for Title Insurance. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I – Requirements; and Schedule B, Part II – Exceptions.

NOTE: As an accommodation and not part of this Commitment, no liability is assumed by noting the following conveyances describing all or part of the subject property, which have been recorded within the last 24 months:

Deed Type:

Warranty Deed

Grantors:

Arch-Con Development Co., LLC, as to a 50% interest and Donald P. Toolson and

Kristi Toolson, husband and wife, as to a 50% interest

Grantees:

The Urban Renewal Agency of the City of Caldwell, Idaho.

Instrument:

2022009798

Dated:

February 22, 2022

Recorded Date:

February 22, 2022

Deed Type:

Quit Claim Deed

Grantors:

The Urban Renewal Agency of the City of Caldwell, Idaho

Grantees:

Arch-Con Development Co., LLC, an Idaho Limited Liability Company, as to a

50% interest and Donald P. Toolson and Kristi Toolson, husband and wife, as to a 50% interest.

Instrument:

2022009797

Dated:

February 22, 2022

Recorded Date:

February 22, 2022

NOTE: We have searched for tax liens and judgments against TS Development, L.L.C. an Idaho limited liabitly company and find the following in the public records:

NONE

NOTE: The County Records and/or the City Engineer's Office show the address to be:

510 Arthur Street, Caldwell, ID 83607

NOTE: There is no notice of record and therefore no search has been made for any unpaid assessments, charges, or fees for sewer, water, garbage, irrigation, or other possible utility services.

NOTE: If the proposed insured under the Policy to issue has any questions concerning the coverage or exclusions from coverage, the Company will be pleased to provide an explanation.

NOTE: Pursuant to the State of Idaho insurance regulations, a cancellation fee may be charged on all cancelled orders. Unless otherwise advised, orders will be considered cancelled six months after the effective date on the Commitment. The amount of the fee assessed shall be in accordance with our rate filing with the Idaho Department of Insurance.

#### EXHIBIT A





**FACTS** 

# WHAT DOES OLD REPUBLIC TITLE DO WITH YOUR PERSONAL INFORMATION?

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
	The types of personal information we collect and share depend on the product or service you have with us. This information can include:
What?	<ul> <li>Social Security number and employment information</li> <li>Mortgage rates and payments and account balances</li> <li>Checking account information and wire transfer instructions</li> </ul>
	When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Old Republic Title chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Old Republic Title share?	Can you limit this sharing?
For our everyday business purposes — such as to process your transactions, maintain your account(s), or respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes — to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes — information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes — information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For non-affiliates to market to you	No	We don't share

Questions?	Go to www.oldrepublictitle.com (Contact Us)

Who we are	
Who is providing this notice?	Companies with an Old Republic Title name and other affiliates. Please see below for a list of affiliates.

What we do	
How does Old Republic Title protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. For more information, visit <a href="https://www.oldrepublictitle.com/privacy-policy">https://www.oldrepublictitle.com/privacy-policy</a>
How does Old Republic Title collect my personal information?	<ul> <li>We collect your personal information, for example, when you:</li> <li>Give us your contact information or show your driver's license</li> <li>Show your government-issued ID or provide your mortgage information</li> <li>Make a wire transfer</li> <li>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</li> </ul>
Why can't I limit all sharing?	Federal law gives you the right to limit only:  Sharing for affiliates' everyday business purposes - information about your creditworthiness  Affiliates from using your information to market to you  Sharing for non-affiliates to market to you  State laws and individual companies may give you additional rights to limit sharing. See the State Privacy Rights section location at <a href="https://www.oldrepublictitle.com/privacy-policy">https://www.oldrepublictitle.com/privacy-policy</a> for your rights under state law.

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies.  • Our affiliates include companies with an Old Republic Title name, and financial companies such as Attorneys' Title Fund Services, LLC, Lex Terrae National Title Services, Inc., Mississippi Valley Title Services Company, and The Title Company of North Carolina.
Non-affiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies.  • Old Republic Title does not share with non-affiliates so they can market to you
Joint marketing	A formal agreement between non-affiliated financial companies that together market financial products or services to you.  • Old Republic Title doesn't jointly market.

	y be Delivering This			
American First Title & Trust Company	American Guaranty Title Insurance Company	Attorneys' Title Fund Services, LLC	Compass Abstract, Inc.	eRecording Partners Network, LLC
Genesis Abstract, LLC	Guardian Consumer Services, Inc.	iMarc, Inc.	Kansas City Management Group, LLC	L.T. Service Corp.
Lenders Inspection Company	Lex Terrae National Title Services, Inc.	Lex Terrae, Ltd.	Mississippi Valley Title Services Company	National Title Agent's Services Company
Old Republic Branch Information Services, Inc.	Old Republic Diversified Services, Inc.	Old Republic Escrow of Vancouver, Inc.	Old Republic Exchange Company	Old Republic National Ancillary Services, Inc
Old Republic National Commercial Title Services, Inc.	Old Republic Title and Escrow of Hawaii, Ltd.	Old Republic National Title Insurance Company	Old Republic Title Company	Old Republic Title Companies, Inc.
Old Republic Title Company of Conroe	Old Republic Title Company of Indiana	Old Republic Title Company of Nevada	Old Republic Title Company of Oklahoma	Old Republic Title Company of Oregon
Old Republic Title Company of St. Louis	Old Republic Title Company of Tennessee	Old Republic Title Information Concepts	Old Republic Title Insurance Agency, Inc.	Old Republic Title, Ltd
RamQuest Software, nc.	Republic Abstract & Settlement, LLC	Sentry Abstract Company	Surety Title Agency, Inc.	The Title Company of North Carolina
Frident Land Transfer Company, LLC				



File No. 822957

Please review the following questions and contact your Escrow Officer or Title Officer if the answer to any is "Yes."

- Are any principals using a Power of Attorney?
- Are any of the parties in title incapacitated or deceased?
- Has a change in marital status occurred for any of the principals?
- ls the property now vested, or will the property be transferred, to a new trust, partnership, or corporation?
- Has any construction or remodeling been done to the property in the last 90 days?

**Escrow Officer** 

Title Officer

Tammy Kratzberg Ph: (208) 455-7306

Greg Coll Ph: (208) 455-7347

Email: tkratzberg@pioneertitleco.com

Email: gcoll@pioneertitleco.com

Property Address:

510 Arthur Street, Caldwell, ID 83607

Buyer/Borrower:

TS Development, L.L.C. an Idaho limited liabitly company

Seller:

The Urban Renewal Agency of the City of Caldwell



#### Title Fees & Breakdown

Policy Issuing Agent For: Old Republic National Title Insurance Company

File No.: 822957

#### **COVERAGE**

**Sales Price** 

\$0.00

Owner's Coverage

Standard

Loan Amount

Lender's Coverage

#### TITLE POLICY CALCULATIONS FOR DISCLOSURE

**Product** 

**CD Disclosed Premiums** 

**Actual Premiums** 

**Premium Adjustments** 

Loan

\$0.00

(Title Premium Adjustment)

\$0.00

**Owners** 

\$0.00

\$0.00

(Short Term Discount – If Any)

\$0.00

#### **OTHER FEES**

**Owners Endorsements:** 

**Lenders Endorsements:** 

**Owners Inspection** 

N/A

**Owners Additional Chain** 

N/A

**Lenders Inspection:** 

N/A

**Lenders Additional Chain:** 

N/A

**Recording Fees:** 

Deeds \$15.00 (up to 30 pages)

Deed of Trusts \$45.00 (up to 30 pages)

For all other documents the rate shall be:

\$10 for the first page / \$3 each additional page

E-file Fee:

An additional \$4.75 per document

**CPL Fee:** 

\$25.00

Please contact Greg Coll at gcoll@pioneertitleco.com or (208) 455-7347 with any questions.





610 S. Kimball Avenue Caldwell, ID 83605

**ELECTRONICALLY RECORDED-DO NOT** REMOVE THE COUNTY STAMPED FIRST PAGE AS IT IS NOW INCORPORATED AS PART OF THE ORIGINAL DOCUMENT

File No. 796429 VH/

#### 2022-009798

RECORDED

#### 02/22/2022 02:42 PM

**CHRIS YAMAMOTO** CANYON COUNTY RECORDER

Pgs=2 JWINSLOW

TYPE: DEED

PIONEER TITLE CANYON - CALDWELL ELECTRONICALLY RECORDED

#### WARRANTY DEED

For Value Received Arch-Con Development Co., LLC, as to a 50% interest and Donald P. Toolson and Kristi Toolson, husband and wife, as to a 50% interest

hereinafter referred to as Grantor, does hereby grant, bargain, sell, warrant and convey unto

The Urban Renewal Agency of the City of Caldwell, Idaho

hereinafter referred to as Grantee, whose current address is 411 Blaine St. Caldwell, ID 83605 The following described premises, to-wit:

Lots 1 thru 7 inclusive, Block 13, Caldwell Original Addition to the City of Caldwell, according to the plat filed in Book 1, Page 20, records of Canyon County, Idaho.

To HAVE AND TO HOLD the said premises, with their appurtenances unto the said Grantee(s), and Grantees(s) heirs and assigns forever. And the said Grantor(s) does (do) hereby covenant to and with the said Grantee(s), the Grantor(s) is/are the owner(s) in fee simple of said premises; that said premises are free from all encumbrances EXCEPT those to which this conveyance is expressly made subject and those made, suffered or done by the Grantee(s); and subject to U.S. Patent reservations, restrictions, dedications, easements, rights of way and agreements, (if any) of record, and current years taxes, levies, and assessments, includes irrigation and utility assessments, (if any) which are not yet due and payable, and that Grantor(s) will warrant and defend the same from all lawful claims whatsoever.

Dated: February 10, 2022

Arch-Con Developmen Co., LLC

hegan tre

J. Gregory Toolson, Member

State of ID, County of Canyon This record was acknowledged before me on February 22, 2022 by Donald P. Toolson and Kristi Toolson. VICKI HUNSPERGER Signature of notary public COMMISSION #31135 Commission Expires: NOTARY PUBLIC STATE OF IDAHO State of ID, County of Canyon This record was acknowledged before me on February 22, 2022 by J. Gregory Toolson, as Member of Arch-Con Development Co., LLC. Signature of notary public Commission Expires: COMMISSION #31135 NOTARY PUBLIC

STATE OF IDAHO











# Account Information

PIN: 04655000 0

Owner: URBAN RENEWAL AGENCY OF THE CITY OF CALDWELL IDAHO

AIN: C12100130070

TAG: 001-12

Mailing Address:

411 Blaine St Caldwell Id 83605

Tax Roll: Real Property

Legal Desc.:

22-4N-3W SW CALDWELL ORIGINAL LOT 7

BLK 13

Last updated: 12/13/2022 05:47:58 PM

Tax Bills Due

Total Payable	e: \$253.22	ADD ALL TO CART	Min. Due: (	\$126.61	ADD TO CART
Pay Partial:		ADD TO CART			

# ∃Bills Due

DUÉ 9	IN: <b>04655000 0  </b> \$253.22				Taxing Distric	et Charge Breakdown
A partial paym	ent is applied to the oldest due in	nstallment first, "Min. Due" is the	amount due for all past Taxes And Cl		Paid	Owed
<ul><li>Due</li></ul>	1	12/20/22	+	\$126.61	\$0,00	\$126.61
Due	2	6/20/23	+	\$126.61	\$0.00	\$126.61

# ⊕ Tax Charge History

# Payment History

Select the "Tax Year" link to View Tax Assessment Values for the entire tax year.

Tax Year	PIN	Date Paid	Paid By	Receipt Number	Amount Paid
2021	04655000 0	2/28/22	Pioneer Title Co Inc	U22.4285	\$169.63
2021	04655000 0	12/11/21	Toolbros Llc	B21.26835	\$169.63
2020	04655000 0	5/26/21	Toolbros Llc	U21.11492	\$182.05
2020	04655000 0	11/30/20	Toolbros Llc	B20.17778	\$182.05
2019	04655000 0	6/3/20	Toolbros Llc	U20.13523	\$198.39
2019	04655000 0	12/13/19	Toolbros Llc	B19.23787	\$198.39
2018	04655000 0	5/31/19	Toolson Family Limited Prtnshp	U19.11662	\$222.84
2018	04655000 0	12/12/18	Toolson Donald R	B18.18261	\$222.84

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Tax Year	PIN	Date Paid	Paid By	Receipt Number	Amount Paid
2017	04655000 0	5/31/18	Toolson Family Ltd Partnership	U18.10736	\$237.71
2017	04655000 0	11/27/17	Toolson Donald R	B17.11489	\$237.71
2016	04655000 0	5/15/17	Toolson Family Limited Partnership	U17.8875	\$248.69
2016	04655000 0	12/6/16	Toolson Donald R	B16.14073	\$248.69



Q New Search





#### General Information

Owner: Urban Renewal Agency Of The City Of Mailing Address: 411 Blaine St Caldwell Id 83605

Property Address: 510 Arthur St Neighborhood: 510020 Caldwell Office Parcel ID: 04654000 0

Property Class: 442 Comm Impr on Cat 21

Deeded Acres: 0.4100 District: 001-12

Last updated: 12/12/2022 05:47:47 PM

# Legal Descriptions

#### Description

22-4N-3W SW CALDWELL ORIGINAL LOTS 1-6 INC. BLK 13

#### Sales History

Instrument	Date	Owner	Grantee	Туре
2022009797	2/22/22	Toolbros Llc	Arch-Con Development Co Llc	Multiple
2022009798	2/22/22	Arch-Con Development Co Llc	Urban Renewal Agency Of The City Of	Multiple
2019041334	9/4/19	Multiple Owners	Toolbros Llc	Multiple

# Net Taxable Value

Tax Year	Description	Value
2022	Original	616,860
2021	Original	512,840

# Value History

Year	Reason	Land Value	Improvement Value	Total Value
2022	02- Assessment Update	196,460	420,400	616,860
2021	02- Assessment Update	160,740	352,100	512,840
2020	02- Assessment Update	142,880	340,000	482,880
2019	02- Assessment Update	142,880	337,500	480,380

Year	Reason	Land Value	Improvement Value	Total Value
2018	01- Revaluation	142,880	296,000	438,880

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 1
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 4
 5
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 II
 5
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 items per page

\* Land Details

Land Type	Acres	Total Value
14-COMM SQ FT (\$	0.41	\$196,460

# Improvements

Property Record	Improvement ID	Use Code	Description	Year Built	Length (ft.)	Width (ft.)	Area	Area Units
C01	01	PAVING	Paving	1974	n/a	n/a	10600	SF
C01	С	GENOFF		1965	n/a	n/a	6156	SF

#### Additional Commercial Info.

Property Record	Use Code	Description	Gross Square Footage
C01	GENOFF	Office Building	6,156

I Floor Areas

Non-commercial floor area data is not available.

#### Commercial Floor Area

A Property Record: C01

Property Record	Floor Description	Gross sq. ft.
C01	1 Office Building	6,156
Totals		
		Gross

# Permits

Filing Date	Inactive Date	Sq Ft	Permit Description
8/29/22		0	Demo - Fire
10/22/15		4924	Commercial

12/13/22, 3:07 PM about:blank

Filing Date

8/28/09

Inactive Date

0

Permit Sq Ft Description

Other Misc

about:blank



Q New Search







# Account Information

PIN: 04654000 0

Owner: URBAN RENEWAL AGENCY OF THE CITY OF CALDWELL IDAHO

Property Address: 510 Arthur St Caldwell Id AIN: C1210013001A

TAG: 001-12

Mailing Address:

411 Blaine St Caldwell Id 83605

Tax Roll: Real Property

Legal Desc.:

22-4N-3W SW CALDWELL ORIGINAL LOTS 1-

6 INC. BLK 13

Last updated: 12/12/2022 05:47:47 PM

Tax Bills Due

Total Payable: \$4,6	555.72	ADD ALL TO CART	Min. Due: 🤇	\$2,327.86	ADD TO CART
Pay Partial	ADD	TO CART			

# ∃Bills Due

<b>2022   PIN:</b> DUE \$4		REAL PROPERTY	7		( Taxing Dis	trict Charge Breakdown
♠ A partial payment is	applied to the oldest du	ue installment first. "Min. Due" is the	e amount due for all	past due bills.		
Status	Installment	Due Date	Taxes And	Charges	Paid	Owed .
Due	1	12/20/22	+	\$2,327.86	\$0.00	\$2,327.86
Due	2	6/20/23	+	\$2,327.86	\$0.00	\$2,327.86

# 

# Payment History

Select the "Tax Year" link to View Tax Assessment Values for the entire tax year.

Tax Year	PIN	Date Paid	Paid By	Receipt Number	Amount Paid
2021	04654000 0	2/28/22	Pioneer Title Co Inc	U22.4284	\$3,168.92
2021	04654000 0	12/11/21	Toolbros Llc	B21.26834	\$3,168.92
2020	04654000 0	5/26/21	Toolbros Llc	U21.11492	\$3,602.68
2020	04654000 0	11/30/20	Toolbros Llc	B20.17777	\$3,602.68
2019	04654000 0	6/3/20	Toolbros Llc	U20.13523	\$3,905.95
2019	04654000 0	12/13/19	Toolbros Llc	B19.23786	\$3,905.95
2018	04654000 0	5/31/19	Toolson Family Limited Prtnshp	U19.11662	\$4,008.38
2018	04654000 0	12/12/18	Toolson Donald R	B18.18260	\$4,008.38

Tax Year	PIN	Date Paid	Paid By	Receipt Number	Amount Paid
2017	04654000 0	5/31/18	Toolson Family Ltd Partnership	U18.10736	\$3,539.17
2017	04654000 0	11/27/17	Toolson Donald R	B17.11488	\$3,539.17
2016	04654000 0	5/15/17	Toolson Family Limited Partnership	U17.8875	\$3,702.51
2016	04654000 0	12/6/16	Toolson Donald R	B16.14072	\$3,702.51





# Taxing District Charges

For Tax Year: 2022			Net Tax:	\$4,655.72			
PIN: 04654000 0	AIN: C1210013001A						
for information regard	rding the charges list	ted here, pleas	se contact the r	espective tax	ing agency dir	ectly, or call 208-	454-7354.
Authority: 653 AMBULANCE DIS	STRICT						
und	Exemption	Taxable Value	Rate	Gross Tax	State Credit	HOE Savings	Net Tax
mbulance District	\$0.00	\$261,375.00	0.000100017	\$26.14	\$0.00	\$0.00	\$26.1
				Gross Tax	State Credit	HOE Savings	Net Tax
				\$26.14	\$0.00	\$0.00	\$26.14
Authority: 668 MOSQUITO ABAT	EMENT						
				Gross Tax	State Credit	HOE Savings	Net Tax
				\$24.46	\$0.00	\$0.00	\$24.46
Authority: 675 CITY OF CALDWE	LL			Gross Tax	State Credit	HOE Savings	Net Tax
				\$1,046.61	\$0.00	\$0.00	\$1,046.61
Authority: 700 CANYON HWY #4	IN CALDWELL			Gross Tax	State	HOE Savings	Net Tax
				GIOSS IAX	Credit	TIOE davings	Net lax
				\$170.28	\$0.00	\$0.00	\$170.28
Authority: 763 CALDWELL SCHO	OL #132						
Authority. 700 OALDWILLE COITE	OZ 11102			Gross Tax	State Credit	HOE Savings	Net Tax
				\$864.27	\$0.00	\$0.00	\$864.27
A - 1 - 1 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2	TEDA ID AUG						
Authority: 775 COLLEGE OF WES	IERN IDAHU			Gross Tax	State	HOE Savings	Net Tax
				5.030 .ux	Credit	_	
				\$20.55	\$0.00	\$0.00	\$20.55
Authority: 998 CANYON COUNTY	,						
				Gross Tax	State Credit	HOE Savings	Net Tax
				\$320.71	\$0.00	\$0.00	\$320.71
Authority: CALDIA/ELL ELIDDAN							
Authority: CALDWELL E URBAN					State	HOE Savings	Net Tax
					Credit		
				\$2,182.70	\$0.00	\$0.00	\$2,182.70

about:blank

All Totals

**HOE Savings** Gross Tax State Net Tax Credit \$4,655.72





File No. 822957

#### AFFIDAVIT AND INDEMNITY FOR SELLER OR BORROWER

State of Idaho County of Canyon

Subject Property: 510 Arthur Street, Caldwell, ID 83607

Lots 1 thru 7 inclusive, Block 13, Caldwell Original Addition to the City of Caldwell, according to the plat filed in Book 1, Page 20, records of Canyon County, Idaho.

Before me, the undersigned authority on this day personally appeared The Urban Renewal Agency of the City of Caldwell, personally known to me to be the person(s) whose name(s) is/are subscribed hereto and upon his/her/their oath(s) depose(s) and say(s) that no proceedings in bankruptcy or receivership have been instituted by or against him/her/them or the entity he/she/them represent(s) and, if it applies, that the marital status of affiant has not changed since the day of acquisition of said property and represents to the purchaser, lender, Old Republic National Title Insurance Company and/or Pioneer Title Company in this transaction that there are:

1.	No loans or liens (including Federal or State Liens, Judgment Liens, Child Support Liens or Medical Assistance Liens) and no unpaid governmental or association taxes or assessments of any kind on such property, other than items being paid through this transaction, except the following:  If none, state "NONE"				
	Creditor	Approximate Amount			
2.	No unpaid debts for plumbing fixtures, water heaters, floor furnaces, air conditioners, radio or television antennas, carpeting, rugs, lawn sprinkling systems, blinds, window shades, draperies, electric appliances, fences, street paving or any personal property or fixtures that are located on the subject described above, and that no such items have been purchased on time payment contracts and there are no security interests on such property secured by financing statement, security agreement or otherwise, other than items being paid through this transaction except the following: If none, state "NONE"				
	Secured Party	Approximate Amount			
3.	There are no unpaid obligations for labor and material used in the construction of improvements or repairs on the above-described property and there are now no unpaid labor or material claims against the improvements or the land upon which same are situated, and I hereby declare that all sums of money due for the erection of improvements have been fully paid and satisfied.  If none, state "NONE"				
	True False	(If false, please list below)			
	Laborer or Material Supplier	Approximate Amount Owed			

4.	No assistance has been provided to the undersigned or any of their legal dependents and no application for assistance for indigent care has been made in the last 31 days to the County, nor will the same be made by the undersigned pursuant to Idaho Code 31-3504.
	True False
5.	Parties in possession of the above-described land is/are the affiant(s).
	True False If false, the parties in possession are:
	under (check applicable occupancy agreement)
	Option to purchase
	Lease with term of
	Rental
	Other (please explain)
(To	be completed by seller in a sales transaction)
Off	ice Address, if seller is a business entity:
Ho	ne Address, if seller is a non-business entity:
Titl abo lien ther	DEMNITY: I agree to pay on demand to the purchaser, lender, Pioneer Title Company, and/or Old Republic National to Insurance Company in this transaction, their successors and assigns, all amount secured by any and all liens not shown we, together with all costs, losses and attorney's fees that said parties may incur in connection with such unmentioned and not shown in accompanying commitment. Provided said liens either currently apply to such property, or a part eof, or are subsequently established against said property and are created by me, known by me, or have an inception date or to the consummation of this transaction.
tran wou	alize that the purchaser, lender, Pioneer Title Company and/or Old Republic National Title Insurance Company in this saction are relying on the representations contained herein in purchasing same, lending money, insuring title thereon and ld not purchase same, lend money or issue title insurance unless said representations were made. If seller or borrower is ntity, I have authority to sign on its behalf.
The	Urban Renewal Agency of the City of Caldwell
Ву:	
Stat	e of, County of
Swo	orn to and subscribed before me this day of , 2022
Not	ary:
Res	ding At: nmission Expires:
COU	illission Dapites.

**Attachment 5** 



# **APPRAISAL REPORT**

The Commons at Creek Crossing (Proposed)
Re-Use Appraisal
SEC Arthur Street and 5<sup>th</sup> Avenue
Caldwell, Canyon County, ID 83605

Report Date: September 20, 2023



#### **FOR**

Urban Renewal Agency of the City of Caldwell, ID c/o Mark Hilty, Legal Counsel 411 Blaine Street, P.O. Box 1179 Caldwell, ID 83605

Mountain States Appraisal, LLC 1459 Tyrell Lane, Suite B Boise, ID 83706 208-336-1097 phone 208-345-1175 fax

**MSA File 23-0101** 



Joe Corlett, MAI, SRA Moe Therrien, MAI Kevin Ritter, MAI Derek Newton, MAI Jeff Vance, MAI Paul Dehlin, MAI David Pascua

September 20, 2023

Urban Renewal Agency of the City of Caldwell, ID c/o Mark Hilty, Legal Counsel 411 Blaine Street, P.O. Box 1179 Caldwell, ID 83605

RE:

**Appraisal Report** 

The Commons at Creek Crossing (Proposed)

Re-Use Appraisal

SEC Arthur Street and 5th Avenue Caldwell, Canyon County, ID 83605

Dear Mr. Hilty:

In accordance with your request, we have performed an appraisal of the above referenced property. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. This letter of transmittal does not constitute an appraisal report and the rationale behind the value opinion(s) reported cannot be adequately understood without the accompanying appraisal report.

The subject of this appraisal is a proposed mixed-use project located at the southeast corner of Arthur Street and 5<sup>th</sup> Avenue in downtown Caldwell. The project will be 3-stories and contain a mix of retail and restaurant space on the main level, office and possible live-work space on the 2<sup>nd</sup> floor, and a penthouse office and a wine bar with large rooftop patio on the 3<sup>rd</sup> floor. The improvements will be of very good quality/design with higher-end finishes. The subject has a desirable downtown location along the Indian Creek corridor. The immediate area has experienced significant new mixed-use development during the past 5-7 years and renovation of older properties continue to be on-going.

The subject was appraised using generally accepted principles and theory. We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Interagency Appraisal and Evaluation Guidelines; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them. The report is presented in Appraisal Report format and complies with the requirements set forth under Standards Rule 2-2(a) of USPAP. It presents a narrative discussion, in condensed format, of the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. The depth of the discussion contained in this report is specific to the needs of the client and the intended use.



The purpose of this appraisal is to provide an opinion of Fair Re-Use Value for the subject site. Fair Re-Use Value is the most probable sale price of a property (or rights to develop) in anticipation of a specific future development or redevelopment of the property. Fair Re-Use Value is typically a residual value derived by subtracting total development costs, including an allowance for developer profit, from the estimate of market value of the property assuming the proposed development is complete and at stabilized occupancy. If the seller is a public agency, the exact terms of the sale are typically set forth in the Disposition and Development Agreement executed by the buyer and seller. Development of a given property may include extraordinary restrictions agreed to by the parties, such as historic preservations, revitalization, and employment among others. As such, highest and best use and market value are not considered in the appraisal or conclusions.

Urban Renewal Agency of the City of Caldwell, Idaho is the client in this assignment. The intended use of this appraisal is to provide a basis for negotiating a sale or transaction of the subject site to the developer based on the development proposal. The intended users of this report include the client and any duly appointed representatives of the client specifically authorized by the client to view or use this appraisal in accordance with the stated purpose or function.

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are subject to the General Assumptions and Limiting Conditions contained in the report. The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

## **Extraordinary Assumptions**

- 1) The project is proposed. The appraisal and its conclusions relied on architectural drawings, construction cost estimates, BOMA rentable area tables, and specifications provided by the developer. This appraisal is subject to the extraordinary assumption that the improvements will be constructed as described herein.
- 2) The subject site is comprised of the following: 1) two parcels owned by the Uban Renewal Agency of the City of Caldwell, Idaho totaling ±21,005 SF, and 2) a portion the adjacent Arthur Street right-of-way to be vacated. A metes and bounds legal description for the Arthur Street right-of-way area to be vacated was not provided in conjunction with this appraisal. Based on GIS mapping measurements, the area to be vacated and developed as a part of the proposed project is estimated at ±26,500 SF.
- 3) According to a representative of the developer, the site is anticipated to be transferred to the developer by November 15, 2023, which is the prospective date of value in this appraisal. Construction is projected to begin by April 15, 2024, and is anticipated to be complete by April 15, 2025. As presented in this report, we anticipate the subject to reach stabilized occupancy within 1 year of completion. The stabilization period inherently assumes current market fundamentals to continue during this period and demand will remain at a minimum consistent with the past ±12 months.
- 4) A letter of intent (LOI) has been signed for the 3rd floor/rooftop wine bar (Sky Vino). The lease rate is \$24.00/SF NNN. The term is 5 years with 1 5 year option to renew. Escalations are 2.5% annually. This appraisal is subject to the extraordinary assumption that the Sky Vino LOI will be converted to a fully executed lease contract with terms similar to as set forth in the LOI.

If any of these extraordinary assumptions are later proven to be false, the value conclusion(s) reported herein could be rendered invalid, and further valuation analysis would be warranted.



# **Hypothetical Conditions**

None

#### Value Conclusion

Based on the analysis contained in the following report, our market value conclusions are summarized as

	Value Conc	clusion(s)		
Valuation <u>Premise</u> Fair Re-Use Value	Premise <u>Qualifier</u> Prospective To Date Of Acquisition	Interest <u>Appraised</u> Fee Simple	Effective Date <u>of Value</u> November 15, 2023	Value <u>Conclusion</u> (\$2,240,000) Negative

Our conclusion of Fair Re-Use Value for the subject site is a negative \$2,240,000. Note, our value conclusion does not give consideration for any potential Urban Renewal Agency cost reimbursements.

Respectfully submitted, Mountain States Appraisal, LLC

Jeff Vance, MAI Senior Appraiser

Idaho, Certification # CGA-2828 Certificate Expires 04/18/2024

G. Joseph Corlett, MAI, SRA Senior Appraisal Manager Idaho, Certification # CGA-7 Certificate Expires 03/11/2024



# **Table of Contents**

# Cover Page Letter of Transmittal Table of Contents......5 Location Maps ......8 Introduction......9 Scope of Work 12 Regional and Market Area Analysis ......14 Subject Photographs .......45 Market Analysis .......49 Market Value: Upon Stabilization......56 Reconciliation - Market Value: Upon Stabilization.......74



# **Summary of Salient Facts**

**Property Name:** 

The Commons at Creek Crossing (Proposed)

Client Identification:

Urban Renewal Agency of the City of Caldwell, Idaho

**Property Identification:** 

Address:

SEC Arthur Street and 5th Avenue

City, State, Zip Code:

Caldwell, Idaho 83605

Assessor Parcel No(s):

R0465400000, R0465500000, & Arthur Street R/W

**Property Ownership:** 

2 parcels: Urban Renewal Agency of the City of Caldwell Idaho

Arthur Street R/W: City of Caldwell

Zoning:

C-C; City Center District

FEMA Flood Zone/Map No:

Zone X500; 16027C0237G

Site Size:

1.10 acres; +47,505

Improvements (Proposed):

**Property Type and Subtype:** 

Mixed-use: Retail and office

**Property Use:** 

Multitenant - leased

Gross Building Area: Rentable Building Area: 30,448 SF 27,410 SF

Number of Units:

5-7 retail, 1 restaurant, 8 office, 1 rooftop wine bar

Year Built:

To be 2024/2025 (completed by April 15, 2025)

**Building Quality:** 

Very good

Condition:

New at completion

**Extraordinary Assumptions:** 

Yes, see letter of transmittal

**Hypothetical Conditions:** 

None

Highest and Best Use:

Not considered for a re-use appraisal

**Purpose of Appraisal:** 

Provide an opinion of Fair Re-Use Value

**Property Rights Appraised:** 

Fee Simple

Date of Inspection:

June 29, 2023

Date of Value(s):

November 15, 2023; prospective to date of property acquisition

**Date of Report Preparation:** 

September 20, 2023

Valuation Indications & Concluded Value(s):

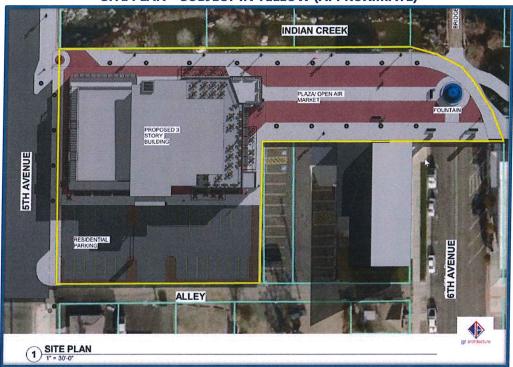
Fair Re-Use Value

(\$2,240,000)



# **Site and Elevation Plans**

#### SITE PLAN – SUBJECT IN YELLOW (APPROXIMATE)

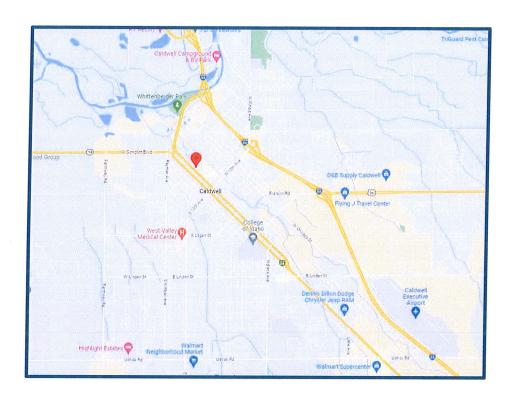


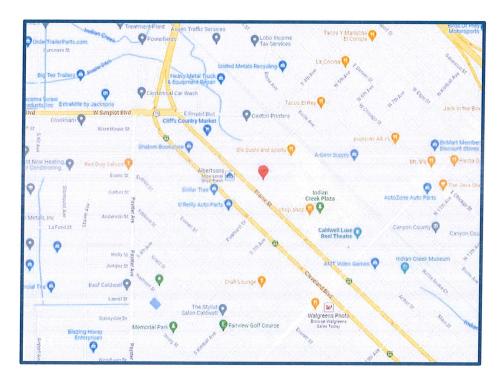
#### **ELEVATION PLAN**





# **Location Maps**







# Introduction

### Client and Intended Users of the Appraisal

The client in this assignment is Urban Renewal Agency of the City of Caldwell, Idaho. The intended users of this report include the client and any duly appointed representatives of the client specifically authorized by the client to view or use this appraisal in accordance with the stated purpose or function. There are no other intended users of this report.

### Intended Use of the Appraisal

The intended use of this appraisal is to provide a basis for negotiating a sale or transaction of the subject site between the Urban Renewal Agency of the City of Caldwell, Idaho (as well as the City of Caldwell) and the developer based on the development proposal. There are no other intended uses of this report.

#### Real Estate Identification

The subject property is comprised of two parcels (R0465400000 and R0465500000) and a portion of Arthur Street right-of-way. The common address is 510 Arthur Street, Caldwell, Canyon County, Idaho 83605. The property is located within the incorporated city limits of Caldwell.

### **Legal Description**

The two parcels are legally described as:

Parcel 1, Record of Survey, Lots 1-7, Block 13, Revised Map of Caldwell, Boise-Meridian, Canyon County, Idaho

A metes and bounds legal description of the Arthur R/W to be a part of the subject was not provided.

#### Use of Real Estate as of the Effective Date of Value

The subject of this appraisal is a proposed mixed-use project located at the southeast corner of Arthur Street and 5<sup>th</sup> Avenue in downtown Caldwell. The project will be 3-stories and contain a mix of retail and restaurant space on the main level, office and possible live-work space on the 2<sup>nd</sup> floor, and a penthouse office and a wine bar with large rooftop patio on the 3<sup>rd</sup> floor. The improvements will be of very good quality/design with higher-end finishes. The subject has a desirable downtown location along the Indian Creek corridor. The immediate area has experienced significant new mixed-use development during the past 5-7 years and renovation of older properties continue to be on-going.

## Use of Real Estate as Reflected in this Appraisal

Same as above.

# Ownership of the Property

The subject property is comprised of two parcels (R0465400000 and R0465500000) and a portion of Arthur Street right-of-way. The two parcels are owned by Urban Renewal Agency of the City of Caldwell, Idaho. The City of Caldwell owns Arthur Street.

# History of the Property

Urban Renewal Agency of the City of Caldwell, Idaho purchased the two parcels in February 2022 from Arch-Con Development Co. LLC, which had owned the parcels since 1996 under related entities. Details



of the transaction were not provided. The property was improved with an older commercial building and parking related site improvements. The Agency subsequently razed the improvements.

## Listings/Offers/Contracts

The site is not listed for sale. Ownership of the subject property is scheduled to be transferred to the developer at no cost by November 15, 2023.

## Type and Definition of Value

#### Fair Re-Use Value

Fair Re-Use Value is the most probable sale price of a property (or rights to develop) assuming a specific future development or redevelopment of the property. If the seller is a public agency, the exact terms of the sale are typically set forth in the Disposition and Development Agreement executed by the buyer and seller. Redevelopment of a given property may include extraordinary restrictions agreed to by the parties, such as historic preservations, revitalization, rent or sale price limits, and employment among others. As such, highest and best use and market value are not considered in the appraisal or conclusions.

The re-use appraisal encompasses a review of the developer's proposal, including preliminary estimates of development costs and cash flow considerations. This information was then gauged against prevailing costs, sales, rents, and expenses for similar or competing developments. The reconciled data was then submitted to a valuation process, primarily relying on the income capitalization approach, to yield an estimate of property value following completion of the proposed project. The process compares development cost to the value estimate with the difference representing value for the property prior to development. The conclusion is termed Fair Re-Use Value. Significant assumptions to the process specific to the subject are outlined within the report.

Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

# Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Per the scope of our assignment, we developed opinions of value for the subject property under the following scenarios of value:

Valuation Scenario	Property Rights Appraised	Effective Date of Value
Fair Re-Use Value	Fee Simple	November 15, 2023

The effective date of value is November 15, 2023, prospective to the date title of the property is projected to be transferred to the developer.

# Date of Report

The date of this report is September 20, 2023, which is the same as the date of the letter of transmittal.



## List of Items Requested but Not Provided

The following items were requested but not provided in conjunction with this appraisal:

- 1) Disposition and Development Agreement
- 2) Metes and bounds legal description for the portion of Arthur Street to be vacated.
- 3) Purchase and Sale Agreement for the Agency's 2022 purchase of the property.

## Assumptions and Conditions of the Appraisal

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are subject to the General Assumptions and Limiting Conditions contained in the report. The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

#### **Extraordinary Assumptions**

- 1) The project is proposed. The appraisal and its conclusions relied on architectural drawings, construction cost estimates, BOMA rentable area tables, and specifications provided by the developer. This appraisal is subject to the extraordinary assumption that the improvements will be constructed as described herein.
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If any of these extraordinary assumptions are later proven to be false, the value conclusion(s) reported herein could be rendered invalid, and further valuation analysis would be warranted.

**Hypothetical Conditions** 

None



# Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed below.

## Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics The subject was legally identified via city, county, and public records.
- <u>Economic Characteristics</u> Economic characteristics of the subject property were projected via comparison to properties with similar locational, physical, and financial characteristics.
- <u>Physical Characteristics</u> The architectural drawings and specifications provided by the developer were relied upon for describing the proposed improvements.

### Extent to Which the Property Was Inspected

The subject site was personally inspected by Jeff Vance, MAI, on June 29, 2023. This included viewing the property from several different angles and driving the neighborhood. Joe Corlett, MAI, SRA, did not perform a current site inspection of the subject but has viewed the property several times in the past and is familiar with the neighborhood.

# Type and Extent of Data Researched

We researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions. We also interviewed people familiar with the subject market/property type.

#### Disclosure of Comparable Verification/Inspection

Idaho is a non-disclosure state. Essential information like grantor, grantee, sale price, and sale date from real estate transactions is not required to be listed in public record. Therefore, the appraiser must gather the key data details from parties involved who may have no incentive to cooperate. Often, appraisers are compelled to obtain information from secondary sources. The appraisers made reasonable attempts, within the scope of this work, to obtain all key information from seemingly reliable sources, but some data may not be completely accurate.

Mountain States Appraisal, LLC (MSA) maintains an extensive database containing sale, rent, capitalization rate, and expense comparables, as well as other pertinent market data. Unless otherwise noted, the comparables utilized herein were all verified personally by Jeff Vance, MAI, and/or another appraiser employed with MSA. Verification was made from various sources including purchase contracts, rent rolls, real estate brokers, property management companies, buyers, sellers, and landlords. The conformation source is noted for each comparable utilized herein. For improved properties in the local market, we have completed at minimum exterior inspections of the comparables; either in conjunction with this appraisal or as a part of previous appraisals of other properties. Interior inspections have been completed for some but not all of the local comparable properties.



# Type and Extent of Analysis Applied (Valuation Methodology)

We observed surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations in development.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the cost approach, sales comparison approach, and income capitalization approach. One or more of these approaches are used in all estimations of value.

- <u>Cost Approach</u> In the cost approach, the value indication reflects the sum of current depreciated replacement or reproduction cost, land value, and an appropriate entrepreneurial incentive or profit.
- <u>Sales Comparison Approach</u> In the sales comparison approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.
- Income Capitalization Approach In the income capitalization approach, value is indicated by the capitalization of anticipated future income. There are two types of capitalization: direct capitalization and yield capitalization, more commonly known as discounted cash flow (DCF) analysis.

#### **Approaches Applied**

All of these approaches to value were considered. We assessed the availability of data and applicability of each approach to value within the context of the characteristics of the subject property and the needs and requirements of the client. Based on this assessment, we appraised the subject considering the proposed re-use, relying on the income capitalization approach to value. Total development cost was then deducted from the estimate of market value resulting in a residual value prior to development, also termed Fair Re-Use Value. Development costs include selling costs, direct and indirect costs associated with construction and lease-up, and an allowance for developer profit (entrepreneurial incentive).

Further discussion of the extent of our analysis and the methodology of each approach is provided later in the respective valuation sections.

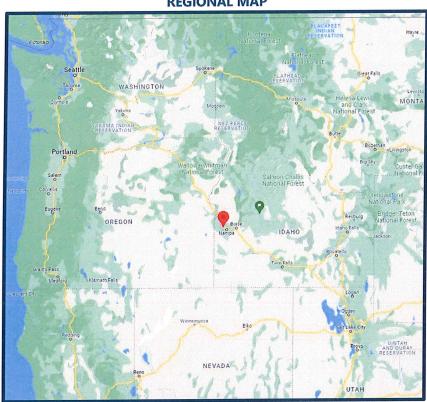
# Appraisal Conformity and Report Type

The subject was appraised using generally accepted principles and theory. We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Interagency Appraisal and Evaluation Guidelines; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them. The report is presented in Appraisal Report format and complies with the requirements set forth under Standards Rule 2-2(a) of USPAP. It presents a narrative discussion, in condensed format, of the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. The depth of the discussion contained in this report is specific to the needs of the client and the intended use.



# Regional and Market Area Analysis

# **REGIONAL MAP**



# **BOISE MSA MAP**





# **Regional Overview**

The subject's regional area is southwest Idaho, which is generally referred to as the Treasure Valley or the Boise-Nampa Metropolitan Statistical Area (Boise MSA). As defined by the U.S. Census Bureau, the Boise MSA consists of five counties (Ada, Boise, Canyon, Gem and Owyhee) as shown in adjacent exhibit. The Boise MSA is the state's largest metropolitan statistical area and includes Idaho's three largest cities – Boise, Meridian, and Nampa. Approximately 41% of Idaho's total population resides in the Treasure Valley with 95% of the metro area's population residing in Ada and Canyon counties.

The metro area is currently the 3<sup>rd</sup> largest in the Pacific Northwest after Seattle and Portland. The general area has been a popular relocation destination for new residents attracted to the outdoor lifestyle, low cost of living, the diversity of the economy and availability of employment.



# **Population**

Population characteristics relative to the subject property are presented in the following table:

**Population** 

			Annual %		Annual %
Area	2010	2023	Change	Projected 2028	Change
United States of America	308,745,538	337,470,185	0.7%	342,640,129	0.3%
Idaho	1,567,582	1,955,585	1.9%	2,062,714	1.1%
Boise MSA	616,561	829,136	2.7%	890,282	1.5%
Ada County	392,365	525,561	2.6%	574,374	1.9%
Canyon County	188,923	252,670	2.6%	272,914	1.6%
Caldwell	46,237	66,719	3.4%	74,228	2.3%
Caldwell	40,231	00,113	J. <del>T</del> 70	14,220	2.570

Source: Site to do Business

As shown, population growth has experienced an increasing trend during the past decade plus. Since 2010, population has been growing at an annual rate of 2.7% in the Boise MSA, 2.6% in Canyon County, and 3.4% in Caldwell. This moderate to strong growth is project to continued moving forward.



# Ada County Overview

Ada County is the state's most populated county with around 525,000 residents. Incorporated cities in Ada County include Boise, Meridian, Eagle, Garden City, Kuna, and Star. An overview of the cities follows:

#### Cities

Boise is the most populous city in Idaho with over 240,000 residents. Boise is the capital of Idaho and Ada County's seat of government. Located along the Boise River, Boise is the principal city in the Boise MSA, and is the largest city between Salt Lake City, Utah and Portland, Oregon. Boise is headquarters for a number of major corporations and serves as the primary government, economic, cultural, and education center for Southwest Idaho, Eastern Oregon, and Northern Nevada. Boise is continually recognized in numerous publications as one of the best places to live in the country.



Meridian is located adjacent west of Boise and is one of the state's fastest-growing cities. At over 133,000 residents, Meridian is now the 2nd largest city in the state. Because of Meridian's significant growth, the majority of residential neighborhoods in the city are relatively new. Over the past two decades, Meridian has become a center of retail and commercial development in southwest Idaho. Eagle is located approximately 10 miles northwest of downtown Boise. The population of Eagle is 32,560 residents. Eagle has become one of the most desirable cities in the Treasure Valley because of its location near the Boise River, views of the Boise Foothills, and its upscale quality of residential and commercial developments.

Kuna is located approximately 7 miles south of Meridian. Once a small, rural farming community, Kuna is now one of the fastest growing communities in Idaho. From 2010 to 2022, the population in Kuna increased from 15,210 to 27,480, representing an 80.7% increase during this period. City officials expect the population to double during the next 10 to 15 years.

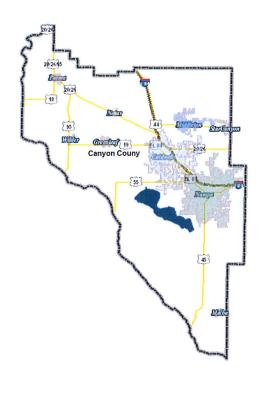
Garden City is located adjacent to Boise's downtown business core. Garden City is primarily developed with strip retail and service commercial uses along Chinden Boulevard and older residential subdivisions, mobile home parks, and older industrial buildings throughout the nonarterial streets. At over 12,500 residents, population growth has been nominal during the past several years, because it is nearly fully built-up.

Star is located approximately 6 miles west of Eagle. Star has experienced strong growth during the past two decades and now has over 17,000 residents. Because of good proximity to employment centers in nearby Boise, Meridian, and Eagle, Star has become a bedroom community to those cities with a significant number of commuters.



# Canyon County Overview

Canyon County is located adjacent west of Ada County. At over 250,000 residents, Canyon County is the second most populous county in Idaho. Canyon County's economy is more agriculturally based and although it only ranks 39th (out of 44 Idaho counties in size), it produces 10% of the state's agricultural income. The county ranks 47<sup>th</sup> among 3,079 counties nationwide in agricultural production with approximately 84% of the land being used for this endeavor. As a product of the agricultural base, a number of agricultural manufacturing and processing businesses are headquartered in the county. Although Canyon has historically County's economy agriculturally-oriented, it has become more urbanized over the past two decades as a result of strong population growth. The two largest cities in Canyon County are Nampa and Caldwell. Middleton, Greenleaf, Melba, Notus, Parma, and Wilder are smaller rural communities also located within Canyon County. An overview of the two largest cities follows:



# **Cities**

Nampa is located approximately 25 miles west of Boise and 30 miles east of the Oregon state line. At around 110,000 residents, Nampa is the largest city in Canyon County and the 3<sup>rd</sup> largest in the state. Many residents commute to neighboring Ada County for work opportunities to benefit from lower overall housing prices and a more rural environment relative to Ada County.

Caldwell is located approximately 8 miles west of Nampa. At over 65,000 residents, Caldwell is the 2<sup>nd</sup> largest city in Canyon County. Caldwell's economy is largely agriculturally based. Caldwell is the county seat of Canyon County.



# Comments on Impact of COVID-19

The global outbreak of a "novel coronavirus" (known as COVID-19) was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. On March 13, 2020, the State of Idaho issued an emergency declaration, which included a stay-at-home order through April 30, 2020. Pertaining to the business sector, only essential businesses were to remain open. Approximately 55% of businesses in Idaho are considered essential under the stay-at-home order. As a result, the national, regional, and local economy was adversely impacted with a significant increase in unemployment which was actively being countered by government stimulus packages with the hopes of stabilizing the economy. Prior to the pandemic, the Idaho unemployment rate was at a record low of 2.5%. As a result of the stay-at-home order, the Idaho unemployment rate began increasing in the latter part of March 2020 and peaked at 12.4% in April 2020.

In mid-2020, states around the county began to lift stay-at-home restrictions to "reopen" the economy from the shutdown. On April 23, 2020, the State of Idaho announced a 4-stage plan for opening up Idaho. Stage 4 guidelines went into effect June 13, 2020. As a result of a significant spike in COVID-19 cases, Stage 3 guidelines went back into effect for Ada County on June 24, 2020. "Modified" Stage 3 guidelines went into effect for all of Idaho on October 26, 2020, and then on November 13, 2020, "Modified" Stage 2 guidelines went into effect. As a result of a decline in cases, Idaho went back into Stage 3 guidelines on February 2, 2021, and as of May 11, 2021, Idaho is now in Stage 4. 100% of Idaho businesses are allowed to reopen under the Stage 4 guidelines. Unemployment rates began a declining trend as stay-at-home restrictions were being lifted. By November 2021, the Idaho unemployment rate was back down to pre-pandemic levels at 2.5%.

# Employment - Boise MSA

Historical total employment trends for the Boise MSA are presented in the following table. Since bottoming out at around 293,000 during the great recession years of 2008 and 2009, total employment increased steadily to 383,239 as of February 2020, representing an increase of 30.8%. Due to the stay-at-home order issued on March 13, 2020, total employment declined to a low of 377,2013 in April 2020. Beginning in June 2020, total employment increased as stay-at-home restrictions were being lifted. As of May 2023, total employment in the Boise MSA was 415,993 which is well above prepandemic levels.





Employment distribution and average wages for the Boise MSA as reported in the Idaho Department of Labor - Workforce Trends publication is presented following:

	201	.1	2020		2021	
Industry Sector	Average Employment	Avgerage Wages	Average Employment	Average Wages	Average Employment	Average Wages
Total Covered Wages	252,924	\$30,058	331473	\$40,469	351,393	\$42,736
Natural Resources and Mining	5,029	\$31,246	5580	\$41,765	5,417	\$45,136
Construction	12,564	\$33,602	27101	\$41,808	29,111	\$45,494
Manufacturing	22,772	\$42,499	28004	\$57,505	28,488	\$62,203
Trade,Transportation, and Utilities	51,141	\$30,643	66145	\$38,750	73,823	\$41,277
Information	4,453	\$39,443	3363	\$61,403	3,487	\$61,531
Financial Activities	12,857	\$35,505	18358	\$53,893	19,486	\$61,984
Professional and Business Services	37,352	\$35,713	48952	\$49,953	50,890	\$55,723
Education and Health Services	57,437	\$28,289	72566	\$38,956	75,641	\$40,152
Leisure and Hospitality	23,987	\$12,020	32105	\$16,364	35,611	\$17,750
Other Services	6,971	\$21,637	8953	\$33,532	9,508	\$36,403
Public Administration	18,279	\$37,118	20295	\$45,812	19,896	\$47,502

Source: Idaho Department of Labor-Quarterly Census of Employment Wages (QCEW)

Major employers in the Boise MSA as identified by the Idaho Department of Labor are presented in the following table.

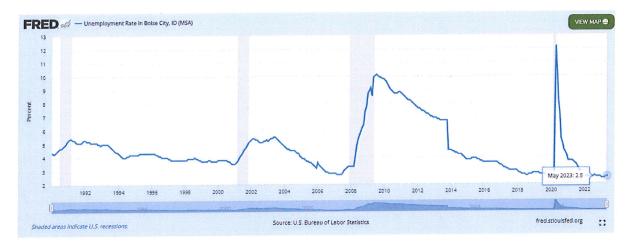
Employer	Ownership	Employment Range 5,000+	
St. Luke's Regional Medical Center	Private		
Micron Technology	Private	5,000+	
St. Alphonsus Health System	Private	5,000+	
West Ada School District	Local Government	2,500 - 4,999	
Albertsons	Private	2,500 - 4,999	
Boise State University	State Government	2,500 - 4,999	
Wal-mart	Private	2,500 - 4,999	
Boise School District	Local Government	2,500 - 4,999	
J. R. Simplot Company	Private	1,000 - 2,499	
City Of Boise	Local Government	1,000 - 2,499	

NOTE: Only employers that have given the Department permission to release employment range data are listed. Source: Idaho Department of Labor- Quarterly Census of Employment Wages (QCEW)



# Unemployment – Boise MSA

Historical unemployment trends for the Boise MSA are presented in the following table. From 1990 to 2008 unemployment rates in the Boise MSA were around 5%. With the onset of the great recession, unemployment rates increased significantly peaking at 10.1% in July 2009. Beginning in mid-2010, the economy began to recover, and unemployment rates exhibited a declining trend through early 2020. Unemployment rates were around 2.5% in mid-2019/early-2020. Due to the stay-at-home order issued on March 13, 2020, the unemployment rate increased significantly to 12.2%. Unemployment rates have since experienced a sharp declining trend as stay-at-home restrictions were being lifted in stages. As of May 2023, the unemployment rate in the Boise MSA was 2.5%, which is near prepandemic levels and below the national unemployment rate of 3.6%.



#### Household Income Profile

Total household income statistics are presented in the following table. Median household income is slightly lower in Caldwell versus greater Canyon County.

#### Median Household Income

在16 (在16 ) (16 ) · (1	Estimated	Projected	Annual % Change
Area	2021	2026	2021 - 26
United States	\$62,203	\$67,325	1.6%
Idaho	\$59,510	\$66,380	2.2%
Boise City, ID (MSA)	\$65,481	\$74,482	2.6%
Canyon County	\$56,477	\$62,025	1.9%
Caldwell city	\$53,789	\$58,349	1.6%

Source: ESRI (ArcGIS)

# Transportation

Primary ground transportation is via Interstate 84 that connects the area with Idaho Falls, Pocatello, and Salt Lake City, Utah to the southeast, and Portland, Oregon to the west. The Boise MSA is also served by several state and U.S. highways. The nearest major airport is the Boise Airport, located in southeast Boise.



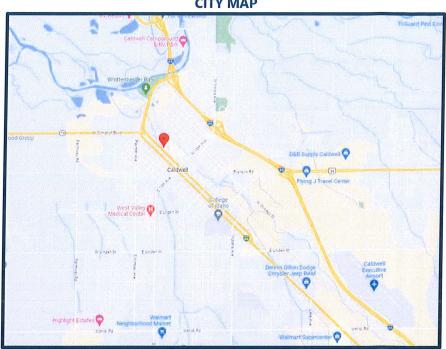
# Conclusions

The Boise MSA serves as the governmental, economic, cultural center for Southwest Idaho, Eastern Oregon, and Northern Nevada. The Boise MSA is the 3rd largest in the Northwest, behind Seattle and Portland. The long-term economic outlook for the Boise MSA appears positive. Boise and surrounding neighboring communities are continually recognized by numerous publications as one of the best places to live in the country. Idaho was recently ranked #1 in the nation for job growth (U.S. Department of Labor), top performing economy (Bloomberg), and personal income growth (Idaho Department of Labor). Boise was named the #1 best place to live (Livability 2019). Idaho has been the fastest growing state in the nation during the past several years. Population is expected to continue an increasing trend in the foreseeable future which will likely strengthen the demand for real estate long-term.



# **Neighborhood Analysis**

# **CITY MAP**



# **NEIGHBORHOOD MAP**

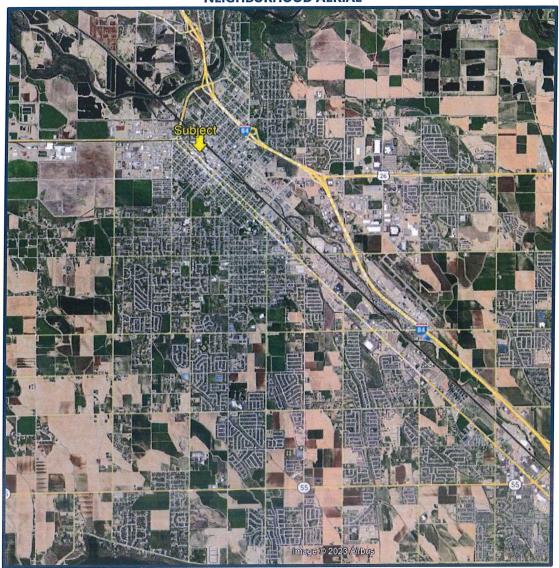




# Overview

The neighborhood boundaries are reasonably defined by the major commercial real estate firms within the local market. Vacancy, absorption, and supply data is tracked for each submarket within Ada and Canyon Counties.

# **NEIGHBORHOOD AERIAL**



# Neighborhood Location and Boundaries

The subject is located in Caldwell. The neighborhood boundaries are generally defined by the Karcher Road to the south, Middleton Road to the east, Hill Road and the Boise River to the north, and Farmway Road to the west.



# **Demographics**

The following table depicts the area demographics within a one, three, and five-mile radius from the subject.



# Market Profile

510 Arthur St, Caldwell, Idaho, 83605 Rings: 1, 3, 5 mile radii Prepared by Esri Latitude: 43.66723 Longitude: -116.69111

	1 mile	3 miles	ngstude: -116.6911 <b>5 mile</b> :
Barriella Barriera	1 mile	3 miles	3 mile:
Population Summary	8.335	33.873	61,194
2010 Total Population 2020 Total Population	8,355	37,326	76,59
2020 Group Quarters	308	1,204	1,286
2023 Total Population	8,465	38,515	83,089
2023 Group Quarters	309	1,204	1,28
2028 Total Population	8.461	39,463	90,68
2023-2028 Annual Rate	-0.01%	0.49%	1.76%
2023 Total Daytime Population	13,910	40,743	71,60
Workers	8,991	18,054	24,084
Residents	4,919	22,689	47,517
Household Summary			
2010 Households	2,739	11,501	20,067
2010 Average Household Size	2.82	2.81	2.97
2020 Total Households	2,901	12,659	24,786
2020 Average Household Size	2.77	2.85	3.04
2023 Households	2.970	13,136	26,910
2023 Average Household Size	2.75	2.84	3.04
2028 Households	3,004	13,578	29,470
2028 Average Household Size	2.71	2.82	3.03
2023-2028 Annual Rate	0.23%	0.66%	1.83%
2010 Families	1,668	7,986	14,805
2010 Average Family Size	3.60	3.35	3.44
2023 Families	1,721	8,840	19,529
2023 Average Family Size	3.56	3.43	3.53
2028 Families	1,728	9,121	21,414
2028 Average Family Size	3.50	3.39	3.51
2023-2028 Annual Rate	0.08%	0.63%	1.86%
Housing Unit Summary			
2000 Housing Units	3,120	10,755	14,482
Owner Occupied Housing Units	46.5%	61.3%	66.1%
Renter Occupied Housing Units	42.9%	31.5%	27.4%
Vacant Housing Units	10.5%	7.2%	6.5%
2010 Housing Units	3,093	12,591	21,888
Owner Occupied Housing Units	43.3%	57.9%	62.2%
Renter Occupied Housing Units	45.3%	33.5%	29.5%
Vacant Housing Units	11.4%	8.7%	8.3%
2020 Housing Units	3,109	13,262	25,751
Vacant Housing Units	6.7%	4.5%	3.7%
2023 Housing Units	3,145	13,673	27,798
Owner Occupied Housing Units	47.6%	62.6%	71.5%
Renter Occupied Housing Units	46.8%	33.5%	25.3%
Vacant Housing Units	5.6%	3.9%	3.2%
2028 Housing Units	3,187	14,154	30,387
Owner Occupied Housing Units	47.8%	63.6%	73.7%
Renter Occupied Housing Units	46.4%	32.3%	23.3%
Vacant Housing Units	5.7%	4.1%	3.0%
Median Household Income			
2023	\$38,867	\$56,022	\$65,857
2028	\$46,311	\$64,019	\$76,496
1edian Home Value			
2023	\$237,500	\$305,815	\$338,911
2028	\$333,297	\$354,663	\$373,864
Per Capita Income			<u>, </u>
2023	\$20,591	\$24,127	\$27,117
2028	\$23,820	\$28,163	\$31,794
Median Age			
2010	30.8	30.7	29.6
2023	32.6	32.3	32.2
2028	33.0	32.1	31.5

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.

Source: Esri forecasts for 2023 and 2028, U.S. Census Bureau 2000 and 2010 decennial Census data converted by Esri into 2020 geography.



# **Transportation Access**

Caldwell located is approximately 20 miles west of Boise, the state's capital and largest city, and 20 miles east of the Oregon state line. Interstate 84 access to Caldwell is via four main interchanges, three of which are within 1.5 miles of Caldwell's downtown core. The nearest major airport is the Boise Airport, located approximately 27 miles east in south Boise. Caldwell has a municipal airport located in east Caldwell.

Cleveland Boulevard is the primary arterial in Caldwell connecting northeast Caldwell with Nampa. S. 10<sup>th</sup> Avenue is a primary arterial connecting south Caldwell to central Caldwell. Simplot Boulevard, Franklin Road, Linden Street, and Ustick Road are east-west arterials within the city. Interstate access is via three interchanges.

# Neighborhood Land Use

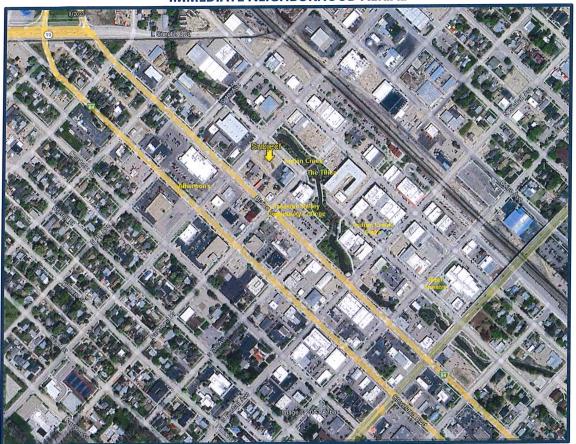
Caldwell includes a mix of approximately 25% commercial properties and 75% residential properties. The commercial uses are further delineated as 40% light industrial properties, 30% retail properties, and 30% office properties. Caldwell is in a stage of growth based on typical lifecycle stages of growth, stabilization, decline, and revitalization. Both residential and commercial development has been strong during the past decade as a result of strong population growth.

Caldwell's central business district is located south of Interstate 84 in central Caldwell. A major focal point in downtown is Indian Creek and the new Indian Creek Plaza. Indian Creek is a desirable amenity extending through the downtown core and includes walking paths and open space landscaped areas. Indian Creek Plaza, a public plaza which holds concerts and other events, opened in 2018. Indian Creek Plaza is expected to draw more than 330,000 people per year. The opening of the plaza has spurred significant renovation of older buildings surrounding the plaza as well as new development on adjacent blocks. Several new retailers and restaurants have opened around the plaza in the past 3-4 years. Properties along the Indian Creek corridor are planned for long-term redevelopment. Trolley Square, located at the northwest corner of Arthur Street and N 10<sup>th</sup> Street, is a new retail center anchored by Reel Theatre. The movie theater and one retail building were completed in 2018. The retail building is undergoing initial lease-up.

Commercial development is prevalent along Cleveland Boulevard, and includes local and national chain restaurants, inline retail buildings, offices, and service commercial uses. Caldwell has two shopping centers, one anchored by Walmart, and the new Caldwell Commons anchored by the Grocery Outlet (across the street from Walmart). An Albertson's grocery store is also located along Cleveland Boulevard. Industrial uses are prevalent north of Cleveland Boulevard and south of Interstate 84, along Simplot Boulevard, and south of Highway 26 near the Caldwell Industrial Airport. The College of Idaho is located south of the intersection of N. 21<sup>st</sup> Avenue and Cleveland Boulevard. Enrollment is 1,100+students. A notable new development in Caldwell is The College Marketplace Shopping Center. The center is located at the northeast corner of Chicago Street and N. 21<sup>st</sup> Avenue. Grace Independent Assisted Living Facility, Del Taco, Maverik C-Store, Clarity Credit Union, and Primary Health were all recently completed in the center. Additional retail and restaurant buildings are planned as tenants are secured.



#### IMMEDIATE NEIGHBORHOOD AERIAL



# Immediate Neighborhood

The subject's immediate neighborhood is downtown Caldwell. The area is improved with a mix of office, retail, and commercial buildings primarily developed between 1900 and 1950. The subject is located in the downtown core along Indian Creek at the southeast corner of Arthur Street and 5<sup>th</sup> Avenue. Interstate access to downtown Caldwell is via two interchanges located approximately 1 mile north of the subject.

A major focal point in the immediate area is Indian Creek and the new Indian Creek Plaza. Indian Creek is a desirable amenity extending through the downtown core and includes walking paths and open space landscaped areas. The area is anchored by Indian Creek Plaza which opened in 2018. This public plaza holds concerts and other events and includes splash pads in the summer and an ice skating rink in the winter. In 2022, the plaza hosted over 280 events and activities with 265,000 visitors and 62,000 ice skaters. The opening of the plaza has spurred significant renovation of older buildings surrounding the plaza. Several new retailers and restaurants have opened around the plaza in the past 3-4 years.

Trolley Square, located at the northwest corner of Arthur Street and N 10<sup>th</sup> Street, is a new retail center anchored by Reel Theatre. The movie theater and one retail building were completed in 2018. The retail building is undergoing initial lease-up. The Treasure Valley Community College – Caldwell Branch fronts Indian Creek at S. 6<sup>th</sup> Avenue. This 3-story, Class A building was constructed in 2010. A 4-story senior apartment complex was recently completed at the southeast corner of S. Kimball Street and



Cleveland Boulevard. Several other buildings have been renovated in the immediate area during the past decade. Properties along the Indian Creek corridor are planned for long-term redevelopment. The area is in the stage of revitalization.

A notable new development in the immediate area is the Tilian, a 5-story mixed-use project located along Indian Creek at S. 7<sup>th</sup> Avenue. The project contains main level retail/restaurant space, garage parking, and 142 apartment units on the upper level floors. This mid-rise, Class A, building is the first of its kind in the Caldwell market. The building is scheduled for completion in October 2023.

# Conclusion

The subject is located along the desirable Indian Creek corridor, 2 blocks west of Indian Creek Plaza and 1 block west of the new Tilian project. The subject project, as proposed, is consistent with Caldwell's long-term plans for redevelopment in the immediate area. Continued strong demand is forecasted for the downtown Caldwell submarket.



# **Site Description**

The characteristics of the site are summarized as follows:

# **Site Characteristics**

Location: SEC Arthur Street and 5<sup>th</sup> Avenue, Caldwell, Idaho

Land Area: Land Size

 Component
 Sq. Ft.
 Acres
 %

 Urban Renewal parcels
 21,005
 0.482
 44%

 Arthur St. R/W
 26,500
 0.608
 56%

 Total land area
 47,505
 1.091
 100%

The size of the Urban Renewal parcels was determined from a record of survey. The Arthur Street R/W area was estimated from

GIS mapping measurements.

Gross and Usable Land Area:

<u>+</u>47,505 SF; 1.091 acres

Usable Land %:

100%

Shape:

Irregular, but functional

Topography:

Generally level

Drainage:

Appears adequate

Grade:

At street grade

**Utilities:** 

All typical utilities are available including domestic water and sanitary sewer, electricity, natural gas, and telecommunications.

Off-Site Improvements:

Asphalt paved streets and concrete curbing and sidewalks.

Interior or Corner:

Corner

Signalized Intersection:

None

Excess Land:

None

Surplus Land:

None

# Street Frontage / Access

Frontage Road	Primary	Secondary	
Street Name:	5 <sup>th</sup> Avenue	Arthur Street	
Street Type:	Neighborhood arterial	To be vacated	
Number of Curb Cuts:	None at completion	n/a	
Traffic Counts	4,854 VPD (2022 MPSI)	n/a	

# Vehicular Access

Access:

Vehicular access will be from an alleyway extending along the

south boundary between 5<sup>th</sup> Avenue and 6<sup>th</sup> Avenue.





Flood Zone Data

Flood Map Panel/Number:

16027C0237G

Flood Map Date:

June 7, 2019

Flood Zone:

X500

Description:

An "X500" flood zone is an area of 0.2% annual chance of flood; areas of 1% annual chance of flood with average depths of less than one foot or with drainage area less than one square mile; areas protected by levies from 1% annual chance of flood. Properties within an "X500" flood zone are not required to carry

flood insurance. Source: FEMA

Site Area in Flood Zone:

0%

Other Site Conditions

Soil Type:

Subsoil and drainage appear adequate to support a multitude of improved uses.

**Environmental Issues:** 

During the property inspection, we did not observe any obvious environmental concerns. As real estate appraisers, we are not qualified to determine if any environmental hazards exist on the property, whether such hazards are obvious or not. Therefore, this appraisal assumes any environmental hazards to be nonexistent or minimal.

Easements/Encroachments:

The property is not subject to any known atypical easements or restrictions.

A title report was not provided in connection with this assignment. Based on this report and our own observations, no adverse easements or restrictions exist. This appraisal assumes only standard utility easements and governmental restrictions exist, none of which are assumed to impact value. An A.L.T.A survey is recommended if further assurance is needed. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.

Earthquake Zone:

The subject is located within Earthquake Zone 2B, considered a

moderate zone with respect to seismic activity.

Adjacent Land Uses

North:

Indian Creek

South:

Auto service and older commercial/retail buildings

East:

Church; Treasure Valley Community College building and new

Tilian mixed-use project further east

West:

Caldwell City Hall, Caldwell Police Department, industrial building



THE COMMONS AT CREEK CROSSING (PROPOSED)

SITE DESCRIPTION

MSA-23-0101

**Zoning Designation** 

Zoning Jurisdiction:

City of Caldwell

Zoning Classification:

C-C; City Center District

Zoning Definition:

C-C CITY CENTER: The purpose of the city center zone is to provide areas by zoning procedures in accordance with the comprehensive plan that provide for a mix of land uses; to provide for the location of essential community services; to protect and maintain the Indian Creek corridor; to allow for sustainable structures; to protect and enhance the existing historical architecture; to balance parking and vehicular circulation with a walkable, pedestrian environment; and to create a center that is a regional magnet for residential and commercial investment.

Permitted Uses:

This zoning allows for a wide variety of residential, retail, office

and commercial uses.

Parking District

No on-site parking is required in the City Center District.

As Is Condition

Improvements:

The site is vacant and ready for development.

Site Improvements:

Arthur Street is improved as an asphalt paved roadway. The street

improvements will be razed upon development.

Site Rating

Location:

Good

Access:

Average

Exposure:

Average

**Functional Utility:** 

Average

Overall Site:

Good



# **SUBJECT AERIAL**

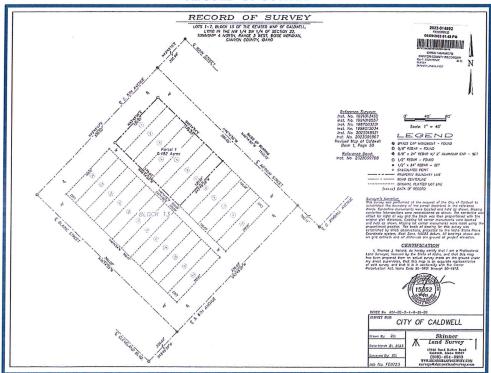




#### **PARCEL MAP**

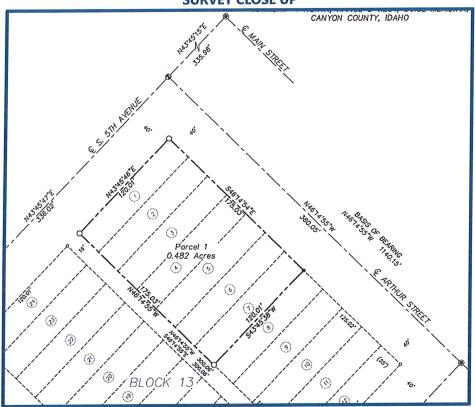


#### **RECOED OF SURVEY**



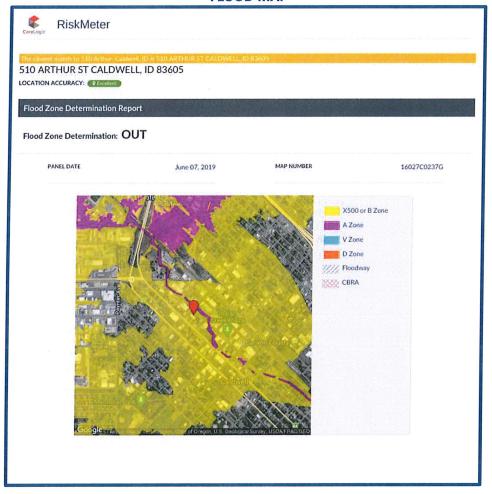


# **SURVEY CLOSE UP**



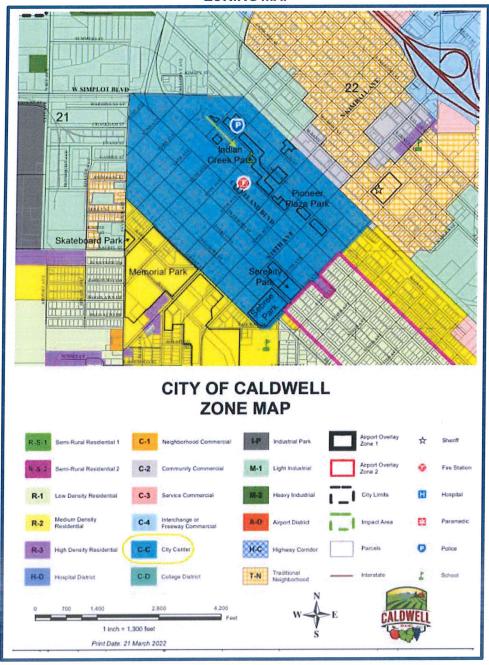


# **FLOOD MAP**





#### **ZONING MAP**





# **Improvements Description**

Characteristics of the improvements are summarized as follows:

# Improvement Characteristics

Property Type:

Mixed-use

Property Subtype:

Retail and office

Occupancy Type:

To be leased

Tenancy:

Multitenant

Number of Units:

5-8 main level retail/restaurant spaces (depends on lease-up)

7 office suites on 2<sup>nd</sup> floor; one office suite on 3<sup>rd</sup> floor

3<sup>rd</sup> floor wine bar with large rooftop patio

Number of Buildings:

1

**Number of Stories** 

3 None

Basement or Mezzanine:

Construction Class:

Class D per Marshall Valuation Service

Very good 30,448 SF

27,410 SF

Construction Quality/Design: Gross Building Area (GBA): Net Rentable Area (NRA): Rentable Area Summary:

Floor	Space	Tenant Gross Occupied SF	Factor A (BOMA)	Net Rentable SF (W/ Load Factor A)
1	West Retail 1	883	1.09	962
1	West Retail 2	883	1.09	962
1	West Retail 3	883	1.09	962
1	West Retail 4	883	1.09	962
1	West Retail 5	883	1.09	962
1	West Retail 6	883	1.09	962
1	South Retail	1,332	1.09	1,452
1	Food Hall / Rest	5,324	1.09	5,803
2	Loft 1 - Large Balcony' Creekside	1,252	1.22	1,533
2	Loft 2 - Small Balcony-middle west unit	1,028	1.22	1,258
2	Loft 3 -Large Balcony - Parking lot view	1,055	1.22	1,291
2	Loft 4 - South Unit - no balcony	1,218	1.22	1,491
2	Loft 5 - Roof top garden unit	1,351	1.22	1,654
2	Loft 6 -no balcony	1,330	1.22	1,628
2	Loft 7 - Balcony - Parking lot view	1,997	1.22	2,445
3	Roof Top Wine Bar	1,158	1.25	1,447
3	Penthouse loft	1,307	1.25	1,633
	TOTALS	23,650	1.16	27,410

Note, the actual number of main level retail units and unit sizes will be determined when tenants are secured and spaces built-out.

**Ratios & Parking** 

Land-to-Building Ratio:

1.56:1 (Usable Land/GBA)

Floor Area Ratio (FAR):

0.64:1 (based on GBA)

Parking Spaces:

18 spaces to be offered at no cost to the public

12 spaces to be reserved for the office users (included in rent)

Comment:

Off-site public parking is available to the subject via on-street

parking on surrounding blocks as well as several public surface

lots in the immediate area.

THE COMMONS AT CREEK CROSSING (PROPOSED)
IMPROVEMENTS DESCRIPTION
MSA-23-0101

Age / Life

Year Built:

2024/2025 (to be completed by April 15, 2025)

Condition:

New at completion

Actual Age: Effective Age: 0 years 0 years

Typical Building Life:

65 years

Remaining Economic Life:

65 years

#### **Construction Comment**

Our descriptions of the construction components were based on architectural drawings (although limited) and specifications provided by the developer.

#### Structural Characteristics

Foundation:

Concrete

**Building Frame:** 

Steel and metal stud and/or wood stud frame

**Exterior Walls:** 

Mix of brick veneer, stone, wood cladding, and glazing

Roof Type / Material:

TPO (white rubber membrane) roof cover

# **Mechanical Systems**

Electrical:

Typical electrical service; assumed adequate

Plumbing:

Typical system and upgraded fixtures; assumed adequate

Heating/Air Conditioning:

Rooftop package HVAC units

Fire Protection/Sprinklers:

Wet sprinkler system

Number of Elevators:

One accessing all floors

#### Interior Buildout

Description:

The individual units will be built-out from warm shell as tenants are secured. We assume finish quality for the retail/restaurant space will be similar to newer competing projects in the local market. According to the developer, the office finishes will be of very good quality and represent the upper-tier of the Caldwell market. The majority of the office units will have outdoor patios. Some of the office units could be built-out for use as live-work units. The wine bar will have a large rooftop patio.

# Site Improvements

Site Improvements:

The main level restaurant space will have a patio. The south side of the site will be improved as an asphalt paved parking lot. The balance of the site along Indian Creek will be a plaza area with

concrete sidewalks, brick pavers, and a fountain.

Landscaping:

Sprinkler irrigated landscaping throughout



THE COMMONS AT CREEK CROSSING (PROPOSED)
IMPROVEMENTS DESCRIPTION
MSA-23-0101

Legal, Conforming Status

Legally Permitted Use: Yes
Conforms to Parking: Yes

Improvements Rating

Quality/Design:

Age/Condition: New at completion

Functional Utility: Good; the proposed building does not appear to have any

functional inadequacies or superadequacies.

Deferred Maintenance:

ce: None

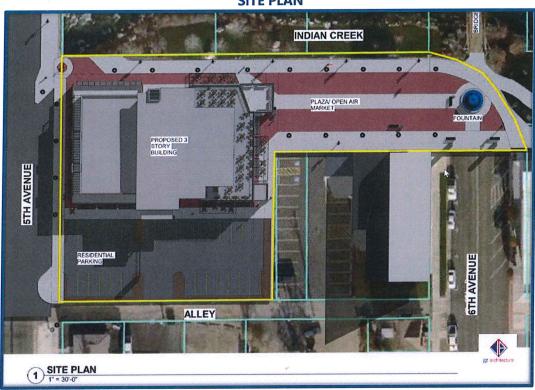
Overall Rating:

Very good

Very good



# **SITE PLAN**



#### **CONCEPTUAL IMAGES**

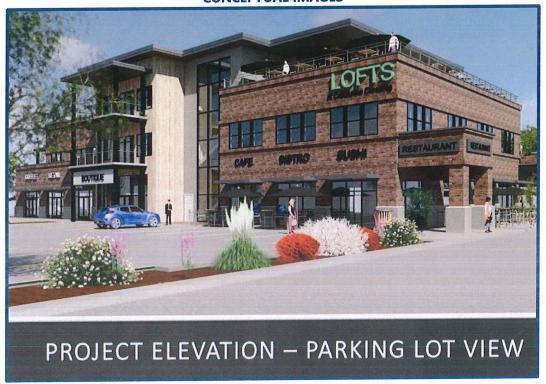




# **CONCEPTUAL IMAGES**



# **CONCEPTUAL IMAGES**



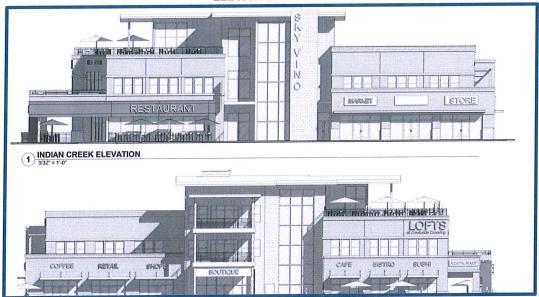


# **CONCEPTUAL IMAGES**

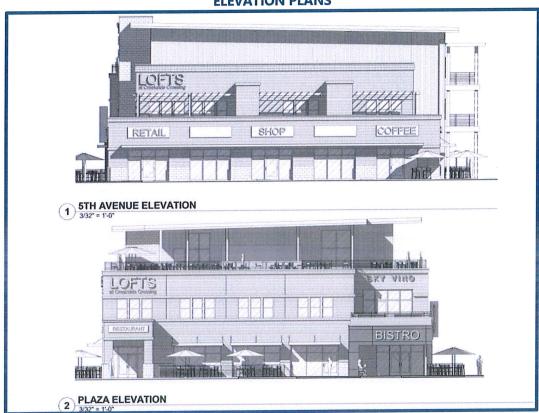




#### **ELEVATION PLANS**

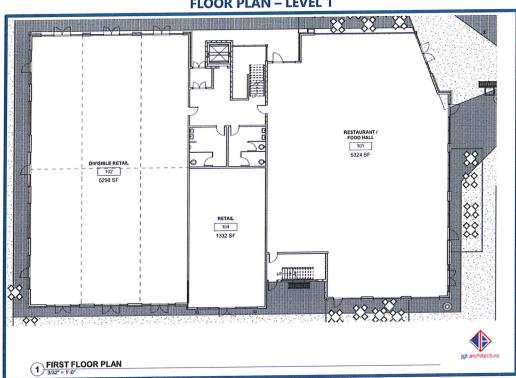


#### **ELEVATION PLANS**

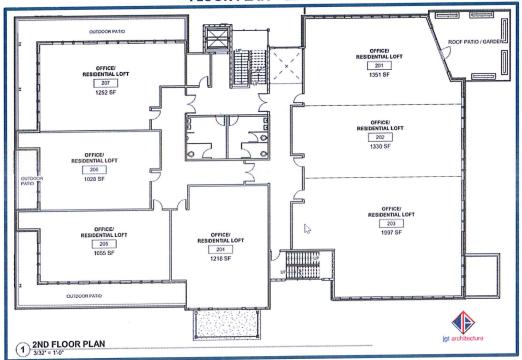




# FLOOR PLAN - LEVEL 1

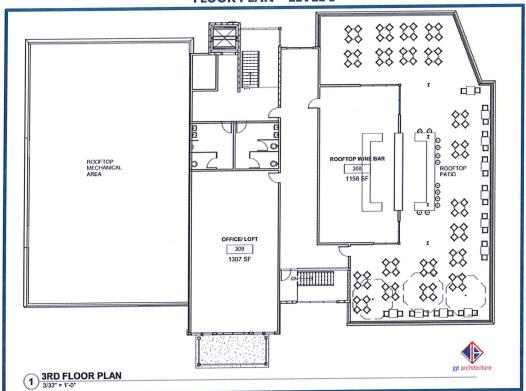


#### FLOOR PLAN – LEVEL 2





# **FLOOR PLAN - LEVEL 3**





# **Subject Photographs**



Subject viewing east

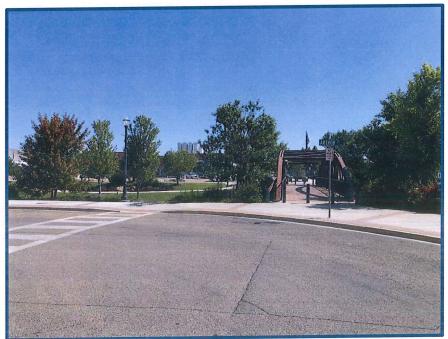


Viewing south





Arthur St. R/W (to be incorporated into project) – Viewing east

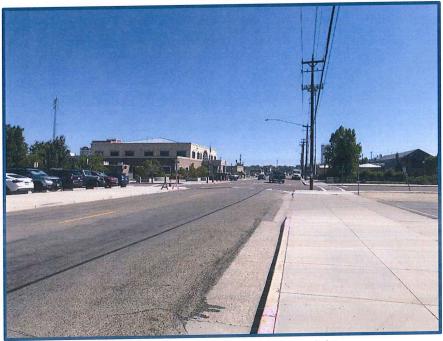


Arthur St. R/W (to be incorporated into project) – Viewing north





Indian Creek, viewing east, subject on right



5<sup>th</sup> Ave., viewing north, subject on right



# **Assessment and Tax Data**

# Assessment Methodology

According to the Idaho State Tax Commission, "Idaho law requires that all taxable property be assessed at market value each year. To do this, your assessor develops valuation guidelines based on the sales prices of comparable properties in your area. Some factors that often influence what a buyer would pay for your property and land are size, quality, age, condition, and location. The county assessor uses this information to estimate how much a buyer might reasonably pay for your property if it were to sell on January 1 of the current year. The value of your property may change each year depending on real estate market changes."

"An appraiser from the county assessor's office must visit your property at least once in each five-year period. During the other four years, the county assessor will use information from property sales and/or from the inspections of other properties to estimate the current market value for your property."

"All property is located in multiple taxing districts. Taxing districts are government units (e.g., county, city, school district, sewer district fire district, library district). Every year, a taxing district develops a budget to cover all its services. Once the budget is approved, the part of the budget funded by property tax is divided by the total taxable value of all properties within that taxing district. This number is the tax rate for that area for that taxing district."

# Assessed Value and Property Taxes

The Urban Renewal of the City of Caldwell Idaho is the owner of the two parcels. This is a public entity exempt from taxation. Current Canyon County Assessor information is presented in the following table. Note, the City of Caldwell owns Arthur Street. It is not subject to taxation.

**Tax Schedule** 

lax Sci	ledule				
		Parcel	Assessor	Assessor's	
Count	Tax Year	Number	Land Size (AC)	<b>Total Value</b>	Tax Expense
1	2023	R0465400000	0.413	\$0	Exempt
2	2023	R0465500000	0.068	<u>\$0</u>	Exempt
Totals			0.481	\$0	Exempt



# **Market Analysis**

#### Introduction

In this section, market conditions which influence the subject property are analyzed. An analysis of supply and demand conditions in the subject market for office and retail development is presented. The subject is a part of the Caldwell market.

A brief overview of the Boise MSA real estate markets are provided on the following pages. To analyze supply and demand, we have relied upon published studies by Thornton Oliver Keller Commercial Real Estate (TOK). TOK is the largest commercial real estate brokerage and property management firm in the Boise MSA. TOK tracks commercial vacancies, absorption, rental rates, and transactions on a monthly basis throughout all markets and submarkets in both Ada and Canyon County. Selected tables from the latest TOK market reports applicable to the subject market are reprinted in this section.

# **SUBMARKET MAP**





## Office Market Summary



## **OFFICE** CONDITIONS

The Office market seems to show signs of stabilizing from the slowing that economic conditions caused over the last year. This past quarter saw the most transactions since Q1 2022 and the number of deals went up 36 percent from Q1 of this year. Most of the activity is still centered on smaller spaces (5,000 square feet or less), with these deals making up 83 percent of all transactions this year through June. The area also continues to see new businesses come into the market as well as organic business growth, with these tenants making up nearly half of the office deals in the last 12 months.

Total gross absorption was also up in Q2 and had the highest quarterly total since a year ago with 392,000 square feet absorbed. Though net absorption declined, it still remained positive overall. The biggest area of growth was North Meridian with 136,000 square feet of occupied space and three of the largest office deals this year with two at Ten Mile Crossing 6 and at 660 Watertower.

Another positive sign for the market is the downward trend of sublease space in the Boise MSA. Sublease space jumped considerably in the second quarter of last year and has remained steadily high and volatile through February. However, as the economy begins to stabilize, the economic uncertainty that pushed sublease space up is easing. Sublease space has consistently trended downward to 593,000 square feet, falling below 600,000 square feet for the first time this year.

## **OFFICE OUTLOOK**

Slowing inflation and improving supply chains have flattened the continuing rise in construction prices through the first half of 2023. Though high prices and high interest rates continue to put downward pressure on construction activity, the overall easing of conditions have allowed developers to slowly begin moving forward with planned projects. There is over 590,000 square feet of office space currently under construction in the Boise MSA and projects already underway from previous years will continue to deliver. Veranda Plaza in South Meridian delivered over 73,000 square feet and several buildings at Sawtooth Landing in North Meridian delivered a combined 19,500 square feet. In addition, a total of 340,600 square feet of speculative space has completed this year.

New spec office buildings delivering in Meridian have helped push vacancy rates up to the levels seen two years ago. Total vacancy in Ada County was 6.8 percent while vacancy in Canyon County remained lower at 3.2 percent. Multitenant vacancy is up to 11.1 percent in the valley. Even with vacancy up, there has been no softening of lease rates and Class A rates have continued to increase. Class A asking rates are averaging \$23.50 per square foot (FLSV, annual) with several submarkets seeing over \$25 per square foot. Steady rates, continuing area growth, and decent activity for smaller spaces are all good indications that the market should remain healthy in the Boise MSA.

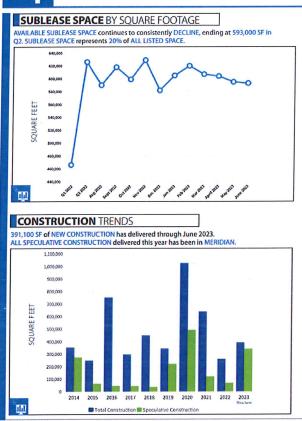
## TAKEAWAYS:

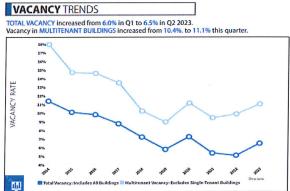
- → SUBLEASE SPACE HAS BEEN TRENDING DOWNWARD DROPPING BELOW 600,000 SF FOR THE FIRST TIME THIS YEAR.
- → 340,600 SF OF SPECULATIVE CONSTRUCTION HAS DELIVERED, FOUR TIMES MORE THAN IN ALL OF 2022.

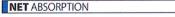
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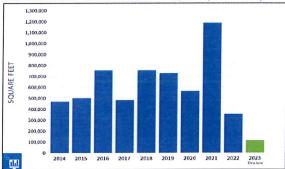
# TOK OFFICE MARKET STATS







NET ABSORPTION was DOWN from Q1 but still positive, totaling 112,000 SF.
NORTH MERIDIAN had the MOST SPACE ABSORBED with 136,000 SF of positive net absorption.



## **Submarket Vacancy**

Since 2004, office vacancies in Caldwell have ranged from 4.7% to 21.4%. At mid-year 2023, total vacancy was 5.8% and multitenant vacancy was 1.9%

Office	Vacancy	Trends

Submarket

	Submarket				
<u>Year</u>	Canyon County	<u>Caldwell</u>			
Mid-2023	3.2%	5.8%			
2022	2.8%	4.7%			
2021	4.9%	6.7%			
2020	6.1%	6.5%			
2019	8.2%	12.2%			
2018	9.5%	11.5%			
2017	9.8%	10.7%			
2016	9.8%	8.7%			
2015	11.4%	15.2%			
2014	11.6%	15.9%			
2013	12.7%	13.3%			
2012	14.9%	14.6%			
2011	14.4%	14.0%			
2010	15.7%	19.0%			
2009	15.3%	9.0%			
2008	15.4%	12.1%			
2007	14.5%	21.4%			
2006	9.6%	11.1%			
2005	9.7%	12.1%			
2004	9.3%	16.2%			

Source: TOK Commercial Real Estate

## Retail Market Summary

# DEAWAY BAR & GRILL

## **RETAIL CONDITIONS**

The Retail Market continued to see healthy fundamentals in Q2. Net absorption remained positive for the 11th consecutive quarter, reaching a mid-year total of 207,000 square feet. Total number of transactions are slightly down from 2022, but increased 23 percent from Q1 to Q2. Leasing activity remains strongest in the North Meridian and Eagle Road corridor, with both submarkets accounting for 17 percent of deals, followed by Downtown making up 15 percent of deals.

High demand has ultimately allowed development to continue, most notably among single-tenant users. Of all new buildings completed, single-tenant buildings have made up 63 percent of these deliveries. In addition, the majority of these new single-tenant buildings are being absorbed by restaurant users. Both Olive Garden and Biscuits & Hogs completed new spaces at Orchard Park in Meridian, while Starbucks built an additional location in Nampa.

Organic growth remains the top driver behind leasing activity with 41 percent of deals being tenants expanding into larger spaces or opening additional locations over the past 12 months. In addition, many new retailers are opening their first store front locations with local start-ups accounting for 29 percent of deals. However, the Boise Valley has also seen strong interest from regional and national retailers considering new to market transactions increased 23 percent year over year.

## **RETAIL OUTLOOK**

There is nearly 395,000 square feet of retail product under construction with the most notable project being the 240,000 square foot Scheels store in Meridian. In addition, there are multiple mixed-use apartments currently under construction such as The Boardwalk Apartments and Union 93 that will add more first-generation retail space to the market once complete. However, planned developments in the pipeline are likely to be delayed as developers evaluate current economic conditions and high construction costs.

Total vacancy ended June at 4.7 percent and is expected to stay low throughout the latter half of 2023. Unanchored vacancy remains even lower than total vacancy at 4.3 percent, which is down from 5.3 percent at the end of June 2022. Tight vacancy will ultimately keep lease rates at high levels. Overall asking rates are currently \$20.00 per square foot (NNN, annual) with some submarkets reaching rates as high as \$32.00 per square foot. In addition, Class A rates are averaging \$26.00, up \$1.00 in the past 12 months.

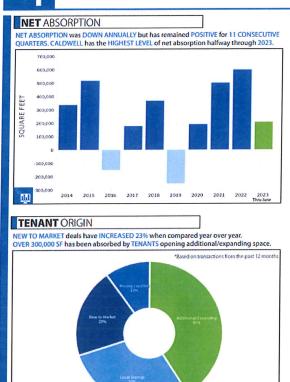
## TAKEAWAYS:

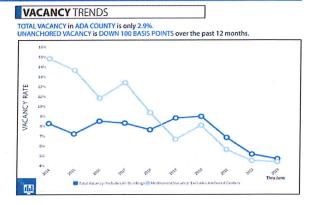
- → RETAIL FUNDAMENTALS REMAIN HEALTHY WITH TOTAL TRANSACTIONS RISING FROM Q1 AND VACANCY STAYING CONSISTENTLY LOW THROUGH THE FIRST HALF OF 2023.
- NEARLY 395,000 SQUARE FEET IS UNDER CONSTRUCTION, BUT CURRENT ECONOMIC CONDITIONS AND HIGH CONSTRUCTION COSTS WILL REMAIN TOP OF MIND FOR DEVELOPERS.

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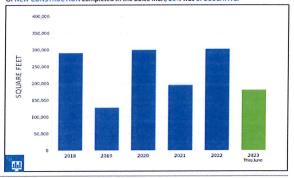
# TOK RETAIL MARKET STATS





#### CONSTRUCTION TRENDS

New construction is on track with 2022'S TOTAL with 179,300 SF COMPLETED so far in 2023. Of NEW CONSTRUCTION completed in the Boise MSA, 26% was SPECULATIVE.



#### **Submarket Vacancy**

Since 2004, retail vacancies in Caldwell have ranged from 4.4% to 17.5%. At mid-year 2023, total vacancy was 9.0% and multitenant vacancy was 5.2%

#### Retail Vacancy Trends

	Submarket				
<u>Year</u>	Canyon County	Caldwell			
Mid-2023	10.1%	9.0%			
2022	12.0%	6.0%			
2021	13.9%	6.4%			
2020	14.0%	6.8%			
2019	14.2%	4.4%			
2018	13.2%	4.4%			
2017	11.1%	5.4%			
2016	9.7%	7.5%			
2015	7.5%	6.3%			
2014	8.6%	5.9%			
2013	8.5%	5.6%			
2012	8.4%	7.7%			
2011	9.0%	7.6%			
2010	14.6%	7.3%			
2009	14.5%	12.5%			
2008	10.3%	12.2%			
2007	9.4%	11.1%			
2006	9.7%	17.5%			
2005	6.1%	15.7%			
2004	9.5%	5.8%			

Source: TOK Commercial Real Estate



## TOK Investment Market Summary



## **INVESTMENT CONDITIONS**

High economic uncertainty has continued to impact the Investment market with sales activity slowing considerably compared to the first half of 2022. Based on disclosed transactions, transaction volume reached \$111 million in the first half of 2023. This is down 89 percent compared to the same time period in 2022, which saw \$996 million traded.

Total number of transactions have declined 59 percent with the multifamily sector seeing the largest decline in sales. Multifamily fundamentals have begun to shift with falling occupancy and rents. New supply has become a growing concern with over 6,000 units currently under construction, which will deliver over the next 24 months. The wave of new supply is likely to place further pressure on fundamentals at the same time as rising interest rates lead to continued cap rate expansion. The market is searching for price discovery, ultimately creating more caution among investors.

Despite the slowdown in sales activity, all commercial sectors are still seeing healthy leasing activity, most notably the retail market. Retail's total vacancy rate has remained consistently at or below 5 percent in 2023, ending Q2 at 4.7 percent. The office sector's total vacancy rate is 6.5 percent while industrial's rate is at 5.2 percent by comparison. In addition, of all the commercial sectors, the retail sector saw the lowest decline in investment sales compared to the first half of 2022. With strong consumer spending keeping vacancy low and lease rates rising, retail assets will likely remain top of mind for investors when deciding where to place their capital.

## INVESTMENT OUTLOOK

At the national level, capitalization rates rose at least 30 basis points across all sectors, except for retail, from the end of 2022. The national cap rate for retail compressed from 7.3 to 7.2 percent. The same trend occurred for local retail and office cap rates, both declining slightly from 2022. Industrial rates continued to increase currently averaging 5.6 percent. Local multifamily cap rates are 4.8 percent, but considering the lack of transaction data, the consensus is that most properties are beginning to trade above 5 percent.

Investment activity is anticipated to remain slow throughout the latter half of 2023, considering the Federal Reserve raised interest rates for the 11th time in July. The target range is now between 5.25 percent to 5.5 percent, which is its highest level in more than 22 years. Higher interest rates will ultimately keep financing undesirable for most buyers. In addition, the gap between buyer and seller expectations remains a major challenge. Sellers are reluctant to sell below their perceived market value while potential buyers want to feel confident and not weighed down by economic uncertainty before investing. There is money waiting to be invested, but it is a reactionary environment where capital is concerned and it will take time to find mutual ground between sellers and buyers.

## TAKEAWAYS:

- → CURRENT ECONOMIC CONDITIONS HAVE ULTIMATELY CAUSED INVESTMENT ACTIVITY TO SLOW DOWN SIGNIFICANTLY COMPARED TO THE FIRST HALF OF 2022.
- → HIGHER INTEREST RATES AND THE GAP BETWEEN BUYER AND SELLER EXPECTATIONS WILL REMAIN TOP CHALLENGES IN THE INVESTMENT MARKET.

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#### Market Conditions Conclusions

Statistics have indicated strong demand across all commercial markets during the past several years, characterized by historically low vacancies, positive net absorption, moderate speculative construction, increasing lease rates, and strong market appreciation. Retail market fundamentals have continued to be relatively strong in 2022/2023. Leasing activity remains strong, vacancies remain low, and lease rates have continued to increase. The office market softened in the last half of 2022. Office leasing slowed, vacancies increased, and lease rates remained flat in 2022 and into 2023. Recently, office market fundamentals have stabilized as evidenced by renewed leasing activity and increasing lease rates, particularly in newer Class A buildings. Although leasing activity remains relatively strong, investment sales have slowed considerably. Capitalization rates across most commercial markets have increased slightly in 2022/2023, off from historic lows. The continued uncertainty in the economy has made market participants cautious and most believe commercial markets may be leveling off or stabilizing. Increasing interest rates and high construction costs are major factors contributing to the slowdown in the commercial sector.



# **Market Value: Upon Stabilization**

## Introduction - Fair Re-Use Value

Fair Re-Use Value is the most probable sale price of a property (or rights to develop) in anticipation of a specific future development or redevelopment of the property. Fair Re-Use Value is typically a residual value derived by subtracting total development costs, including an allowance for developer profit, from the estimate of market value of the property assuming the proposed development is complete. This process involves the steps listed below:

- 1) The income capitalization approach was employed to estimate market value of the proposed project assuming it is complete and at stabilized occupancy.
- 2) Development costs were estimated, which include selling costs, direct and indirect costs associated with construction and lease-up, and an allowance for developer profit.
- 3) Developments costs are then deducted from the estimate of market value resulting in a residual value for the property (and/or development rights for the property) prior to development. The conclusion is termed Fair Re-Use Value.

## Income Capitalization Approach Methodology

The income capitalization approach is developed by converting a projection of future installments of income into a present value by a capitalization process. There are two types of capitalization: direct capitalization and yield capitalization, more commonly known as discounted cash flow (DCF) analysis.

Direct capitalization involves developing a stabilized forecast of income and capitalizing the income into value using an overall capitalization rate. Direct capitalization assumes the income forecast and value change will be similar for the subject and comparables analyzed.

Discounted cash flow analysis, or yield capitalization, requires a forecast of the income stream a property may produce during its remaining useful life or during a specific holding period, and a value reversion (i.e., resale of the property) at the end of the holding period. Development of the cash flow is a forecast predicated upon various assumptions about the property's future performance. The income stream and reversion are discounted to a present value at an appropriate discount, or yield rate. Yield capitalization allows modeling of an income stream to reflect potential fluctuations over the holding period, and is of particular importance to investors as it enables one to compare the financial return of the subject with alternative investments.

Income-producing properties, by nature, are developed and purchased for investment purposes, where earning power, including an income stream and return of investment, are the most critical elements affecting value. The forecast of income and selection of appropriate rate(s) are therefore important aspects of the valuation process. The steps in developing the income approach are as follows:

#### Market Rent Analysis

An opinion of market rent is developed through an analysis of comparable rental transactions.



#### Income Analysis

Existing subject leases (if applicable) are reviewed and compared to market rent. Market rent is applied to vacant space and upon lease rollover. Additional income sources, expense recoveries, and rent escalations are considered. The sum of all income develops potential gross income (PGI).

#### Vacancy Analysis

The subject's existing vacancy is compared to the market. Turnover loss and collection loss are considered. Application of vacancy and collection loss develops effective gross income (EGI).

#### **Expense Analysis**

Expenses that are an obligation to the property are estimated based on the subject's history and/or comparable data, and are deducted to develop an estimate of net operating income (NOI). Inflation of expenses and other costs such as leasing commissions, tenant improvements, concessions and replacement reserves are developed as appropriate.

#### Rate Analysis

Capitalization of the net operating income and/or cash flow stream is completed through the development of appropriate direct (overall), terminal, and yield capitalization rates, as appropriate.

## Application of Methodology

In this analysis, we use only direct capitalization because investors in this property type most often rely on this method.

#### Introduction

The subject includes both retail and office space. Separate sets of comparables were utilized in the comparative analyses for each.

## Estimate of Market Rent – Comparable Selection - Retail

To develop an opinion of market rent, we surveyed representatives of comparable and competitive properties in the local market area, focusing on those offering the greatest similarity in terms of location, size and market appeal. In developing an opinion of market rent, a rent per square foot unit comparison was employed.

Six properties were selected for comparison to the subject. Emphasis was placed on location, size, building quality/design, and age/condition in the selections. The comparables are recent rentals within competing new or newer/renovated retail buildings in the Caldwell market.

## Market Rent Analysis

When necessary, adjustments were made for differences in the various elements of comparison, including lease structure, market conditions, location, physical characteristics, and other relevant factors. If the element in comparison is considered superior to that of the subject, we applied a negative adjustment. Conversely, a positive adjustment is applied if inferior. A summary of the elements of comparison follows.

## **Adjustments**

When applicable, quantitative adjustments are applied for lease structure, market conditions, location, and physical differences such as age/condition, quality/design, size, and other factors. The adjustments are based on market-derived data including paired rents, construction costs, market participant interviews, and other market indicators. In instances where limited market data is available, the adjustment is based on the appraiser's estimate of market reaction. The adjustment categories are discussed briefly below, and the adjustments are illustrated in the Rent Comparable Summation Table to follow.

#### Lease Type - Expense Structure

This adjustment considers rent differences attributable to various lease types, such as full service, gross, and net leases. Full service leases are typically the highest rents, because the landlord pays all property expenses. Gross leases require the tenant to pay utilities, in-suite maintenance, and/or other expenses in addition to base rent. Net leases require the tenant to pay all or most operating expenses in addition to base rent.

The market rent conclusion for the subject assumes NNN lease type; in which the tenant is responsible for all or nearly all operating expenses. The comparables have similar NNN lease types. No adjustments were warranted.

#### **Market Conditions**

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable rent transactions consummated during periods of dissimilar market conditions.

Rental rates for competing retail properties have shown strong rent appreciation during the past decade, which is projected to continue near-term. Upward adjustments of 5% per year from the dates the leases began through year-end 2023 were applied. No rent appreciation is applied moving forward through the construction and stabilization period. The subject rental rates as proposed will be among the highest in the downtown Caldwell market.

#### **Escalations**

This category adjusts for escalations, decreases, or level rent that are not typical of the market.

The escalations present in the comparable leases, though varying slightly, are representative of market norms and do not appear to have notably impacted the starting lease rate. No adjustments were warranted.

#### Concessions

This category considers the effect of initial reduced or free rent to the stated contract rent.

No adjustments were warranted.

#### Location

Location adjustments may be required when the locational characteristics of a comparable are different from those of the subject. These characteristics can include general neighborhood characteristics, freeway accessibility, street exposure, traffic counts, corner versus interior lot location, neighboring properties, view amenities, and other factors.

Comparables 1, 2, 3, and 6 have similar downtown Caldwell locations along the Indian Creek corridor. Comparable 4 is outside the downtown market but has good location along Cleveland Boulevard in a newer retail center. No adjustment was applied. Comparable 5 is inferior to the subject for location. It is located on the north fringe of the immediate downtown core approximately 2 blocks north of Indian Creek. An upward adjustment of 20% was applied.

#### **Tenant Size**

The size adjustment addresses variance in the rentable area of the comparables and that of the subject, as larger lease space typically commands a lower rental rate per unit than does a smaller space. This inverse relationship is due, in part, to the principle of "economies of scale."

The subject unit sizes will range from approximately 962 SF to 5,803 SF. The comparables exhibit a similar range. No adjustments were applied. Any rent differences attributable to size will be accounted for in the final reconciliation to market rent.

#### Construction Quality/Design

This category considers rent differences attributable to variances in building construction quality and design.

The subject is of very good quality/design. Comparables 3-6 are rated good quality buildings but inferior to the subject overall. Upward adjustments ranging from 5% were applied. Comparables 1 and 2 are similar to the subject for quality/design. No adjustment was warranted.

#### Age/Condition

This category considers rent differences attributable to variances in building age and condition. Newer buildings of similar finish and location quality typically exhibit higher rents and higher price per square foot sale prices versus older buildings.

Comparables 3 and 5 are inferior to the subject for age/condition. Upward adjustments of 5% and 10% respectively were applied.

#### Other

No other adjustments were warranted.

#### Presentation

Presented on the following pages are the Rent Comparable Summation Table, Rent Comparable Location Map, the discussion and analysis of the comparables, and conclusion(s) of market rent for the subject.



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Other Hospitalient to the same and the same
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Indicated subject rent/rsf \$26.00 \$24.00 \$27.24 \$25.49 \$25.58 \$30.81



## **RENT COMPARABLE LOCATION MAP**



**RENT COMPARABLE LOCATION MAP – DOWNTOWN CALDWELL** 





## Discussion of Rent Comparables/Market Rent Conclusion - Retail

From the market data available, six properties were utilized in the comparative analysis and adjustments were applied based on pertinent elements of comparison. The following table summarizes the unadjusted and adjusted rental rates:

**Rent Comparable Statistics** 

Metric	Unadjusted	Adjusted
Minimum Rental Rate per SF	\$18.00	\$24.00
Maximum Rental Rate per SF	\$26.00	\$30.88
Median Rental Rate per SF	\$23.85	\$25.79
Mean Rental Rate per SF	\$23.45	\$26.53

Prior to adjustment, the comparables range from \$18.00/SF to \$26.00/SF, with a median of \$23.85/SF and mean of \$23.45/SF, on a NNN basis. After adjustment, the comparables bracket market rent for the subject in a range of \$24.00/SF to \$30.88/SF, with a median of \$25.79/SF and mean of \$26.53/SF. Comparables 1, 2, 3, and 5 are the most recent rentals of competing retail space in downtown Caldwell. These comparables provide an adjusted range from \$24.00/SF to \$26.00/SF and were given primary weight in the determining market rent for the subject.

The north units have desirable Indian Creek frontage. Average market rent for the creekside units is concluded to be \$25.50/SF NNN, near the mid-tier of the most recent comparable range. The south units have a less desirable location fronting the parking lot with no Indican Creek or Plaza frontage. Average market rent for the parking lot side units is concluded to be \$23.00/SF NNN.

The main level restaurant has a desirable location with both Indian Creek and Plaza frontage. It will also have a patio. Considering the superior location and assumed higher tenant improvement allowance attributable to a higher cost restaurant build-out, market rent is concluded to be \$27.00/SF NNN.

A letter of intent (LOI) has been signed for the 3rd floor/rooftop wine bar (Sky Vino). The lease rate is \$24.00/SF NNN. The term is 5 years with 1-5 year option to renew. Escalations are 2.5% annually. This appraisal is subject to the extraordinary assumption that the Sky Vino LOI will be converted to a fully executed lease contract with terms similar to as set forth in the LOI.



## Estimate of Market Rent – Comparable Selection - Office

To develop an opinion of market rent, we surveyed representatives of comparable and competitive properties in the local market area, focusing on those offering the greatest similarity in terms of location, size and market appeal. In developing an opinion of market rent, a rent per square foot unit comparison was employed.

Six properties were selected for comparison to the subject. Emphasis was placed on location, size, building quality/design, and age/condition in the selections. The comparables are recent rentals within competing new or newer/renovated office buildings in Caldwell and nearby Nampa.

## Market Rent Analysis

When necessary, adjustments were made for differences in the various elements of comparison, including lease structure, market conditions, location, physical characteristics, and other relevant factors. If the element in comparison is considered superior to that of the subject, we applied a negative adjustment. Conversely, a positive adjustment is applied if inferior. A summary of the elements of comparison follows.

## Adjustments

When applicable, quantitative adjustments are applied for lease structure, market conditions, location, and physical differences such as age/condition, quality/design, size, and other factors. The adjustments are based on market-derived data including paired rents, construction costs, market participant interviews, and other market indicators. In instances where limited market data is available, the adjustment is based on the appraiser's estimate of market reaction. The adjustment categories are discussed briefly below, and the adjustments are illustrated in the Rent Comparable Summation Table to follow.

## Lease Type - Expense Structure

This adjustment considers rent differences attributable to various lease types, such as full service, gross, and net leases. Full service leases are typically the highest rents, because the landlord pays all property expenses. Gross leases require the tenant to pay utilities, in-suite maintenance, and/or other expenses in addition to base rent. Net leases require the tenant to pay all or most operating expenses in addition to base rent.

The market rent conclusion for the subject assumes NNN lease type; in which the tenant is responsible for all or nearly all operating expenses. Comparables 3 and 5 have full service excluding janitorial lease types. Downward adjustments of \$6.00/SF and \$5.00/SF respectively were applied to represent the NNN equivalent. The balance of the comparables have similar NNN lease types. No adjustments were warranted.

#### Market Conditions

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable rent transactions consummated during periods of dissimilar market conditions.

Rental rates for competing office properties remained generally flat in 2022 and into 2023. Since mid-2023 rental rates within Class A buildings have exhibited a moderate increasing trend. This increasing



trend is projected to continue near-term. Upward adjustments of 5% per year were applied from mid-2023 through year-end 2023. No rent appreciation is applied moving forward through the construction and stabilization period. The subject rental rates will represent the upper-tier of the Caldwell market.

#### **Escalations**

This category adjusts for escalations, decreases, or level rent that are not typical of the market.

The escalations present in the comparable leases, though varying slightly, are representative of market norms and do not appear to have notably impacted the starting lease rate. No adjustments were warranted.

#### Concessions

This category considers the effect of initial reduced or free rent to the stated contract rent.

Concessions given, if any, were nominal. No adjustments were warranted.

#### Location

Location adjustments may be required when the locational characteristics of a comparable are different from those of the subject. These characteristics can include general neighborhood characteristics, freeway accessibility, street exposure, traffic counts, corner versus interior lot location, neighboring properties, view amenities, and other factors.

Comparables 1, 2, 3, and 6 are located in Nampa but location quality is rated reasonably similar to the subject. No adjustments were applied. Comparables 4 and 5 are inferior to the subject for location. They are located in Caldwell but outside the downtown market. Upward adjustments of 10% were applied.

#### **Tenant Size**

The size adjustment addresses variance in the rentable area of the comparables and that of the subject, as larger lease space typically commands a lower rental rate per unit than does a smaller space. This inverse relationship is due, in part, to the principle of "economies of scale."

The subject unit sizes will range from approximately 1,258 SF to 2,445 SF. The comparables are reasonably similar in size. No adjustments were applied.

#### Construction Quality/Design

This category considers rent differences attributable to variances in building construction quality and design.

The subject is of very good quality/design and the majority of the office units will have balconies. Comparable 2 has a quasi-medical build-out. Building quality is rated very good and similar to the subject overall. The balance of the comparables are rated good quality buildings but inferior to the subject overall. Upward adjustments ranging from 5% were applied.



Age/Condition

This category considers rent differences attributable to variances in building age and condition. Newer buildings of similar finish and location quality typically exhibit higher rents and higher price per square foot sale prices versus older buildings.

Several of the comparables are inferior to the subject for age/condition. Upward adjustments ranging from 5% and 15% were applied.

#### **Other**

No other adjustments were warranted.

#### Presentation

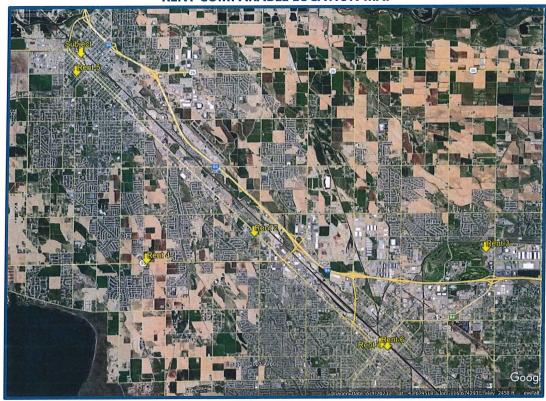
Presented on the following pages are the Rent Comparable Summation Table, Rent Comparable Location Map, the discussion and analysis of the comparables, and conclusion(s) of market rent for the subject.



ates Appraisal, LLC											
Rent Comparable Summation	on Table - Office										HISTORY TO SECURE
nem comparable dumman											Parkadas Bis
Location	Subje	ct 1		2		3		4			6
Name	The Commons at Creek Crossing (Propose	3)		Boulevard Station 3		Century Building			Catalina Building		Library Square
Address	Arthur St. and 5th Av	e 1315 1st St. South		11118 Moss Ln.		16150 N. High Desert St.		13424 Generations Ln.	717 S. Kimbali Ave		1125 2nd St. South
City & state	Caldwell, Idaho 836	Nampa, ID		Nampa, ID		Nampa, ID		Caldwell, ID	Caldwell, IE		Nampa, ID
Location quality	Goo	d Similar		Similar		Similar		Inferior	Inferio		Similar
Property description											
Building type	3 story retail/offi	e Two-tenant office		Single-tenant office		Multitenant office		Multitenant office	Multitenant office		Two-tenant office
Gross building area (sf)	30,4	8 5,144		2,500		22,098		5,500	8,000		4,478
Tenant size (rsf)	Approx 1,258-2,4-	5 2,629		2,500		2,578		2,662	2,200		2,291
Building const; quality & design	Steel/wood fm/brick veneer, very goo	d CVU/brick; good		Wood fm/stucco/stone, very good		Wd fm/stucco/stone veneer, good		Wood fm/stucco/brick; good	Wood fm/stucco, good		Wood frame/stucco/stone; good
Date built	2024/200	5 1910, fully restored 2022		2015		2020		2021	2000		2015
Age & condition at lease start	O years; ne	W Effage est at 10-15 years; good		7 years; good		2 years; very good		0 years; new	Eff age est at 15 years; avg		8 years; good
Lease description											
Data source	n	a JV: Colliers		JV. TOK		JV. TOK		JV: TOK	JV: TO		JV. Colliers listing
Lessor	n					-		-			
Lessee	n	Toxed by Erin, LLC		Pure Infusion Suites		RH2 Engineering, Inc.		Revelstoke LLC	Sunset CI ff:		Former First American Title Co.
Lease start date	4/2			10/22		10/22		7/22	2/22		Current (8/23)
Lease type	NN			NIN		FSEJ		NNN	FSE.		NNN
Lease term	Typic	d 5 yrs, 1 mo		7 years		5 yrs		6.7 yrs	5 years		Neg
Escalations	Typic			Unk		3%∆т		Unk	Uni		TED
Renewal options	Typic			2-5 yr		1 - 2 yr		1-3 / 1	1- 5 yr		TED
Concessions	Nor			None		None		None	None noted		None
Tenant improvement allowance	n,			None		Unk		\$5/SF from grey shell	None		None
Comments		Fully restored building and new		Quasi medical build-out		Another tenant leased 8/22 at		Rent is low due to minimal TI			Sublease of turnkey office space
Comments		tenant improvements				\$23.00/SF		allowance from shell			
Financial indicators											
Rent/rsf	Marke	t \$16.50		\$19.00		\$23.00		\$16.00	\$19.00		\$17.00
Adjustments	Adjustment note										
Lease type - expense structure	NNN No adjustmen	t NNN	0%	NNN	0%	FSEJ	-26%	NNN 0%	FSEJ	-26%	NNN 0%
Rent adjusted to subject's lease type			\$16.50		\$19.00		\$17.00	\$16.00		\$14.00	\$17.00
Market conditions (Time)	4/26 +5%/yr 6/23-12/2	5/23	3%	10/22	3%	10/22	3%	7/22 3%	2/22	3%	Current (8/23) 0%
Escalations	Typical No adjustmer		0%	Unk	0%	3%∆r	0%	Unk 0%	Unk	0%	TED 0%
Concessions	None No adjustmer			None	0%	None	0%	None 0%	None noted	0%	None 0%
Location	Good Adjustmer				0%	Similar	0%	Inferior 10%	Inferior	10%	Similar 0%
Tenant size (rsf)	Approx 1,258-2,445 No adjustmer		0%	2.500	0%	2,578	0%	2,662 0%	2,200	0%	2,291 0%
Building quality & design	Steel/wood fm/brick veneer, very good Adjustmer				0%	Wd fm/stucco/stone veneer, good		Wood fm/stucco/brick; good 5%	Wood fm/stucco, good	5%	Wood frame/stucco/stone, good 5%
Age & condition	0 years, new Adjustmer				5%	2 years; very good		0 years; new 0%	Eff age est at 15 years, avg	15%	8 years, good 5%
Age of condition	No adjustmer		0%		0%	.,,,,	0%	0%		0%	0%
Net Property (below line) Adjustment	Tro dojosumer		18%		8%		8%	18%		33%	10%
Indicated subject rent/rsf			\$19.39		20.43		\$18.28	\$18.8	0	\$18.55	\$18.70
moreacco sonject rengisi											



## **RENT COMPARABLE LOCATION MAP**





## Discussion of Rent Comparables/Market Rent Conclusion – Office

From the market data available, six properties were utilized in the comparative analysis and adjustments were applied based on pertinent elements of comparison. The following table summarizes the unadjusted and adjusted rental rates:

#### **Rent Comparable Statistics**

Metric	Unadjusted	Adjusted
Minimum Rental Rate per SF	\$16.00	\$18.28
Maximum Rental Rate per SF	\$23.00	\$20.43
Median Rental Rate per SF	\$18.00	\$18.75
Mean Rental Rate per SF	\$18.42	\$19.02

Prior to adjustment, the comparables range from \$16.00/SF to \$23.00/SF, with a median of \$18.00/SF and mean of \$18.42/SF. After adjustment, the comparables bracket market rent for the subject in a range of \$18.28/SF to \$20.43/SF, with a median of \$18.75/SF and mean of \$19.02/SF on a NNN basis. Considering the subject's physical characteristics and location, average market rent for the second floor office units is concluded to be \$18.50/SF NNN, near the mid-tier of the adjusted range. This represents a blended rate between the 2<sup>nd</sup> floor units. Considering balcony amenity and location/views, market rent for each unit is concluded to be in the range of \$17.00/SF to \$21.00/SF NNN. Market rent for the 3<sup>rd</sup> floor penthouse office unit is concluded to be \$21.00/SF NNN.

## Operating Expense Reimbursement Income (NNN Lease Type)

The commercial units will be leased based on NNN lease types. The tenants will pay directly or reimburse all or nearly all operating expenses. Reimbursement income accrues from those expenses reimbursed by the tenant(s), including real estate taxes, insurance, utilities, maintenance, and management. Because these expenses are equally offset by the reimbursement income, it is not necessary to include these in the income proforma. For consistency, reimbursement income was also not included when calculating the capitalization rates of the capitalization rate comparables, thus, reimbursement income is inherently factored into the income capitalization approach value conclusion.

## Frictional Vacancy

Frictional vacancy is income loss due to unleased space which occurs as a result of normal tenant turnover resulting from shifts in market supply and demand. Frictional vacancy over the economic life of the subject is projected to reflect long-term, average market vacancies for similar properties in this market. According to TOK, retail vacancies in the Caldwell market have ranged from 4.4% to 9.0% during the past decade. At mid-year 2023, total retail vacancy was 9.0%. Multitenant vacancies in strip centers and neighborhood centers have been ranging from 0% to 9% in 2023. Office vacancies in the Caldwell market have ranged from 4.7% to 15.9% during the past decade. At mid-year 2023, total office vacancy was 5.8%. Multitenant office vacancies have been ranging from 1% to 3% in 2023. Considering the subject's very good building quality/design and desirable location along the Indian Creek corridor in downtown Caldwell, the average vacancy over the economic life of the subject is concluded to be 5%.



## Operating Expenses (NNN Lease Type)

The market rent conclusion for the subject assumes a NNN lease; in which the tenant reimburses the landlord or pays directly nearly all operating expenses. The reimbursable expenses include real estate taxes, insurance, utilities, maintenance, and management. For the subject, the only expenses assumed not tenant reimbursed is a reserve allowance. The reserve allowance for structural, roof, and common area repairs is estimated at 20¢ per square foot per year or approximately 1% of effective gross income.

## **Direct Capitalization Analysis**

The next step in the Income Capitalization Approach is to apply a factor or ratio to convert projected net income into an expression of property value. Direct capitalization is a method used to convert a single year's income into an indication of value. This conversion is accomplished in one step by dividing the income estimate by an appropriate capitalization rate. In direct capitalization, no precise allocation is made between the return on and the return of capital because the method does not simulate investor assumptions or forecasts concerning the holding period, the pattern of income, or changes in value of the original investment. However, a satisfactory rate of return for the investor and recapture of the capital invested are implicit in the capitalization because they are derived from similar investment properties.

The income capitalization rates reflect the relationship between income and value and are derived from market data. Properties used as comparables should reflect the risk, income, expense, and physical and location characteristics similar to the property being appraised. Capitalization rates should also be extracted from properties that reflect similar income-expense ratios, risk characteristics, and expectations as to change in income and value over a typical investment-holding period.

In this analysis, the basic formula for direct capitalization is net annual income divided by overall rate of return (RO) equals value. Various techniques are available to determine appropriate overall rates. These include:

- 1. derivation from comparable sales
- 2. derivation from effective gross income multipliers
- 3. band of investment mortgage and equity components
- 4. band of investment land and building components
- 5. the debt coverage formula

Derivation from comparable sales was utilized to determine the overall rate for the subject. The analysis is supplemented by data compiled by the Situs RERC Real Estate Report.

## Market Capitalization Rate Comparables

The capitalization rate comparables, presented in the following table, include recent confirmed sales and current listings of various office and retail properties in the local market. Note, the names and addresses of the sales are redacted for confidentiality purposes. The capitalization rates were calculated using actual scheduled rent, less a vacancy allowance, and actual or appraiser estimated stabilized operating expenses to conclude net operating income. For partially-leased properties, market rent is included for the unleased portion, and lease-up costs are added to the sale price to derive the capitalization rate.



**Capitalization Rate Comparables** 

capitalization nate	Comparables						
<b>Property Type</b>	City, State	Size (SF)	Built	Sale Date	Sale Price	\$/SF	OAR
Multitanant retail	Nampa, ID	23,432	2007	Listing	\$7,150,000	\$305	6.23%
Multitanant office	Boise, ID	19,125	2003	Listing	\$4,450,000	\$233	6.00%
Multitanant retail	Nampa, ID	16,596	2005	Aug-23	\$3,400,000	\$205	6.00%
Multitanant retail	Caldwell, ID	5,548	2017	Apr-23	\$2,600,000	\$469	5.50%
Multitanant retail	Caldwell, ID	7,700	2017	Jan-23	\$3,100,000	\$403	5.58%
Multitanant office	Eagle, ID	16,500	2005	Jan-23	\$5,147,000	\$312	5.25%
Retail center	Eagle, ID	26,096	1998	Dec-22	\$8,300,000	\$318	6.50%
Multitanant office	Eagle, ID	19,469	2003	Oct-22	\$4,175,000	\$214	6.40%
Multitanant office	Boise, ID	27,465	1973	Aug-22	\$4,700,000	\$171	5.83%
Retail center	Boise, ID	10,000	2006	Jul-22	\$2,512,500	\$251	5.93%
Retail center	Boise, ID	20,348	1982/2017	Jun-22	\$4,100,000	\$201	5.96%
Multitanant office	Boise, ID	39,891	2005	Jun-22	\$7,800,000	\$196	5.96%
Multitanant retail	Meridian, ID	16,907	2006	May-22	\$5,500,000	\$325	5.09%
Multitanant office	Boise, ID	20,506	1994	Apr-22	\$2,901,000	\$141	5.65%
Multitanant office	Boise, ID	17,898	2004	Mar-22	\$4,430,000	\$248	5.52%
Multitanant office	Eagle, ID	65,226	2017	Feb-22	\$26,178,000	<u>\$401</u>	<u>5.63%</u>
					Minimum	\$141	5.09%
					Mean	\$275	5.81%
					Median	\$249	5.88%
					Maximum	\$469	6.50%

In concluding a capitalization rate for the subject property, a bracketing process is used reflecting the superior or inferior income producing characteristics of each sale versus the subject. The comparables indicate a range from 5.09% to 6.50%, with a mean of 5.81% and median of 5.88%. The most recent sales and current listing exhibit a slightly increasing trend.

Market fundamentals continue to be positive across most commercial markets. Vacancies and capitalization rates remain near historic lows and net absorption continues to be positive. However, investment sales have declined significantly during the past ±12 months. Local capitalization rates across most commercial markets have increased slightly in 2022/2023, off from historic lows. The recent uncertainty in the economy has made market participants cautious and most believe commercial markets may be leveling off or stabilizing. Increasing interest rates and high construction costs are major factors contributing to the slowdown in the commercial sector. Market participants anticipate capitalization rates to continue to increase slightly in 2023.



The primary factors influencing the overall capitalization rates are location (including identity/exposure), age, quality, condition, appeal, occupancy rates, rental rates (with respect to market levels), and the perceived risk in the property. Newer, good quality and well-located facilities with nationally recognized tenants typically exhibit the lowest rates. In contrast, older, lesser quality facilities with average to below average locations and a local tenant mix exhibit higher rates.

## Subject Market Position/Strengths and Weaknesses

The following factors were considered in our selection of a capitalization rate for the subject.

- The subject location is rated good. It has a desirable location in downtown Caldwell along the Indian Creek corridor, 2 blocks west of Indian Creek Plaza. Indian Creek Plaza, which opened in 2018, has spurred significant renovation of older buildings surrounding the plaza. Several new retailers and restaurants have opened around the plaza in the past 3-4 years. One block east of the subject is the Tilian, a new 5-story mixed-use project nearing completion along Indian Creek. The project contains main level retail/restaurant space, garage parking, and 142 apartment units.
- The building will be of very good quality/design and in new condition at completion. It will contain a mix of retail, restaurant, and office uses.
- Market rent will be utilized to represent stabilized income. Rental rates will represent the upper-tier of the Caldwell market.
- The subject is concluded to have very good marketability.

## Capitalization Rate Conclusion

Considering the aforementioned factors, and projecting capitalization rates to increase moderately in the foreseeable future, a capitalization rate for the subject is concluded at 6.0%, above the midtier of the comparable range.



## Situs RERC Real Estate Report Survey Data

The market sales and mortgage/equity analyses are supplemented by data compiled by the Situs RERC Real Estate Report. Capitalization rate data compiled by the Situs RERC surveys (2nd Quarter 2023) were analyzed as a final indication of reasonableness for the capitalization rate selected. National western region 1st-tier investment market capitalization rate data is summarized in the following table. CBD office and neighborhood retail represents the most similar property categories to the subject contained within the RERC surveys.

## Regional Investment Criteria | First-Tier Investment Properties

	OI	fice		Industrial			Retail		Apt	Student Housing	Hotel
	CBD	SUB	WHSE	R&D	FLEX	RGNL MALL	PWR CNTR	NEIGH/ COMM			
	STMENT CRITI d Rate (IRR) (%)										
Range	7.5 - 9.5	8.0 - 10.0	6.0 - 9.5	6.5 - 9.0	6.5 - 9.0	6.5 - 15.0	7.3 - 9.5	6.5 - 9.5	6.0 - 8.0	6.0 - 8.3	8.5 - 11.0
Average	8.8	8.9	7.7	8.2	8.2	9.8	8.7	8.4	7.0	7.3	9.8
Going-In Ca	p Rate (%)										
Range	6.0 - 8.5	6.0-8.6	4.5 - 7.5	5.0 - 8.0	5.0 - 8.0	5.3 - 12.0	6.3-8.0	5.3 - 8.0	4.5 - 6.5	4.5-6.5	6.5 - 9.0
Average	7.3	7.4	6.1	6.8	6.8	8.3	7.3	7.0	5.5	5.7	8.0
Terminal Cap	p Rate (%)										
Range	6.5 - 9.0	7.0 - 9.3	5.0 - 7.8	5.5 - 9.5	5.5 - 9.0	5.5 - 12.5	6.8 - 8.5	5.5 - 8.5	5.2 - 7.5	5.0 - 7.0	7.5 - 9.5
Average	7.8	8.0	6.7	7.4	7.4	8.9	7.9	7.6	6.1	6.2	8.6

The Situs RERC survey indicates a range of 6.0% to 8.5% with an average of 7.3% for CBD office capitalization rates and 5.3% to 8.0% with an average of 7.0% for neighborhood capitalization rates within the national western region 1st-tier market. Our capitalization rate conclusion of 6.0% is near the lower-tier of the comparable range, which is reasonable considering local capitalization rates are trending lower than regional or national rates. Furthermore, the subject is a new building of very good quality/design and has a desirable location.



# Income Capitalization Approach Value Indication – Upon Stabilization

The final step is to summarize the previously estimated income and expense figures, and then capitalize the net operating income into an indication of value. The Direct Capitalization Summation Table is presented following, concluding Market Value: Upon Stabilization for the subject via the Income Capitalization Approach.

Direct Capitalization Summation Table					
Stabilized Annual Income					
	Input Va	ariables		27,410	rsf
Rental Income (NNN)	<u>Unit</u>	Rate	<u>\$/Yr</u>	\$/RSF	% of PGI
Average main level retail - creekside	2,888	\$25.50	\$73,644	\$2.69	12%
Average main level retail - parking lot side	4,339	\$23.00	\$99,797	\$3.64	16%
Main level restaurant	5,803	\$27.00	\$156,681	\$5.72	26%
Average 2nd floor office	11,300	\$18.50	\$209,050	\$7.63	34%
Penthouse office	1,633	\$21.00	\$34,293	\$1.25	6%
Root top wine bar - Sky Vino LOI	<u>1,447</u>	\$24.00	<u>\$34,728</u>	<u>\$1.27</u>	<u>6%</u>
Potential Gross Income (PGI)	27,410	\$22.19	\$608,193	\$22.19	100%
Reimbursable Expense Income	Not inclu	ıded (Offset)	\$0	\$0.00	0%
Frictional Vacancy Loss	% of PGI	-5.0%	<u>(\$30,410)</u>	<u>(\$1.11)</u>	<u>-5%</u>
Effective Gross Income (EGI)			\$577,783	\$21.08	95%
Operating Expenses (NNN)				\$/RSF	% of EGI
Real estate tax	Paid by	tenant	\$0	\$0.00	0%
Insurance	Paid by		\$0	\$0.00	0%
Utilities	Paid by	tenant	\$0	\$0.00	0%
Maintenance and repairs	Paid by	tenant	\$0	\$0.00	0%
Management/administration	Paid by	tenant	\$0	\$0.00	0%
Structural, roof & common area reserves	27,410	(\$0.20)	<u>(\$5,482)</u>	<u>(\$0.20)</u>	<u>-1%</u>
Total Operating Expenses			<u>(\$5,482)</u>	(\$0.20)	-1%
Net Operating Income (NOI):			\$572,301	\$20.88	99%
Divided By Capitalization Rate:			6.00%		
Equals Market Value:			\$9,538,356		
Income Capitalization Approach Conclusion, Market Value: Upon Stabilization, rounded			\$9,540,000		



# Reconciliation - Market Value: Upon Stabilization

## Summary of Value Indications

The indicated values from the approaches used in the valuation of the subject property are summarized in the following table:

#### Value Indications

Approach to Value	<b>Upon Stabilization</b>
Cost Approach	Not Developed
Sales Comparison Approach	Not Developed
Income Capitalization Approach	\$9,540,000

In order to reach a final opinion of value, we considered the reliability and relevance of each value indication based upon the quality of the data and applicability of the assumptions underlying each approach.

#### Income Capitalization Approach

The income capitalization approach resulted in a reliable conclusion of market value due to an adequate number of recent rent and capitalization rate comparables of competing properties utilized in the analyses. Overall, the factors comprising the income capitalization approach were well supported and yield what is considered to be a reliable conclusion. Because the most probable buyer is an investor, the income capitalization approach is an applicable method for estimating market value as it best reflects market participants' expectations of current and future income streams. Accordingly, the income capitalization approach was the only approach given weight in the final value reconciliation.

#### Sales Comparison Approach

The sales comparison approach was considered but has been excluded as a primary valuation method. The sales comparison approach is an applicable method for valuing owner-user properties or properties of similar financial characteristics. No known sales of newer low-rise urban mixed-use buildings have occurred in the local market during the past several years. Regional sales were considered, but performing comparative adjustments between markets is typically subjective. Furthermore, the sales comparison approach is a secondary method for valuing investment properties purchased for leased occupancy.

It is noted, the most recent sales used as capitalization rate comparables indicate sale prices in newer projects have predominantly ranged from around \$300/SF to \$400/SF. At \$348.05/SF, our conclusion of market value as indicated by the income capitalization approach is supported by the comparable sales on a per square foot basis.

#### Cost Approach

The cost approach was not completed. The cost approach is not applicable for a Re-Use appraisal.



## Value Conclusion – Market Value: Upon Stabilization

Our conclusion of Market Value: Upon Stabilization for the subject is presented in the following table.

#### **Value Conclusions**

Component	Upon Stabilization
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	November 1, 2026
Value Conclusion	\$9,540,000
	\$348.05/SF

## **Exposure and Marketing Times**

Marketing time is the time frame subsequent to the effective date of appraisal necessary to affect a sale of the property at the estimate of value(s) detailed herein. The estimate of value in this appraisal assumes the subject would experience a marketing time typical of the current market. Exposure time is the length of time a property would have been offered on the market prior to consummation of sale at the estimate of market value on the effective date of the appraisal. Exposure time is a retrospective estimate based on the analysis of past events and market conditions.

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates <u>+</u>12 months, respectively, are considered reasonable and appropriate for the subject property.



# **Development Cost Estimates**

#### Introduction

The prior valuation concluded Market Value: Upon Stabilization for the proposed project. To conclude our estimate of Fair Re-Use Value, total development costs are deducted from the estimate of market value resulting in a residual value prior to development. Development costs include selling costs, direct and indirect costs associated with construction and lease-up, and an allowance for developer profit (entrepreneurial incentive).

#### Cost of Sale

Expenses associated with the cost of sale include marketing, sales commissions, and closing costs. At our market value conclusion of \$9,540,000 for the project "upon stabilization", the cost of sale is estimated at 4% or \$381,600.

## Developer's Cost Estimate

The developer provided a detailed cost estimate for the construction of the improvements (included in addenda). The developer's cost estimate is summarized in the following table and includes all direct costs and indirect costs to be incurred during construction and lease-up of the project. We have removed the lease-up phase costs from the construction phase costs. The lease-up phase costs will be addressed separately. The developer included a line item for development fee of \$170,360 or approximately 1.6% of construction cost. The target profit is below market norms when considering the scope of the development and associated risk. We have removed this cost and included it in a separate line item for developer profit (entrepreneurial incentive) in the final summary. The developer's cost estimate is summarized in the following table.

Developer's Cost Estimate		
Costs	<u>Total</u>	<u>\$/GBA</u>
Direct costs - Site and shell/core	\$4,937,979	\$162.18
Direct costs - Tenant improvements \$102/SF usable	\$2,402,232	\$78.90
Contingency @ 10% of direct cost	\$740,697	\$24.33
FF&E	\$295,625	\$9.71
Indirect costs - Permitting/A&E/General conditions	\$1,987,537	\$65.28
Financing costs	<u>\$567,868</u>	<u>\$18.65</u>
Total Construction Cost	\$10,931,938	\$359.04
Non-Construction or Excluded Costs		
Real Estate Commissions	\$254,005	
Marketing/Leasing Management	\$340,721	
NNN Fees (tenant reimbursed)	\$94,600	
Development fee	\$170,360	
Total Developer's Cost Estimate	\$11,791,624	



#### Marshal Valuation Service Construction Cost Estimate

The contractor's cost estimate was cross-checked by using an independent cost service, Marshall Valuation Service. Marshall is a national cost estimation service for commercial buildings. Based on our observation from processing appraisals for new and proposed buildings in the past, Marshall is reasonably accurate in their projection of costs for the local area. The Marshall cost estimate includes all direct costs and most indirect costs. Feasibility studies, environmental impact reports, testing, appraisal and consulting fees, interim taxes, impact and entitlement fees, and off-site costs, are not included in the Marshall cost estimates. As such, we have included a line item to account for additional indirect costs typical of development in the local market. The construction cost estimate is presented in the following exhibit and presents a cost estimate based on the mix of uses.

#### **MVS Construction Cost Estimate**

Cost Source: Marshall Valuation Service (MVS) Retail Stores (353): Section 13, Page 26, May 2022 Restaurants (350): Section 13, Page 14, May 2022 Office (344): Section 15, Page 17, November 2021 Winery Shop (127): Section 13, Page 24, May 2022

Building Type	<u>Retail</u>	<u>Restaurant</u>	Office	Winery Shop	Common Areas
Gross Building Area	6,630	5,324	10,538	1,158	6,798
Construction Type	D	D	D	D	D
Building Construction	Wood frame	Wood frame	Wood frame	Wood frame	Wood frame
Building Quality (Marshall Description)	Very good	Very good	Very good	Good	Very good
Base cost per SF	\$166.00	\$269.00	\$238.50	\$242.00	\$166.00
Balconies/Patios (\$25-\$45/sf)	\$0.00	\$0.00	\$2.78	\$75.99	\$0.00
Heat type	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fire sprinklers	<u>\$4.75</u>	<u>\$4.75</u>	<u>\$4.75</u>	<u>\$4.75</u>	<u>\$4.75</u>
Adjusted cost per SF	\$170.75	\$273.75	\$246.03	\$322.74	\$170.75
Perimeter multiplier	1.05	1.05	1.05	1.05	1.05
No. of stories multiplier	1.00	1.00	1.00	1.00	1.00
Height multiplier	1.00	1.00	1.00	1.00	1.00
Cost multiplier	1.07	1.07	1.06	1.07	1.07
Local multiplier	<u>1.05</u>	<u>1.05</u>	<u>1.05</u>	<u>1.05</u>	<u>1.05</u>
Adjusted Base Cost	\$201.43	\$322.94	\$287.52	\$380.73	\$201.43
Total Individual Component Cost	\$1,335,478	\$1,719,311	\$3,029,864	\$440,888	\$1,369,318
Total Cost, rounded	\$7,890,000				
Additional Costs	4700 000				
Additional indirect costs excluded in MVS estimated @ 10%	\$789,000				
FF&E cost per developer estimate	\$295,625				
Site improvements estimated @ \$8.00/SF x 47,505 SF	<u>\$380,040</u>				
Total: Additional Costs, rounded	<u>\$1,460,000</u>				
Tailore de Constantino	\$9,350,000				
Estimated Cost of Construction	\$9,350,000 \$307				
Estimated Cost/SF	φ30 <i>1</i>				



#### **Improvement Cost New Conclusion**

The Marshall Valuation Service estimate indicates a total cost of \$9,350,000 for the project. At \$10,931,938, the developer's cost estimate is 16.9% higher than the Marshall Valuation Service estimate. The developer's cost estimate is moderately higher as a result of the following factors: 1) A cost contingency of \$740,697 or 10% of direct costs. A cost contingency of 5% to 10% of direct costs is typical of proposed projects. 2) Higher than typical indirect costs of \$1,987,537 or 25% of direct costs (including contingency). Indirect costs generally range from 12% to 18% of direct costs (excluding financing costs). 3) An overall tenant improvement cost of \$102/SF of usable area. A developer paid tenant improvement allowance for new restaurant space is typically around ±\$100/SF. However, developer paid tenant improvement allowances for general retail and office are less. A tenant improvement allowance for general retail space is typically in the range of \$40/SF to \$60/SF. A tenant improvement allowance for new higher-quality office space is typically in the range of \$60/SF to \$75/SF. In each case, the tenants are responsible for any additional costs (above the TI allowance) to complete the build-outs to their specifications.

Assuming a tempered cost contingency, tempered developer paid tenant improvement allowance, and more typical indirect costs (as a percentage of direct costs), total improvement cost new for the subject is concluded to be \$9,500,000, which is lower than the developer's cost estimate but higher than the Marshall Valuation Service estimate. The cost estimate includes all direct and indirect costs for the building and site improvements. Our conclusions are summarized in the following table.

Construction Cost Estimate Conclusion				
	C' (CDA)	C + D - CF	Total Cost	
<u>Source</u>	<u>Size (GBA)</u>	Cost Per SF	<u>Total Cost</u>	
Developer Cost Estimate	30,448	\$359.04	\$10,931,938	
MVS Cost Estimate	30,448	\$307.08	\$9,350,000	
Cost Difference			\$1,581,938	
Construction Cost Estimate Conclusion	30,448	\$312.01	\$9,500,000	

#### Lease-up Costs

The initial analysis in this report concluded Market Value: Upon Stabilization. The valuation assumed construction was complete and the subject had reached stabilized occupancy. The subject is not projected to be at stabilized occupancy at completion. Out of pocket lease-up costs to be incurred by an owner in the process of reaching stabilization represent an addition to total development costs. The costs include marketing, lease commissions, and holding costs (i.e. fixed and variable expenses for unleased units or lost reimbursement income).

#### Absorption

As presented in the Market Analysis section, vacancies remain relatively low, and absorption remains positive in the Caldwell market. The subject has a desirable location along the Indian Creek corridor. Both office and retail vacancies in the immediate downtown area are minimal. Considering current and projected market fundaments, the subject is projected to reach stabilized occupancy within 12 months of completion. The abortion period assumes some level of preleasing is likely for both the retail and office space.



#### Lease-Up Cost Conclusion

Lease commissions are estimated at 6% of market rent over a typical 5-10 year lease term (applied at 7 years average). Lost reimbursement income is applied at \$4.00 per square foot to the vacant space (applied at 50% average lease-up over 1 year). The developer includes a cost for marketing/leasing management of \$340,721 which is above market norms for initial lease-up phase costs. The developer's cost for this category appears to include regular ongoing costs above initial lease-up costs. Based on a more typical market cost for this category, the allowance for marketing/branding/property management during start-up is estimated at \$100,000. Our conclusion of total lease-up costs are summarized in the following table.

#### **Lease-Up Costs**

<u>Deduct: Lease-up Costs</u>	
1) Lease commissions (27,410 sf x \$22.19 x 7 yrs x 6%)	\$255,441
2) Lost reimbursement income (27,410 sf x \$4.00 x 50% avg. lease-up over 1 year)	\$54,820
3) Marketing/branding/property management startup - initial lease-up phase	<u>\$100,000</u>
Total	\$410,261
Total Lease-Up Costs, rounded	\$410,000

Note, an allowance for lost rent was not deducted as an expense during lease-up. It is not an out-of-pocket expense to a developer. Instead, the risk of lost rent during lease up was considered as a part of the developer profit allowance.

## Entrepreneurial Incentive/Developer Profit

Entrepreneurial incentive or developer profit is a market-derived estimate independent and in addition to the builder/contractor fee. The profit estimate is the amount an entrepreneur receives for his or her contribution to a project with consideration for the scope, cost, and risk in the venture.

Several local developers were interviewed to determine the appropriate profit required to justify development. According to those surveyed, required profit depends on the scope, overall cost, and anticipated risk associated with a development. Most were consistent in stating a required profit range of 10% to 20% of total development costs, depending on the level of perceived risk. The following paragraphs summarize the comments from each developer who was interviewed.

Bill Clark of Clark Development developed The Jefferson and Crescent Rim condominium projects in Boise. Mr. Clark stated they target an anticipated profit of 15% to 20% of total development costs to undertake a project. Steve Meyer, the primary equity investor in The Jefferson and Crescent Rim, stated a range of 10% to 20% of total development costs, with 10% representing lower-risk ventures which are leased or sold at completion.

Clay Carley of Old Boise LLC is a local developer who owns Old Boise 6<sup>th</sup> and Main. Mr. Carley stated he targets an anticipated profit of 15% of total development costs to undertake a project.



Tommy Ahlquist of Gardner Development has developed several projects within the Boise MSA including The 8<sup>th</sup> & Main Building and City Center Plaza in downtown Boise, Portico at Meridian, Ventana Medical Center in Nampa, Eagle Island Crossing in Eagle. Mr. Ahlquist stated that they target an anticipated profit of 11% of total development costs to undertake a project. He stated their anticipated profit is less than other developers because they target projects with less perceived risk, which are generally in very good locations and are typically significantly pre-leased/sold prior to construction.

Mike Fery of Rocky Mountain Development evaluates project development based on a target internal rate of return for a project. Mr. Fery stated he generally goes into a project anticipating an internal rate of return of 20% for higher risk projects such as larger residential condominium developments, and as low as 12% for projects leased or sold at completion.

Mike Mussell of Mussel Construction Inc., the developer of the proposed Library Re-Use Project, stated he typically targets an anticipated profit of 12% to 15% to undertake a project. Mr. Mussell further stated that renovation projects represent the upper-tier of the range due to a higher risk of unforeseen costs. He also stated that he would undertake a build-to-suit project with a tenant or user in-place for a lower target profit of 10%.

## Entrepreneurial Incentive/Developer Profit Conclusion

Based on these conversations, and considering the scope of the project, assumed preleasing, and projected lease-up period, an entrepreneurial incentive/developer profit of 15% of total cost or  $$1,486,500 (\$9,910,000 \times 15\%)$  is concluded to be reasonable for the subject venture.

## Development Cost Estimate Conclusion

The following presents a summary of the prior elements to conclude our estimate of total development cost for the proposed project.

Development Cost Estimate Conclusion				
<u>Component</u>	Size (GBA)	Cost Per SF	Total Cost	
Cost of Sale	30,448	\$12.53	\$381,600	
Construction Phase Costs	30,448	\$312.01	\$9,500,000	
Lease-up Phase Costs	30,448	\$13.47	\$410,000	
Developer Profit	<u>30,448</u>	\$48.82	<u>\$1,486,500</u>	
<b>Total Development Cost, rounded</b>	30,448	\$386.89	\$11,780,000	



# Fair Re-Use Value Conclusion

## Fair Re-Use Value

Total development costs, including cost of sale, cost of construction, marketing/lease-up costs, and developer profit/entrepreneurial incentive are deducted from the "upon stabilization" market value to derive the conclusion of Fair Re-Use Value. Note, our value conclusion assumes no potential Urban Renewal Agency cost reimbursements. The calculations are detailed in the following table.

Fair Re-Use Value	
Market Value: Upon Stabilization:	\$9,540,000
<u>Deduct: Cost of Sale</u> Cost of Sale at 4% of Market Value	(\$381,600)
<u>Deduct: Land, Construction, and Lease-up Costs</u> Construction phase costs Marketing/lease-up phase costs Total Cost	(\$9,500,000) (\$410,000) (\$9,910,000)
<u>Deduct: Developer Profit (Entrepreneurial Incentive)</u> Developer Profit at 15% of Construction and Lease-up Cost	(\$1,486,500)
Total Deductions, rounded	(\$11,780,000)
Conclusion of Fair Re-Use Value	(\$2,240,000) Negative

#### Value Conclusion - Fair Re-Use Value

Our conclusion of Fair Re-Use Value for the subject site is presented in the following table.

Value Conclusion(s)				
Valuation <u>Premise</u> Fair Re-Use Value	Premise <u>Qualifier</u> Prospective To Date Of Acquisition	Interest <u>Appraised</u> Fee Simple	Effective Date <u>of Value</u> November 15, 2023	Value <u>Conclusion</u> (\$2,240,000) Negative

Our conclusion of Fair Re-Use Value for the subject site is a negative \$2,240,000.

THE COMMONS AT CREEK CROSSING (PROPOSED)
FAIR RE-USE VALUE CONCLUSION
MSA-23-0101

#### Comment on Project Feasibility

Market Value: Upon Stabilization was concluded to be \$9,540,000. Sale, construction, and lease-up costs were concluded at \$10,290,000. With a developer profit allowance of 15% or \$1,486,500, total development costs are concluded at \$11,780,000, rounded. The resulting Fair Re-Use Value for the proposed project is a negative \$2,240,000. The negative Fair Re-Use Value indicates the project is less than a breakeven venture on cost and will not return the target profit in the venture.

Although our analyses and conclusions represent our most practical estimates based on current market data and market projections moving forward, there are two main factors that could enhance the profitability in the venture: 1) Cost savings in construction (including possible cost reimbursements) and 2) Achieving higher lease rates. These factors could reduce the negative Fair Re-Use Value to a breakeven or marginally profitable venture.



# **General Assumptions and Limiting Conditions**

This appraisal is subject to the following general assumptions and limiting conditions:

- 1. The legal description if furnished to us is assumed to be correct.
- 2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
- 3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Mountain States Appraisal, LLC will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
- 4. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
- 5. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
- 6. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Mountain States Appraisal, LLC is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
- 7. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
- 8. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
- 9. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
- 10. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.
- 11. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.



- 12. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
- 13. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Mountain States Appraisal, LLC and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
- 14. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
- 15. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Mountain States Appraisal, LLC.
- 16. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
- 17. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
- 18. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
- 19. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
- 20. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
- 21. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.



- 22. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
- 23. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
- 24. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
- 25. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
- 26. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.
- 27. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
- 28. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.



- 29. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
- 30. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
- 31. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
- 32. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
- The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.
- 34. You and Mountain States Appraisal, LLC both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Mountain States Appraisal, LLC and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Mountain States Appraisal, LLC or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Mountain States Appraisal, LLC for this assignment, and under no circumstances shall any claim for consequential damages be made.
- 35. Mountain States Appraisal, LLC shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Mountain States Appraisal, LLC. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Mountain States Appraisal, LLC and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Mountain States Appraisal, LLC harmless from and against any liability, loss, cost, or expense incurred or suffered by Mountain States Appraisal, LLC in such action, regardless of its outcome.

THE COMMONS AT CREEK CROSSING (PROPOSED)
GENERAL ASSUMPTIONS AND LIMITING CONDITIONS
MSA-23-0101

- 36. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.
- 37. The global outbreak of a "novel coronavirus" (known as COVID-19) was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.



# **Certification – Jeff Vance**

I certify that, to the best of my knowledge and belief:

- 1. The statements of fact contained in this report are true and correct.
- 2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- 4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- 5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- 9. I have made a current site inspection of the property that is the subject of this report.
- 10. No one other than Joe Corlett, MAI, SRA, provided significant real property appraisal assistance to the person signing this certification.
- 11. The reported analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- 12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.

Jeff Vance, MAI Senior Appraiser

Idaho, Certification # CGA-2828



# **Certification – Joe Corlett**

I certify that, to the best of my knowledge and belief:

- 1. The statements of fact contained in this report are true and correct.
- 2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
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- 12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.

G. Joseph Corlett, MAI, SRA Senior Appraisal Manager Idaho, Certification # CGA-7



# Addenda

Engagement Letter
Design Development Plan
Developer Proforma
Developer Cost Estimates
Sky Vino LOI
Glossary
Qualifications

- Jeff Vance, MAI Senior Appraiser
- G. Joseph Corlett, MAI, SRA Senior Appraisal Manager



# **Engagement Letter**



Joe Corlett, MAI, SRA Moe Therrien, MAI Kevin Ritter. MAI Derek Newton, MAI Jeff Vance, MAI Paul Dehlin, MAI David Pascua

June 27, 2023

Urban Renewal Agency of the City of Caldwell, Idaho c/o Mr. Mark Hilty, Legal Counsel 411 Blaine Street, P.O. Box 1179 Caldwell, ID 83605

Re: Authorization & Engagement
Re-Use Appraisal of:
Proposed Mixed-Use Project – The Commons at Creek Crossing
SEC Arthur Street and 5<sup>th</sup> Avenue
Caldwell, ID 83605

Dear Mr. Hilty:

This letter serves as our agreement for appraisal services relating to the above referenced property. The subject is a proposed mixed use project to be located at the southeast corner of Arthur Street and 5th Avenue in downtown Caldwell. The project will be 3-stories and contain a mix of retail, restaurant, and office/flex space.

The purpose of this appraisal is to provide an opinion of Fair Re-Use Value for the site based on the proposed use. Urban Renewal Agency of the City of Caldwell, Idaho is the client in this assignment. The intended use of this appraisal is to provide a basis for negotiating a sale of the land subject to the specific development proposal. The intended users of this report include the client and any duly appointed representatives of the client specifically authorized by the client to view or use this appraisal in accordance with the stated purpose or function.

We will develop our analyses, opinions, and conclusions and prepare this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them. The report will be presented in Appraisal Report format and comply with the requirements set forth under Standards Rule 2-2(a) of USPAP. It will present a narrative discussion of the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinion(s). The depth of the discussion contained in this report is specific to the needs of the client and the intended use.

The fee will be \$6,900. Delivery of the report will be no later than 4-5 weeks from the date we receive all the requested information needed from the developer. The fee is due within 30 days of delivery. Jeff Vance, MAI, and Joe Corlett, MAI, SRA, will be co-signors of the report.

@ 2023 MOUNTAIN STATES APPRAISAL, LLC



THE COMMONS AT CREEK CROSSING (PROPOSED) ADDENDA MSA-23-0101



THE COMMONS AT CREEK CROSSING PROJECT - PROPOSED MR. MARK HILTY JUNE 27, 2023

6-28-2023

If you agree to these terms, please have the person(s) responsible for payment acknowledge the intent for payment by signing this engagement letter. Thank you for the opportunity to be of service.

Sincerely,

Mountain States Appraisal, LLC

G. Joseph Corlett, MAI, SRA

Senior Appraisal Manager Idaho, Certification # CGA-7

Phone: 208-336-1097

E-mail: jcorlett@appraiseidaho.com

I agree to these terms.

Client Signature

YMAY HILM PARMER

Client Name

CALDUTAL URRAN RENTEND

**Business Name** 

TH I HOMILTON, MICHAELS ON ELLINY, LLD

60 2023 MOUNTAIN STATES APPRAISAL, LLC



# Design Development Plan



# Developer / Builder Profile:

Name of Developer: TS Development LLC / The Commons at Creek Crossing

Name of Contractor: Grand Peak Construction

Description of form of organization of Developer: Multiple Member LLC

Years Developer has been in business under the current name: TS Development LLC, Since 2004

Other names under which the developer has operated: CCI Group LLC, ST Enterprises LLC, and CB Financial Development LLC.

Contact information for Project Manager: Tom Bevan / Mary Murphy

#### **Concept Plan:**

Concepts are included in the attached PowerPoint presentation in detail and are summarized in this section.

A three-story structure featuring a mixed-use, multi-tenant retail, lofts, and office configuration. The ground floor will be strictly retail, promoting foot traffic and interaction with the surrounding Indian Creek Corridor, features, and amenities through a proposed attached Piazza. Ground floor retail is specially designed for businesses highlighting products and services for families while providing market opportunities for locally produced goods and grown produce. Retail spaces will be built to the sidewalk on the 5<sup>™</sup> Avenue side of the building accentuating the historical downtown ambiance and feel of this new building. Ground floor retail on the Indian Creekside will cater to restauranters providing experienced-based dining and beverages in a relaxed outdoor environment. The proposed connecting Piazza will be a beautifully designed interface between the building, the creek crossing bridge, the downtown plaza, and beyond.

Second-story office/loft flex space will provide the downtown corridor with great work/live options driving density and foot traffic to the Indian Creek corridor while providing upscale living and work experiences and supporting amenities in an urban setting. The second-story lofts and offices will feature outdoor patios affording tenants beautiful views of Indian Creek and the adjacent downtown Plaza while providing scenic outdoor meeting venues.

Third story restaurant and loft space will be designed as two independent structures. Sky Vino, a local wine bistro and grille, has signed a Letter of Intent (LOI) to occupy the creek side of the roof-top venue and has initiated an interior design incorporating the creek views and featuring aesthetics complementary to the overall design of the building. Additionally, a small loft will be built on the 5<sup>Th</sup> Avenue side as a flex space amenable to office or meeting space.



#### **Development phasing/timeline**

The development team will initiate DDA negotiations as soon as practical and expedite building design and engineering, allowing their completion by Q2 2023. Q2 2023 will be utilized for preconstruction and planning efforts with a groundbreaking scheduled for mid-Summer 2023 and overall project completion in late Fall 2023 in time to coordinate an opening with the 2023 holiday season festivities.

#### **Evaluation Criteria:**

#### **Historical Context:**

The overall design concept of The Commons at Creek Crossing honors and cherishes the past while integrating current code, best practices, and evolving technologies. The building site would be the product of a proposed abandonment and repurposing of the current 500 block of Arthur Street. This proposal includes the described building and the construction of a complimentary, adjacent Commons or Piazza in place of the current 500 block of Arthur Street. This Piazza would include an attractive water fountain feature and outdoor venue / seating areas and provide an attractive, useful access from the proposed building to the existing creek crossing bridge.

The exteriors of the building will be multifaceted, featuring a visually pleasing mix of materials and architectural reliefs providing historical context to each side of the building, while delivering pleasant, inviting aesthetics. The building façade facing 5th Avenue will provide a similar look and historical feel as the current downtown - a more manufactured brick ambiance with glazing reliefs - bringing a touch of modern yet urban feel. Awnings and other design features on the Avenue side will showcase early 1900-themed features and related artwork. The Indian Creek-facing side of the building features a less industrial/downtown look, bringing instead an ambiance more harmonious to the creek and the beautifully developed landscape along the Indian Creek corridor. Stone highlights and wood accents will provide natural design features and the nearby creek crossing bridge will add a unique and historical reference to the natural beauty of the development along Indian Creek.

#### **Development Timeline:**

The development team would like to start DDA negotiations as soon as practical and will plan on putting the Building Design and Engineering on an expedited path that will allow engineering to be complete in Q2 2023. Q2 2023 will be utilized for pre-construction and planning efforts with a groundbreaking scheduled for mid-Summer 2023 and overall project completion in late Fall 2023.

#### **Financial Capacity:**

The project developer, TS Development LLC will provide, in conjunction with local banks such as Banner Bank, the complete construction financing and guarantee a takeout loan is in place for the structure at the completion of the project and occupancy. Please find a letter of reference from Banner Bank as part of the submittal.



#### **Proposed Uses:**

The Commons at Creek Crossing features a mixed-use and multi-tenanted facility, utilizing a floor-byfloor strategy as described below:

Ground Floor – Family-oriented retail / restaurant space. The front and rear of the building will be demised into retail spaces with full ingress and egress provided via 5<sup>th</sup> Avenue or the Indian Creek Corridor. Retail spaces will be approx. 1,000-1,500 SF each and will feature traditional storefront glazing as separate and distinct entries into each tenant premise.

Second Floor – Office / Loft Flex Space. 6-10 lofts. Lofts will be offered with full technological capability and will feature a large walk-out balcony in each flex space.

Third Floor – Restaurant / Loft – A third-floor bistro, Sky Vino, will feature a rooftop patio presence and outdoor ambiance of approx. 1,500 SF and a single flex/loft of approx. 1,500 SF will be available for lease on the 5th Avenue front of the building.

#### Pedestrian-Friendly Design:

Ground floor retail will be designed and constructed with pedestrian access as a top priority. The 5<sup>th</sup> Avenue and Indian Creek sidewalks/walk paths will be fully integrated with points of building ingress and egress. Walk-friendly strategic flow design is critical to the success of retailers and their critically important interaction with the community.

#### Scale:

The current planned development of a three-story structure with associated parking is being presented as phase I of the project. This drives density but also provides a short-term solution for the parking shortage in downtown Caldwell. One section of the proposed parking area would be for public use and a private parking area will be reserved for loft tenants, keeping them on-site and separate from adjacent street and other public parking areas.

#### Parking

The developers understand a new community parking facility may be built as part of the continued development of Caldwell's downtown. Until such time such a facility is built, this proposed project will provide both public and reserved spaces as stated. The public parking area will provide community access and help guide foot traffic toward the Indian Creek corridor as well as access to retail tenants along 5th Avenue. A small portion of the parking spaces would be private / reserved parking utilized by the second and third-floor office/loft tenants.

#### Investment:

The Investment necessary to purchase and retain the property will be provided by the developer, TS Development LLC, and the Common at Creek Crossing ownership group. Property Management will be provided by The Commons at Creek Crossing team, featuring a management office in Caldwell to best serve tenants locally.

# **Catalyst Potential:**

The potential catalyst for this site is massive and truly generational in nature. The developer and The Commons at Creek Crossing Team will fully leverage all adjacent constructed features and



naturally available features in every aspect of the project, from building design to tenant management.

All community-based marketing efforts will include prominence of location promotion and advertising strategies, which is beneficial for the entire downtown Caldwell area. The name of the project "The Commons at Creek Crossing" and its location, necessitates a marketing strategy based on geographical locations and providing directional information and thus rewards location promotion, benefiting the entire downtown area. This market strategy and proximity also lends itself to cross-promotion possibilities with adjacent projects and retailers.

The building elevation facing 5<sup>th</sup> Avenue will promote cross access to other projects up and down the avenue encouraging foot traffic along the adjoining sidewalks thus propagating and promoting the feel of a themed historical downtown district; i.e. Seattle Pike Market or San Diego's Gaslamp districts. Themed-based marketing based on "walkability" will promote the entire district while benefitting each individual tenant.

The Piazza-facing elevation will promote interconnectivity to the downtown core area. The building will highlight access to the creek crossing bridge and thus the existing Plaza downtown through a seamless, beautifully designed Piazza walkway. This building side will feature a first-floor patio and restaurant that will blend out into the Piazza. The Piazza corridor will lend itself to special events while also providing extra capacity to the existing downtown Plaza for public/private events. A fountain water feature planned for the Piazza will provide a community aesthetic to all those that pass by the Piazza on their way to other areas of the downtown area and perhaps a great backdrop for a selfie location highlighting the downtown core.

The portion of the building facing Indian creek will fully integrate into the landscape and feel of the Indian Creek corridor and will naturally promote the entire length of the walk along Indian Creek, providing resting locations and enjoyable respites. Indian Creek restaurant amenities will feature meeting locations and dining opportunities for community guests and members alike. The sense of community inherent in the look and feel of Indian Creek and The Commons at Creek Crossing will be designed to fully leverage the beautiful views of Indian Creek and downtown Caldwell.



# PROJECT SITE PLAN

# Upscale Urban / Outdoor inspired Flex Retail Center

- · Level One Retail / Restaurant: 11,954 SF
  - · Exterior Patio Dining with both Creek and Plaza views
- · Level Two Retail / Office / Loft / Flex Space: 9,200 SF
  - · View balconies included in flex spaces
- · Level Three Wine Bistro and Loft Flex Space: 2,465 SF
  - · Roof-top wine bistro with balcony seating
- Plaza A proposed reimaging of Arthur Street to include a plaza encompassing an open-air market with an old-world water feature that ties the building into the adjacent Indian Creek Downtown Corridor.
- · Building Exteriors: Brick, Stone, Wood, and Glazing

# Project Value Projection:

23,620 SF of Building at a final value of \$300/SF = \$7M

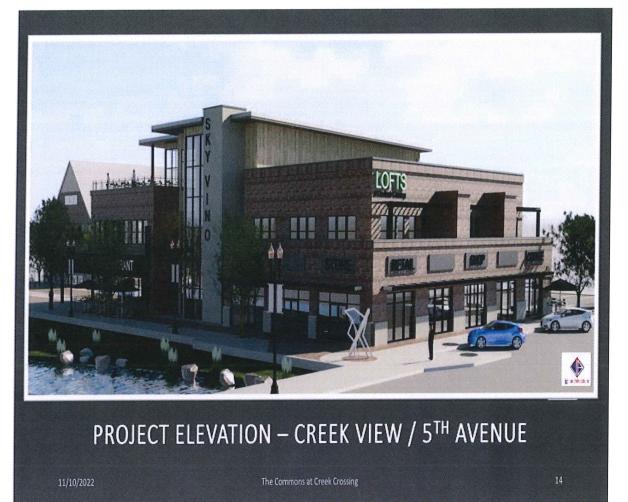


11/10/2022

The Commons at Creek Crossing

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11/10/2022

The Commons at Creek Crossing

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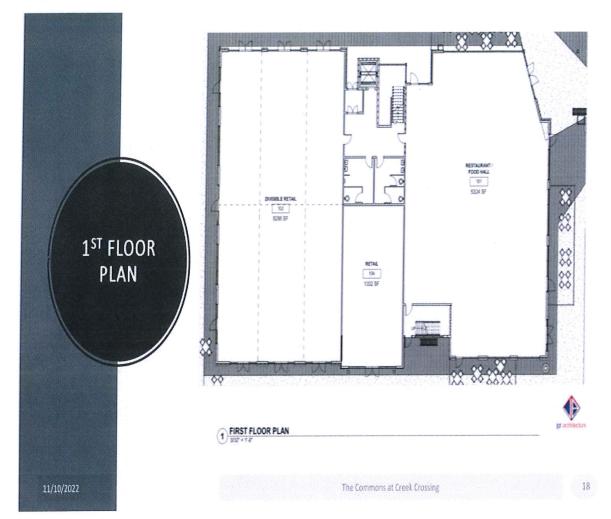








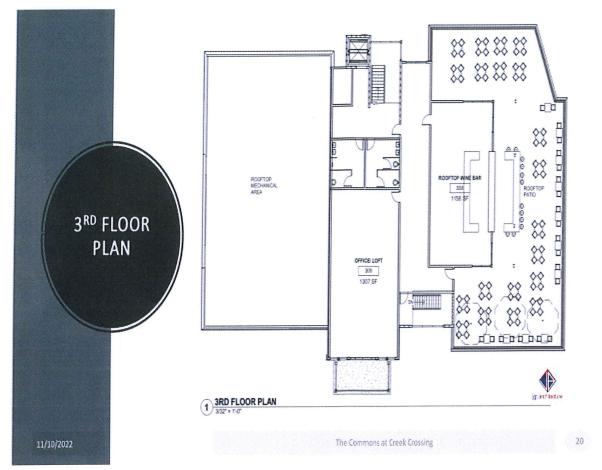




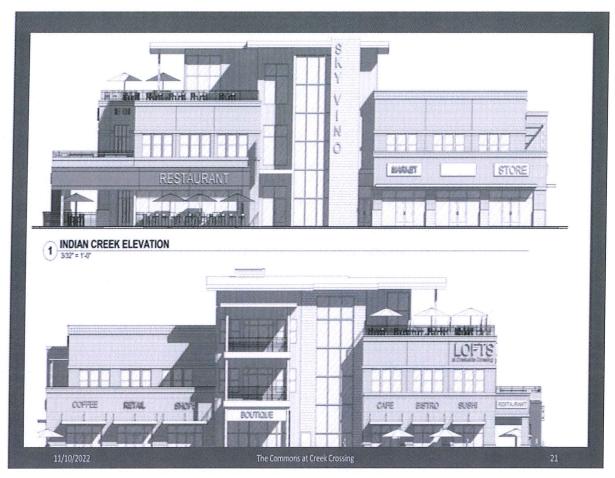




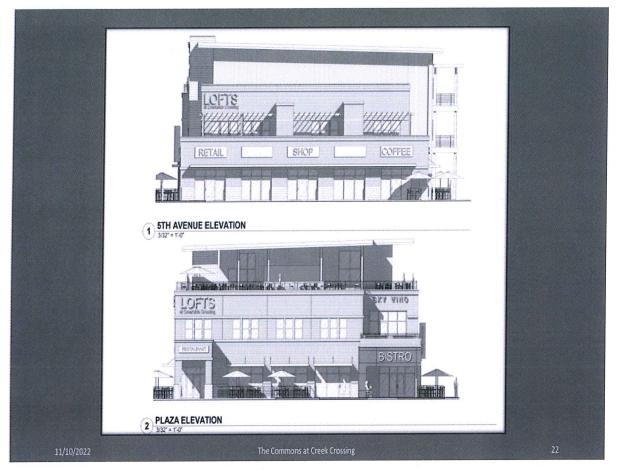














# Developer Proforma

loor	Space	Tenant Gross Occupied SF	Load Factor A (BOMA)	Net Rentable SF (W/ Load Factor A)	\$/Net SF   Year	225	\$ /Year Base Ext.	NNN / Year	NNN / Year - Ext.	Grand Total
-	West Retail 1	883	109	962	4	14	\$ 23,100	4	3,850	26,94
	West Retail 2	883	109	962	1	4	\$ 23,100	4	3,850	26,94
-	West Retail 3	883	1.09		-	-	\$ 23,100	4	3,850	26,949
-	West Retail 4	883	1.09	962	5 2		\$ 22,137	4	3,850	25,987
-	West Retail 5	883	1.09	952	\$ 2	0	\$ 19,250	4	3,850	23,100
-	West Retail 6	883	1.09	962		9	\$ 18,287	4	3,850	22,137
	South Retail	1,332	1.09	1,452	\$ 2	4	\$ 34,845	4	5,808	40,653
1	Food Hall / Rest	5,324	109	5,803	\$ 2	4	\$ 139,277	4	23,213	162,490
2	Loft 1 - Large Balcony' Creekside	1,252	122	1,533	\$ 2	2	\$ 33,718	4	6,130	39,848
2	Loft 2 - Small Balcony-middle west unit	1,028	122	1,258	\$ 1	8	\$ 22,651	4	5,034	27,685
2	Loft 3 -Large Balcony - Parking lot view	1,055	122	1,291	\$ 1	8	\$ 23,246	4	5,166	28,412
2	Loft 4 - South Unit - no balcony	1,218	1.22	1,491	\$ 10	6	\$ 23,856	4	5,964	29,820
2	Loft 5 - Roof top garden unit	1,351	122	1,654	\$ 2	2	\$ 36,384	4	6,615	42,999
2	Loft 6 -no balcony	1,330	1.22	1,628	\$ 10	6	\$ 26,050	4	6,512	32,562
2	Loft 7 - Balcony - Parking lot view	1,997	1.22	2,445	\$ 17	7	\$ 41,558	4	9,778	51,337
3	Roof Top Wine Bar	1,158	1.25	1,447	\$ 24	1	\$ 34,726	4	5,788	40,514
3	Penthouse loft	1,307	1.25	1,633	\$ 29	5	\$ 40,827	4	6,532	47,360
	TOTALS	23,650	1.16	27,410	\$ 21		\$ 586,111		\$ 109,640	\$ 695,751



# **Developer Cost Estimates**

Summary Project Costs	Estim	ate Amt.	Notes		
Direct Site & Shell Construction Cost	\$	4,937,979	See "Preliminary Cost Estimate Sheet" Tab		
Construction/TI/FF&E Contingency	\$	740,697	15% construction cost contingency		
Sub-Total: Direct Construction Cost	\$	5,678,676			
Developer Fee	\$	170,360	Factored as Direct Cost x 6%		
Permitting	\$	454,294	Factored as Direct Cost x 8%		
Architectural / Engineering	\$	681,441	Factored as Direct Cost x 12%		
Construction Line of Credit / Finance Fee	\$	567,868	Factored as Direct Cost X 10%		
Construction Management Fee	S	283,934	Factored as Direct Cost X 5%		
Real Estate Commissions 5%	\$	293,056	5% of 10 years of total yearly lease		
Legal & Risk Management	\$	283,934	Factored as Direct Cost X 5%		
Marketing / Site Lease Manager	\$	340,721	Factored as Direct Cost X 6%		
Insurance Premiums	\$	283,934	Factored as Direct Cost X 5%		
NNN Fees (CAM,Taxes,Insurance)	\$	109,640	Triple Net (NNN) from Rent Per Year Roste		
Tenant Improvement Build Out Costs - Floor 1 Retail	\$	1,214,269	11,955 SF x \$101.57/SF		
Tenant Improvement Build Out Costs - Floor 2 offices	\$	937,593	9,231 SF x \$101.57/SF		
Tenant Improvement Build Out Costs - Floor 3 offices	\$	250,370	2,465 SF x \$101.57/SF		
Fittings, Fixtures and Equipment	\$	295,625	23,650 SF x \$12.50/SF		
Total Cost	5 1	1,845,713			



# **ESTIMATE**

1511 W McNillan Rd Ste 200 Meridian, ID 83646 208-794-6290 RCE-43493

DATE: Aug. 3, 2023 ESTIMATE # 23-1022

PROPOSAL ATTN: TS Development

Project Address: The Commons at Creek Crossing 510 Armur St. Caldwell, ID 83605

Proposal Name: Preliminary Estimate - The Commons at Creek Crossing
This extends a conceptual only and is based on limbed sketch drawings provided by JGA
Architects. Proing is based on non-engineered sketches and is preliminary in nature

m	DESCRIPTION		TOTAL
1	General Conditions	5	376,000.0
58	Earthwork / Utilities	5	610,000.0
3	Masonry	- 5	\$60,000.0
5	Concrete	5	227,600.0
	Steel	5	230,000.0
7	Plumbing	5	190,000.0
ñ	Electrical	5	430,000.0
10	Fire Suppression	- 5	125,000.0
10	Wood Materials and Framing	5	481,200.0
11	Exterior Finishes / Roof	3	245,400.0
12	Openings, Including Storefronts	\$	325,000.0
14	HVAC - Common Space, Unit HVAC in TI	5	182,000.0
15	Interior Shell Only Finishes / Elevator	5	230,000.0
16	Landscaping	5	220,000.0
	SUBTOTAL	5	4,132,200.0
	Builder's DitAP @ 15% Builder's Risk Insurance @ 2% Construction Bonding @ 2.6%		619,830.0
			82,644.0
			103,305.0
	GRAND TOTAL	- 5	4,937,979.0
	Proposal Clarifications;		



Sky Vino LOI

# TS Development, L.L.C.

1407 W. McMillan Road., Meridian, Idaho 83646 208-323-7873 tmcc83@gmail.com

# Commons at Creek Crossing 510 Arthur St, Caldwell, Idaho 83605

### LEASE - LETTER OF INTENT October 31, 2022

THIS MEMORANDUM is not intended to create a contract nor does it constitute a reservation of, or option for, the described premises, and neither party shall be contractually obligated until and unless a Lease Agreement is fully executed by both parties and delivered to each other.

This letter is entered into for the purpose of stating the intent of all parties regarding the leasing of an approximately sq. ft. (+/-) floor space (actual space to be measured and calculated once determined) as part of a commercial building to be built at 510 Arthur Street, Caldwell, Idaho Including two (2) enclosed restroom. No other structure or space included.

Subject to the execution of a Lease Agreement mutually acceptable in form and content, this Letter will establish the basic terms and conditions for the agreement to be entered into between:

Landlord:

TS Development, L.L.C.

1407 W McMillan Rd Meridian, Idaho 83646

Sky Vino LLC. dba: Sky Vino

208-371-6923 Meridian, ID 83646

1) LOCATION: 510 Arthur St, Suite 300 (final address to be advised upon completion) Caldwell, Idaho.

2) ESTIMATED FLOOR SPACE: As per attached site plan - Exhibit A - a total of 1,158 sq. feet +/

Monthly Lease 1158 sq ft floor x \$ 24.00 per sq ft

\$ 2,316,00

NNN estimate

Taxes Insurance CAM

386.00

Estimated Monthly lease w/NNN

\$ 2,702.00

3) LEASE TERM: 5 years, Triple Net Lease, with 5 year option to renew

4) ESCALATOR:

2.5% increase each year (Base Rent)

2.576 increase eden year (Dase reci	11.7	
1st year monthly rental	S	2,316.00
2 <sup>nd</sup> year monthly rental	\$	2,373.90
3rd year monthly rental	5	2,433.24
4th year monthly rental	5	2,494.08
5th year monthly rental	\$	2,556.43

5) OCCUPANCY: 5 days after substantial completion of Landlord's improvements, as listed on attached.

6) STANDARD IMPROVEMENTS: Landlord to provide space as Vanilla shell w/noted plumbing, HVAC and electoral improvements. Electrical and Nat Gas meters installed at the building exterior for tenant, Tenant shall contract with Gas and Electric suppliers directly for service. City water and city sewer will be charged as part of the Triple Net lease as per the billing of the city of Caldwell Two (2) separate sexes multiple user ADA restrooms

8) INSURANCE: \$2,000,000 Public Liability and Property Damage by tenant

Lease Letter of Intent - Commons at Creek Crossing.

8/29/2023

TS Develop Sky Vino

Page 1



# TS Development, L.L.C.

1407 W. McMillan Road., Meridian, Idaho 83646 208-323-7873 tmcc83@gmail.com

9) UTILITIES: Nat Gas and Electric directly contracted between tenant and supplier Sewer and city water: as of billing from city of Caldwell

11) JANITORIAL: By Tenant

12) LEASE PAYMENT: First and last month:

1st Month 2024:

\$ 2,316.00 + \$386.00 (NNN est) = \$ 2,702.00

60 th Month 2029:

\$ 2,556.43 + \$386.00 (NNN est) = \$ 2,942.43

Total Due at Lease Signing:

13) POSSESSION: Landlord to provide Tenant with at least thirty (30) days' notice of delivery date. Estimated delivery date will be provided Tenant once drawings are completed and city of Meridian approval is obtained

This agreement has been reduced to writing for the sole purpose of presenting some of the basic provisions thereby enabling the parties to enter into a subsequent lease agreement. If the above meets with your approval, please sign in space provided below. This Letter of Intent is non-binding by either party. A binding lease agreement will be written and signed based on the information contained herein.

Landlord: TS Development LLC

Tenant: Sky Vino

Thomas M. Bevan

10/31/2022

by: July

date

#### Landlord to provide:

- 1) Vanilla shell interior; plus following upgrades:
  - a. Electrical Service as per design to be determined
  - b. Water service and drains as per design to be determined
- Warm Vanilla Shell, as per design to be determined
- Two (2) ADA Restroom as per attached drawing
- 4) Indoor Mezzanine, to be designed

Tennant Improvements by Tenant:

- 1) Tenant will provide all furniture, fixtures and equipment (FF&E) at his sole expense
- 2) Tenant shall install all FF&E at his sole expense.

Lease Letter of Intent - Commons at Creek Crossing. TS Develop Sky Vino

8/29/2023

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# Glossary

#### Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 6<sup>th</sup> Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

#### Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

#### Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

#### As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

#### Base Rent

The minimum rent stipulated in a lease. (Dictionary)

#### Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

### **Building Common Area**

In office buildings, the areas of the building that provide services to building tenants but which are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

#### **Building Rentable Area**

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

### Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

#### Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security and upkeep. (ICSC – International Council of Shopping Centers, 4<sup>th</sup> Ed.)

#### Condominium

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

#### **Conservation Easement**

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming,



timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

#### Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

#### Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service (DCR = NOI/Im), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

#### **Deed Restriction**

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

#### Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

### Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

 Consummation of a sale within a specified time, which is shorter than the typical

- exposure time for such a property in that market.
- The property is subjected to market conditions prevailing as of the date of valuation:
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time;
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

#### Easement

The right to use another's land for a stated purpose. (Dictionary)

#### EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

#### **Effective Date**

The date on which the appraisal or review opinion applies. (SVP)

In a lease document, the date upon which the lease goes into effect. (Dictionary)

#### Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

### **Effective Rent**

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a



tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

#### **EPDM**

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

#### **Escalation Clause**

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause*, *expense recovery clause or stop clause*. (Dictionary)

#### **Estoppel Certificate**

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

#### **Excess Land**

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

#### **Excess Rent**

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

# **Expense Stop**

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

#### **Exposure Time**

The time a property remains on the market.

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal;

<u>Comment:</u> Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary)

# **Extraordinary Assumption**

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

<u>Comment:</u> Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP)

# Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary)

#### Floor Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

#### Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a *full service lease*. (Dictionary)

# Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)
Going-Concern Value



An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern or market value of the total assets of the business. (Dictionary)

#### Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

# Gross leasable area plus all common areas.

For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

#### Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

# Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

#### Gross Retail Sellout

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions.

Also called the aggregate of the retail values, aggregate retail selling price or sum of the retail values. (Dictionary)

#### **Ground Lease**

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

#### **Ground Rent**

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

#### **HVAC**

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

#### Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use of for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)

[The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

#### **Hypothetical Condition**

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.



<u>Comment</u>: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP)

#### Industrial Gross Lease

A type of modified gross lease of an industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real property taxes, as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

# Insurable Value

A type of value for insurance purposes. (Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees). (Dictionary)

#### Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

#### Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

#### Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary)

#### Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

#### Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

#### Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

#### Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a short time period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

#### Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

#### Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition.



Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

#### Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TIs). (Dictionary)

#### Market Value

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

#### Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation)

#### Master Lease

A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

#### Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, *or semi-gross lease*. (Dictionary)

#### Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., OER = 1 – NIR (Dictionary)

#### Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

#### Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. (Dictionary)

# Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)



# Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

# Prospective Future Value Upon Completion

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. ... The prospective market value —as completed—reflects the property's market value as of the time that development is expected to be complete. (Dictionary)

# Prospective Future Value Upon Stabilization

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report ... The prospective market value - as stabilized - reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (Dictionary)

# Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

# **Reproduction Cost**

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the

deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

### Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

#### Sandwich Leasehold Estate

The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

#### Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

#### Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

#### Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

# TPO

Thermoplastic polyolefin, a resilient synthetic roof covering.

# Triple Net (Net Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property



except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease, net net net lease, or fully net lease.* (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

#### Usable Area

The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

#### Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

#### **VTAB**

Value of the Total Assets of a Business. The value of a going concern (i.e. the business enterprise). (Dictionary)



# Qualifications

# Qualifications of Jeff Vance, MAI Senior Appraiser

# Membership/Affiliations:

Member: Appraisal Institute - MAI Designation (2013)

# Appraisal Institute & Related Courses:

Uniform Standards of Professional Practice
Appraisal Principles
Real Estate Finance, Statistics & Valuation Modeling
General Appraiser Income Approach
General Market Analysis & Highest and Best Use
General Sales Comparison Approach
General Site Valuation & Cost Approach
General Report Writing & Case Studies
Business Practices & Ethics
Foreclosure, Short Sale, Auction Price Seminar
Subdivision Valuation
Advanced Concepts & Case Studies
Advanced Income Capitalization
Uniform Appraisal Standards for Federal Land Acquisitions
Disclosures and Disclaimers

#### Experience:

Senior Appraiser

Mountain States Appraisal, LLC, Boise, ID (formerly Valbridge Property Advisors | Mountain States) (2010 – Current)

#### Associate Appraiser

Haxton & Company, Boise, ID (2008 - 2010)

Appraisal of Medical Office Buildings Appraisal of Industrial and Flex Buildings Green Buildings Principals and Concepts

# Commercial Appraiser Trainee

Mountain States Appraisal & Consulting, Boise, ID (2007 - 2008)

# State Certifications State of Idaho, CGA-2828

#### Education

Bachelor of Science, Business Marketing University of Idaho

Division of Occupational and Professional Licenses
Department of Self Governing Agencies
The person named has not the regularisets for Comments and in entitled
under the lates and nies of the State of Mathe to openins as equi|
CERTIFIED GENERAL APPRAISER

JEFFREY ROBERT VANCE 1459 TYRELL LANE SUITE B BOISE ID 83706

Russell 5. Barron

CGA-2828

04/18/2024

#### Contact Information:

Office: 208.336.1097 Direct: 208.629.5180 Fax: 208.345.1175

Email: jeff@appraiseidaho.com

Mountain States Appraisal, LLC 1459 Tyrell Lane, Suite B Boise, Idaho 83706 www.appraiseidaho.com

Appraisal/valuation and consulting assignments include: apartments; condominiums; retail; restaurants; shopping centers; professional and medical office; industrial; religious and special purpose properties including schools, churches, and daycares; residential and commercial subdivisions; and vacant industrial, commercial, and residential land. Assignments have been concentrated in southwest Idaho.



# Qualifications of G. Joseph Corlett Senior Appraisal Manager



# Membership/Affiliations:

Member: Appraisal Institute-(Life Member) MAI & SRA Designations
Past President: Appraisal Institute - Southern Idaho Chapter
Past Director/ Regional Vice Chair - Appraisal Institute
Past Chair Ethics Administration Division: Appraisal Institute
Past Member National Government Relations Committee - Al
Past President: Idaho Aviation Hall of Fame
Vice President Idaho Aviation Association
Realtor: National Association of Realtors
Idaho Real Estate Associate Broker AB 1660

**BOMA** 

# Appraisal Institute & Related Courses:

Board Member: Idaho Aviation Foundation

Commercial Pilot/ ASEMEL/Instruments

Basic Income Capitalization
General Applications
General Market Analysis & Highest and Best Use
Business Practices & Ethics
Advanced Income Capitalization
Advanced Sales Comparison & Cost Approaches
The Appraiser as an Expert Witness: Preparation and Testimony
Fundamentals of Separating Real Property, Personal Property, and
Intangible Business Assets and 2022-23 USPAP

#### Experience:

### Senior Appraisal Manager

Mountain States Appraisal, LLC, Boise, ID (formerly Valbridge Property Advisors | Mountain States) (1974 – Current)

#### Appraise

Corlett Associates, Pifari & Associates, Western National Corporation (1974 – 1976)

# **State Certifications**

State of Idaho CGA-7 State of Oregon C-000294

#### Education

Bachelor of Science, Finance University of Idaho





### Contact Information:

Office: 208.336.1097 Direct: 208.336.1158 Fax: 208.345.1175

Email: jcorlett@appraiseidaho.com

Mountain States Appraisal, LLC 1459 Tyrell Lane, Suite B Boise, Idaho 83706 www.appraiseidaho.com

Appraisal/valuation and consulting including: apartments; retail, shopping centers, office; industrial, religious. Special purpose properties including schools, churches, cemeteries, hotels/motels, residential subdivisions, vacant industrial, commercial and residential land. Special use properties including conservation easements, car washes, factories, wilderness properties, golf courses, eminent domain acquisitions, litigation support, ranches, transmitter sites, and other unique property types.

Recording Re When Record		d 
		SPACE ABOVE THIS LINE FOR
		RECORDER'S USE ONLY
		SPECIAL WARRANTY DEED
politic ("Gran	tor"), for v	L AGENCY OF THE CITY OF CALDWELL, IDAHO, a public body, corporate and luable consideration paid by
and convey un	to Grantee, al	rent address of, does hereby sell, transfer of that certain real property located in Canyon County, Idaho, and described to and incorporated herein (" <b>Property</b> ").
belonging or in	n anywise ap <sub>l</sub>	d singular the tenements, hereditaments, and appurtenances thereunto ertaining, the reversion and reversions, remainder and remainders, rents, dall estate, right, title and interest in and to the Property.
		all and singular the Property together with its appurtenances unto Grantee I assigns forever.
that previous to ther than Graencumbrances	o the date of intee and tha done, made o ements, restr	evenants or warranties with respect to title, express or implied, other than this instrument, Grantor has not conveyed the same estate to any person a such estate is at the time of the execution of this instrument free from a r suffered by the Grantor, or any person claiming under Grantor, subject to extions, agreements and encumbrances of record or appearing on the land as a second or appearing or a second o
1.	The Propert	is conveyed subject to:
	Grai subs colle the imp	Disposition and Development Agreement entered into by and between the tor and Grantee and dated, 20, as implemented by any equent implementation agreements between Grantor and Grantee (herein ctively referred to as the "DDA") and the Redevelopment Plan (as defined in DDA); the full text of the Redevelopment Plan, the DDA and such ementation agreements are available for review at the offices of the Grantor he City of Caldwell.

Subject to and without waiving the generality of the preceding paragraph 1(a),

the DDA requires that, for a period of twenty (20) years following Closing, if any portion of the Property would qualify for exemption from ad valorem taxes, then

b.

the owner of such portion of the Property shall be required to make a payment in lieu of taxes to the Grantor in a sum sufficient to compensate the Grantor and all other taxing districts for any revenue not received by them due to the tax exemption.

- c. Subject to and without waiving the generality of the preceding paragraph 1(a), the DDA provides that if Grantee fails to commence and diligently pursue the Project to completion, Grantor shall, after notice and Grantee's opportunity to cure, have the continuing option to buy back the Property from Grantee as remedy for such failure.
- 2. Prior to commencement of construction of the improvements as required in the DDA and notwithstanding any provisions in the DDA to the contrary, the Grantee shall not enter into, create, or suffer any transfer of title, assignment, lien, or other encumbrances without the written consent of the Grantor. On or following commencement of construction of the improvements as required by the DDA, the following provisions of this paragraph shall apply.

Prior to the recordation by the Grantor of a Certificate of Completion of construction as provided in the DDA, the Grantee shall not, except as permitted by the DDA, assign or attempt to assign or lease the whole or any part of the Property (or any portion thereof) or of the improvements to be constructed thereon without the prior written approval of the Grantor. This prohibition shall not be applicable to a transfer or transfers to any entity or entities owned or controlled by the Grantee or a transfer permitted by the DDA. This prohibition shall not apply to any of such Property (or any portion thereof) subsequent to the recordation of the Certificate of Completion with respect to the construction of the improvements thereon or to a sale of any such Property (or any portion thereof) at foreclosure (or to a conveyance thereof in lieu of a foreclosure) pursuant to a foreclosure thereof by a lender approved by the Grantor under the DDA. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of such property or to prohibit or restrict the leasing or selling of any part or parts thereof or of any improvements constructed thereon with respect to which a Certificate of Completion has been issued by the Grantor or pre-leasing activities related to the Property.

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

- 4. No violation or breach of the covenants, conditions, restrictions, provisions, or limitations contained in this Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust, or other financing or security instrument permitted by the DDA; provided, however, any successor of the Grantee to the Property shall be bound by such remaining covenants, conditions, restrictions, limitations, and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale, or otherwise.
- 5. In the event of any express conflict between this Deed and the DDA, the provisions of this Deed shall control.
- 6. Any amendments to the Redevelopment Plan which change the uses or development permitted on the Property as proposed in the DDA or otherwise change the restrictions or controls that apply to the Property or otherwise affect the Grantee's obligations or rights with respect to the Property shall require the written consent of the Grantee. Amendments to the Redevelopment Plan applying to other property in the Project Area shall not require the consent of the Grantee.

[end of text]

their b	ehalf by their respective officers thereunto duly authorized.
GRANT	TOR:
URBAN	N RENEWAL AGENCY OF THE CITY OF CALDWELL, IDAHO
Ву:	
	Name: Title:
The pro	ovisions of this Deed are hereby approved and accepted:
GRANT	EE:
INSERT	NAME OF FINAL FEE OWNER,
Ву:	
	Name: Title:

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on

INSERT NOTARY AFFIDAVITS AND LEGAL DESCRIPTION (EXHIBIT A) BEFORE RECORDATION

\_\_\_\_\_, 20\_\_\_\_

Recording Requested By and When Recorded Return to:	
	SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

#### MEMORANDUM OF DISPOSITION AND DEVELOPMENT AGREEMENT

											•	iviemorandi	•
mac	de as	of the		_ day of				_, 20	_, by and be	tween	the Urba	an Renewal .	Agency
of	the	City	of	Caldwell,	Idaho,	а	public	body,	corporate	and	politic	("Agency"	) and
									ctively the "				
_			ed	•	, 2	2022	, regard	ing the	developme			and Develo operty descr	
	2		This	Memoran	dum sum	mar	izes the	Disposi	tion and De	velopm	ent Agre	ement pursi	uant to

3. The terms, conditions and provisions of the Disposition and Development Agreement relating to the development of the Site shall extend to and be binding upon the heirs, executors,

Idaho Code Section 55-818 and incorporates by reference all of the terms and provisions of the Disposition

- relating to the development of the Site shall extend to and be binding upon the heirs, executors, administrators, grantees, successors and assigns of the Parties hereto. The terms, conditions and provisions of the Disposition and Development Agreement relating to the development of the Site shall have no further application after the Agency has issued a Certificate of Completion.
- 4. This Memorandum shall have no further force or effect after Agency has issued a Certificate of Completion with respect to the Site and the Parties shall execute and record in the real property records a Termination of Memorandum at Developer's expense.
- 5. In the event of any conflict between the Disposition and Development Agreement and this Memorandum, the Disposition and Development Agreement shall control.
- 6. Capitalized terms used but not defined in this Memorandum shall have the same meanings ascribed for such capitalized terms in the Disposition and Development Agreement.

[end of text]

Dated	d effective as of the date first set for	th above.	
AGENO	CY:		
URBAN	IN RENEWAL AGENCY OF THE CITY (	OF CALDWELL, IDAHO	
Ву:			
	Name: Title:		
	, 20		
DEVELO	OPER:		
Ву:			
	Its:		
	, 20_		

INSERT NOTARY AFFIDAVITS AND LEGAL DESCRIPTION (EXHIBIT A) BEFORE RECORDATION

## CERTIFICATE OF COMPLETION OF CONSTRUCTION OF IMPROVEMENTS

THE URBAN RENEWAL AGENCY OF CITY OF CALDWELL, IDAHO (" <b>Agency</b> "), an independent public
body corporate and politic, exercising governmental functions and powers and organized and existing
under the Idaho Urban Renewal Law of 1965 (Chapter 20, Title 50, Idaho Code), whose street address is
411 Blaine Street, Caldwell, Idaho 83605, hereby certifies that all the required improvements,
construction and redevelopment regarding the Project by
("Project") have been completed, having
its principal office at ("Developer"), is the developer of the
Project located on that certain real property described in Exhibit A annexed hereto and by this reference
incorporated herein ("Site"). The construction and completion of the Project on the Site have been
completed in accordance with the provisions and conform with the uses specified in the Urban Renewal
Plan for the Caldwell East Urban Renewal Project (the "Plan"), which Plan is incorporated herein by
reference. The Project as constructed also met the requirements set forth in the Disposition and
Development Agreement dated, 20 ("DDA"), between the Agency and
Developer, which DDA is incorporated herein by reference.
This Certificate is issued in accordance with Sections and of the DDA and only for said
purposes of such Sections. This Certificate of Completion for the Project shall be a conclusive
determination of the satisfaction of the agreements and requirements by both Developer and the Agency
as set forth in the DDA, provided that the Agency does not hereby relinquish any right to enforce the
covenants that specifically survive such completion of construction and remain as terms of the DDA, the
Special Warranty Deed, dated, 20, recorded on, 20, bearing
Instrument No ("Deed") conveying the Site to Developer from the Agency.
[end of text]

DATED this	_ day of, 2	0	
			N RENEWAL AGENCY OF OF CALDWELL, IDAHO
		Ву:	Name:Title:
ATTEST:			
Name:			

INSERT NOTARY AFFIDAVITS AND LEGAL DESCRIPTION (EXHIBIT A) BEFORE RECORDATION

(Conditions applicable to Piazza)

- 1. The church building located at the corner of existing Arthur Street and S 6<sup>th</sup> Ave. shall have periodic vehicular access for church events from the terminus of S. 6<sup>th</sup> Ave. at Arthur Street northwesterly along the to-be vacated Arthur Street right-of-way, to the church's existing curb cut on Arthur Street. When the current church sells or vacates the property, this right of access shall terminate.
- 2. The Piazza shall be generally open to the public, subject only to periodic closures for private events scheduled by Developer or its successor. Developer may make any concurrent use of the Piazza at any time that does not materially limit public access.
- 3. The Piazza shall be improved at the expense of Developer into an open space complimentary and similar to the general features and aesthetics of the Indian Creek Plaza. Improvements shall be subject to Agency approval.
- 4. Developer shall maintain the Piazza in substantially the same condition existing upon completion of the initial improvements at Developer's own cost. Reasonable wear and tear is acceptable, but Developer shall replace worn out, weathered, damaged or dilapidated features as necessary to keep a clean, tidy, attractive, and maintained appearance throughout the Piazza.
- 5. Alterations or improvements shall be approved by the Agency or the Caldwell City Council.
- 6. These terms and conditions shall be set forth in a recordable restrictive covenant, running with the land, enforceable by either the Agency or the City of Caldwell.

# Notice of Public Hearing Proposed Budget for Fiscal Year October 2023 - September 2024 (FY-2024) Urban Renewal Agency of the City of Caldwell Idaho

A public hearing, pursuant to Idaho Code 50-1002, for consideration of the budget amendment for the fiscal year that began October 1, 2023, and ends September 30, 2024, will be held in the community meeting room, in the Caldwell Police Station, 110 5th Ave., Caldwell, Idaho, at 6:00 p.m. on December 11, 2023. Comments, written or otherwise, about the budget amendment are welcome. Copies of the amended FY2023 Caldwell City Budget Amendment are available at City Hall from 8:00 a.m. to 5:00 p.m. weekdays. City Hall is accessible to persons with disabilities. Anyone desiring accommodations for disabilities related to the budget documents or to the hearing, please contact the Office of the City Clerk, (208) 455-3000, at least 48 hours prior to the public hearing.

	FY 2022	FY 2023		FY 2024	FY 2024
	Actual	Budget	A	Adopted Budget	Amended
FUND	Expenditures	Expenditures		Expenditures	Expenditures Increase
General Fund	\$ 10,953,052	\$ 19,966,194	\$	391,274	\$ 5,628,619 \$ 5,237,345
	FY 2022	FY 2023		FY 2024	FY 2024
	Actual Non-	Budget Non-		Non-	Non-
	Tax Increment	Tax Increment		Tax Increment	Tax Increment
FUND	Revenue	Revenue		Revenue	Revenue
General Fund	\$ 164,351	\$ 1,200	\$	84,000	\$ 84,000
	FY 2022	FY 2023		FY 2024	FY 2024
	Actual	Budget		Budget	
	Tax Increment	Tax Increment		Tax Increment	Tax Increment
FUND	Revenue	Revenue		Revenue	Revenue
General Fund	\$ 10,257,021	\$ 10,941,176	\$	85,000	\$ 85,000
TOTAL All Revenue	10,421,372	10,942,376		169,000	169,000
* Use of Fund Balance, R.E.					
or Balance Sheet Changes	(531,680)	(9,023,818)		(222,274)	(5,459,619)
Revenue to meet Expenditures	\$ 10,953,052	\$ 19,966,194	\$	391,274	\$ 5,628,619

I,Debbie Geyer, City Clerk of the City of Caldwell, Idaho, do hereby certify that the above is a true and correct statement of the proposed expenditures and revenues for fiscal year 2024, all of which have been tentatively approved and entered at length in the Minutes of the Agency. I further certify that the Urban Renewal Agency of the City of Caldwell, Idaho, did give notice for said hearing with notice having been published twice at least seven days apart prior to the adoption of the budget by the Board of Commissioners. Citizens are invited to attend the budget hearing on December 11, 2023, at 6:00 p.m. and have the right to provide written or oral comments concerning the entire budget. A copy of the proposed Urban Renewal Agency budget (in detail) is available at City Hall for inspection during regular office hours, 8 a.m. to 5 p.m.

Publication Dates: November 19, December 3, 2023

## The Urban Renewal Agency of The City of Caldwell

#### **BANK RECONCILIATION**

Banner Bank	<b>#50111/#24115</b>	96-10050

Statement	Beginning	Tax	Other	Withdrawals or			Ending
Date	Balance	Deposits	<b>Deposits</b>	Checks	Interest	Fees/Other	Balance
10/1/2023	9,218,209.98	12,865.50		(867,295.46)	13,313.12		8,377,093.14
11/30/2022	8,377,093.14						8,377,093.14
12/31/2022	8,377,093.14						8,377,093.14
1/31/2023	8,377,093.14						8,377,093.14
2/28/2023	8,377,093.14						8,377,093.14
3/31/2023	8,377,093.14						8,377,093.14
4/30/2023	8,377,093.14						8,377,093.14
5/31/2023	8,377,093.14						8,377,093.14
6/30/2023	8,377,093.14						8,377,093.14
7/31/2023	8,377,093.14						8,377,093.14
8/31/2023	8,377,093.14						8,377,093.14
9/30/2023	8,377,093.14						8,377,093.14
	Totals:	12,865.50	-	(867,295.46)	13,313.12	-	
					Projec	cts - Restricted	-
					UR	RA - Restricted	7,838,449.16
					URA No	orth- Restricted	54,264.39
					URA Operation	s-Unrestricted	484,379.59

Local Govern	ment Investm	nent Pool	#2519-22072	96-10398		
Local Government	t Investment Pool					
#2519-22072		96-10398				
Transation	Beginning		Withdrawals/D	Ending	Restricted - Other Tax Districts	2
Date	Balance	Interest	eposits	Balance	Restricted - Projects	7,838,449.16
10/1/2023	775,768.82	3,386.50		779,155.32	URA North- Restricted	54,264.39
11/30/2022	779,155.32			779,155.32	Unrestricted- Operations	484,379.59
12/31/2022	779,155.32			779,155.32		8,377,093.14
1/31/2023	779,155.32			779,155.32		
2/28/2023	779,155.32			779,155.32	Banner Bank - Operating	8,377,093.14
3/31/2023	779,155.32			779,155.32	Banner Bank - CD	_
4/30/2023	779,155.32			779,155.32	LGIP	779,155.32
5/31/2023	779,155.32			779,155.32	_	9,156,248.46
6/30/2023	779,155.32			779,155.32		
7/31/2023	779,155.32			779,155.32		
8/31/2023	779,155.32			779,155.32		
9/30/2023	779,155.32			779,155.32		
	Totals:	3,386.50	-			

Revenue													
	Budget	Oct-23 November	December	January	February	March	April	Mav	June	July	Διισιιςτ	September	Total
NURA Increment	85,000				<u> </u>			,		3417	August	September	
EURA Increment	-												-
Interest	60,000	13,313.12		*									12 212 12
LGIP Interest	24,000	3,386.50											13,313.12
	169,000	16,699.62 -	-	-	-	-		-	-	-	-	-	3,386.50 16,699.62
Expense													
	Budget	Oct-23 November	D										Budget
Audit	16,000	Oct-25 November	December	January	February	March	April	May	June	July	August	September	Remaining
Econ Development	226,800	18,000.00											16,000.00
Admin Service	8,400	10,000.00											208,800.00
Attorney	•												8,400.00
ICRMP	77,220	C 427.00											77,220.00
EURA Special Projects	12,854	6,427.00											6,427.00
NURA Special Projects	- E0 000												-
Mona special Projects	50,000	24 427 00											50,000.00
	391,274	24,427.00 -	-	-	-	-	-	-	-	-	-	-	366,847.00
CASH													
	FY2023	Oct-23 November	December	January	February	March	April	Mav	June	July	August	September	Total
Operating	471,066.47	13,313.12								2017		September	484,379.59
EURA	8,692,879.12	(854,429.96)											7,838,449.16
NURA	54 264 39												7,030,449.10

54,264.39

779,155.32

0 9,156,248.46

NURA

LGIP

54,264.39

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(841,116.84)

775,768.82

9,993,978.80

#### **URA CURRENT PROJECT LIST**

	URA Projects - Other Taxing Districts	Amount Budgeted	Original Budget	Prior Year Costs	2023 Costs To Date	Remaining
1	Ustick Road Widening Participation (Canyon Hwy Dist #4 Increment Project)	3,100,000	3,100,000	104,000	2,579,149	
2	Indiana: Ustick to Caldwell High School (Caldwell School District Increment Project)	1,663,617	663,617	110,203		416,851
3	Canyon Hill to Sacajawea (Caldwell School District Increment Project) - HAWK	360,000	360,000	179,079	1,553,414	0
4	County Fairgrounds (Canyon County Increment Project) / Fair Expo Site Imprv	2,477,811	2,477,811	1,003,544	139,768	41,153
	URA Projects - City of Caldwell	Amount Budgeted	2,177,611	1,005,544	1,139,322	THE RESIDENCE OF THE PARTY OF T
5	Luby Park: Pickelball Construction / Rehab	829,350	811,350	25.442	Project Spending	Remaining
7	Demo and cleanup of Bennet Machine - 516 Main	125,000	125,000	35,143	790,867	3,340
9	Hotel Site Improvements - deChase	3,241,043	,	66,196	16,968	41,836
10	213-215-217 Kimball - Norman Complex	442,242	3,241,043	2,019,319	880,456	341,268
11	Ustick Bridge Eastside Extension / I-84 to Middleton (60% URA)		442,242	342,242	76,729	23,271
		214,161	214,161	27,527	64,320	122,314
12	Ustick Road Widening	10,009,037	6,871,182	1,422,806	6,211,516	0.074.745
13	21st Avenue Parking Lot	2,742,919	2,542,919	2,091,149		2,374,715
16	Compactor Relocation / 812 Main Street	200,000	200,000	30,806	634,725	17,045
17	Parking — Wolfe Field	99,106	99,106	30,808	164,907	4,287
18	Vineyard Public Space - Kimball and 9th Street Alley	532,710	532,710		78,959	20,147
19	Alley Improvements	550,000	550,000		57,788	474,922
22	Luby Park: Irrigation System	300,000	300,000		5,157	544,843
24	Underground Power (Alley)	250,000	250,000		225,506	74,494
26	Downtown Signage - Wayfinding	245,000	245,000		173,329	76,671
27	Wolfe Field - Hitting Facility	200,000	200,000		19,006	225,995
28	Foundation - Rice House	154,200	154,200		0.4 ====	200,000
		,200	134,200		24,732	129,468
		30,073,135	30,055,136	7,471,158	17,134,414	5,467,563

### **Economic Development Activity Report** October 2023

#### **Current Projects**

#### Miscellaneous Updates:

North Ranch: 100% spoken for. The area is continuing to develop. The latest building seeking approvals is AT Industrial for their twon 300K facility.

**Project Seahawk:** working diligently to provide workforce housing to the community. They are considering multiple sites, with a primary focus on a site along I-84.

**Project DT:** Large scale project that will feature residential, commercial, and retail. This development will be seeking approvals to move forward in the near future.

**Project Bright:** making a site decision in 7-9 weeks. They are moving forward with an application for a property tax exemption and other similar incentives to make the project viable.

Starbucks: breaking ground on a location on 21st Ave (College Marketplace) in the spring.

Chicago and 21st will feature a new retail development, as the site is under contract with a well-known developer.

Project Richard (Obie Companies)- continue to work on the ENA for this development to move forward in the process.

**Project Spot**: continue working with this big box retailer. They have extended an offer on a property and are moving forward with plans to open and operate in Caldwell.

Amphitheater RFP: disseminated recently and due on November 28th at 5 pm. Seeking interest from developers to bring such a facility to the Caldwell community.

Project Black: working with a national drink operator to occupy space along highway 20/26.

#### North Caldwell URA:

**Project District 26:** working with ITD and other highway districts to solidify access for the area. The City has agreed upon a suitable location for such access points along with ITD. The developer will soon be submitting an application for annexation as they finalize the details of their proposed project.

An LOI has been signed for a project along I-84. This project will hopefully begin to assist the district with increment to move forward with the associated infrastructure projects.

#### **Downtown Updates:**

Solidifying plans with The Car Park to bring paid parking to downtown. The November 21st City Council meeting will include updated rates and areas of enforcement.

Tilian is nearing completion and will open in about a week. They have received commitments for about 18-20% of the building.

#### **Additional updates:**

The Labor Department released a report last week revealing that the U.S. added 150,000 jobs in October compared to the previous month, a decrease from September's increase of 297,000 jobs. This decline was partially attributable to strikes by auto workers, which have since been resolved, allowing employees to once again receive their paychecks.

In addition, average hourly earnings saw a 0.2 percent increase compared to the previous month, resulting in a 4.1 percent year-over-year gain. Although this year-over-year increase is the smallest since June 2021, it is important to note that wages now outpace inflation.

And since peaking at 9.1 percent in June last year, based on the consumer-price index, inflation has fallen to 3.7 percent.

# **Economic Development Activity Report October 2023**

### **Downtown Updates:**

**Project Educate (Update):** Retail concept that is hoping to be the second of its kind in our downtown. They have identified a few options and hope to be open in the Spring 2024. They have submitted a LOI for downtown space. The space that they submitted a LOI decided to move in a different direction. We are continuing to search at other options in our downtown.

**Project Zen (Update):** Retail concept seeking to move from another location in Canyon County to downtown Caldwell. A few spaces have been identified. Their Investors have been visiting the locations identified and seem to be happy the locations. They are continuing to work with their investors.

#### **New Projects:**

**Project N**: Retail business seeking to add a secondary business to their location, offering unique beverages.

**Project C:** Retail business seeking to expand its business to downtown, would like to be on the plaza.

**Project G:** Seeking office space in downtown Caldwell. One space has been identified that will meet their needs.

**Project Bread:** Retail business seeking to open their new location near the plaza in quarter one.

#### **Downtown Vacancies Update:**

Former Ruby Bloom space Former Hello Norman space