Urban Renewal Agency
Agenda

Monday, September 26, 2022, 2:00 PM

- SPECIAL MEETING -

City Council Chambers
203 Main Avenue East- Twin Falls, Idaho

Members: Rudy Ashenbrener, Andy Hohwieler, Dan Brizee, Jan Rogers, Alexandra Caval, JJ McBride, Dave McAlindin

1) Confirmation of Quorum/Call Meeting to Order

2) Conflict of Interest Declaration

3) Items of Consideration

   a) **ACTION ITEM:** Consideration of a request to sign Resolution No. 2022-09 approving the Disposition and Development Agreement for the 2nd & Hansen Parking Garage and Residential Building

      By: Travis Rothweiler, City Manager & Acting URA Executive Director

   b) **ACTION ITEM:** Consideration of a request to sign Resolution No. 2022-08 approving the Urban Renewal Plan for the Orchard Drive East Urban Renewal Project.

      By: Meghan Conrad, Agency Special Counsel

4) Upcoming Meeting(s)

   a) Monday, October 17, 2022, @ 12:00 pm

5) Adjournment

Any person(s) needing special accommodations to participate in the above-noticed meeting could contact Lorrie Bauer (208) 735-7313 at least two working days before the meeting. Si desea esta información en Español, por favor llame a Josh Palmer al teléfono (208) 735-7312.

THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS

Date: Monday, September 26, 2022

To: Urban Renewal Agency of the City of Twin Falls

From: Travis Rothweiler, City Manager & Acting URA Executive Director

ACTION ITEM

Request:

Consideration of a request to sign Resolution No. 2022-09 approving the Disposition and Development Agreement for the 2nd & Hansen Parking Garage and Residential Building.

Background:

In May 2020, the Agency accepted a proposal from Galena Opportunity Fund, now with a successor in interest of GO QOZ Second Avenue LLC for development ("Galena") for the redevelopment of multiple contiguous, underdeveloped lots, owned by the City of Twin Falls generally located at 2nd Ave S and Hansen St. Otherwise described as Lots 25-32 of Block 103, Twin Falls Townsite owned by the city of Twin Falls, commonly known as the 2nd & Hansen property ("Property").

The Agency and Galena previously entered into an Agreement to Negotiate Exclusively with Galena to determine the design and financial feasibility of the proposed project ("ANE"). The ANE included an approved Design Development Plan ("DDP").

City Council approved the additional height for the Project at a hearing held on June 21, 2022. The Historic Preservation Commission approved a pedestrian skybridge connection at a hearing held on July 18, 2022. The Property is currently owned by the City but will be transferred to the Agency prior to transfer to Galena.

The Disposition and Development Agreement for the Project includes the following components:

- Approval of an updated DDP with a pedestrian skybridge and a parking garage and building separated by a pathway (See Attachment 4);
- The reuse appraisal for the Project with a negative fair reuse value permitting the Agency to transfer the Property for $0 to Galena (See Attachment 6);
- The Property will be conveyed to Galena in 2 phases as Galena is ready to start construction – first the Agency will convey the Parking Garage Property, and then it will convey the Residential Building Property (See Attachment 3);
- There will be a public parking easement granted to the Agency and City in the Parking Garage for 100 public parking spaces at the same time as the conveyance of the Parking Garage Property to Galena, with management details to be determined in a future parking management agreement negotiated prior to completion of the Parking Garage (See Attachment 10);
- The Agency will make a $2,000,000 payment to Galena upon timely and full performance of the entire Project; and
- The outside completion date for the Parking Garage is October 1, 2023, and for the entire Project is October 15, 2025 (See Attachment 3).

Approval Process:

A majority vote by the Board will approve the Disposition and Development Agreement.

Budget Impact:

The budget impact is estimated to be $2,000,000 for the cost of 100 parking stalls upon completion of the Project. The $2,000,000 has been budgeted in the FY2023 budget.

Regulatory Impact:

N/A

Conclusion:

Staff recommends approval of the Disposition and Development Agreement between the Agency and Galena.

Attachments:

1. Resolution No. 2022-09 - Approval of 2nd & Hansen DDA
2. DDA for 2nd & Hansen Dev Project 9.21.22

RESOLUTION NO. 2022-09

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

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO, APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS AND GO QOZ SECOND AVENUE LLC; AND AUTHORIZING THE CHAIR OR VICE-CHAIR AND SECRETARY, RESPECTIVELY, TO EXECUTE AND ATTEST SAID AGREEMENT SUBJECT TO CERTAIN CONDITIONS; AUTHORIZING THE CHAIR OR VICE-CHAIR TO EXECUTE ALL NECESSARY DOCUMENTS REQUIRED TO IMPLEMENT THE AGREEMENT AND TO MAKE ANY NECESSARY TECHNICAL CHANGES TO THE AGREEMENT SUBJECT TO CERTAIN CONDITIONS; AND PROVIDING AN EFFECTIVE DATE.

THIS RESOLUTION, made on the date hereinafter set forth by the Urban Renewal Agency of the City of Twin Falls, Idaho, an independent public body, corporate and politic, authorized under the authority of the Idaho Urban Renewal Law of 1965, Chapter 20, Title 50, Idaho Code, as amended (the "Law"), and the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended (the "Act"), a duly created and functioning urban renewal agency for Twin Falls, Idaho, hereinafter referred to as the "Agency."

WHEREAS, by Resolution No. 909, dated July 19, 1965, the Board of Commissioners of the City of Twin Falls, Idaho (the "City") created an urban renewal agency pursuant to the Law;

WHEREAS, on June 30, 1997, the City Council of the City of Twin Falls, Idaho (the "City Council"), by Resolution No. 1603, determined certain property to be a deteriorated area or a deteriorating area or a combination thereof and designated the area as appropriate for an urban renewal project to be known as Urban Renewal Area #4 (the "Area #4 Plan"). The Area #4 Plan has been amended several times;

WHEREAS, on May 4, 1998, the City Council of the City of Twin Falls, Idaho ("City"), by Ordinance No. 2579 adopted the Urban Renewal Plan for Urban Renewal Area #4 and Creating Revenue Allocation Area #4-1 (the "RAA #4-1 Plan") establishing a revenue allocation area for Urban Renewal Area #4, to redevelop a portion of the City within the boundaries of the Urban Renewal Area #4, as amended, pursuant to the Law and the Act;

WHEREAS, on August 26, 2013, the City, by Ordinance No. 3056 adopted the Amended Urban Renewal Plan for Revenue Allocation Area #4-1 Expansion (the "Amended RAA #4-1 Plan") seeking to add geographic area to RAA #4-1 Plan, pursuant to Idaho Code § 50-2033, to redevelop a portion of the City within the boundaries of the Urban Renewal Area #4, as amended, pursuant to the Law and the Act. Collectively, the RAA #4-1 Plan as amended by the Amended RAA #4-1 Plan is referred to as the "Plan," and the revenue allocation area established by the Plan, is referred to as the "Project Area;

WHEREAS, pursuant to Idaho Code §§ 50-2007(f) and 50-2015, City and Agency are authorized and empowered to enter into contracts as may be necessary to carry out the purposes of the Law and the Act, including the acquisition of real property for the revitalization of areas within the Project Area;

WHEREAS, the City owns several underdeveloped contiguous lots within the Project Area, generally located along 2nd Avenue South, bordering Hansen Street, described as Lots 25 through 32 of Block 103, Twin Falls Townsite, Twin Falls, Idaho ("Site"). The Site is currently used for parking;

WHEREAS, Agency seeks to initiate a redevelopment project on the Site to revitalize the Project Area in compliance with the Plan and which could also serve as a catalyst for redevelopment of other properties in the Project Area;

WHEREAS, the Agency, with City consent, issued a Request for Proposals for redevelopment of the Site. The sole proposal for development of the Site proposed development of a structured parking facility together with forty-four multifamily residential units ("Developer Proposal") was submitted by Galena Opportunity, Inc. and/or Galena Opportunity Fund LLC, with the developing entity of GO QOZ Second Avenue LLC (collectively, "Developer");

WHEREAS, at a public meeting on May 11, 2020, the Agency reviewed the information presented in the response to the RFP, including the Developer Proposal, and moved to defer the final decision on acceptance to a future scheduled special public meeting;

WHEREAS, at the special public meeting on May 21, 2020, the Agency determined the Developer Proposal was in compliance with the RFP and accepted the Developer Proposal;

WHEREAS, Agency and Developer entered into an Agreement to Negotiate Exclusively dated January 15, 2021, as amended, to assess the Site and negotiate definitive terms for a Disposition and Development Agreement ("DDA") for the Site;

WHEREAS, Developer and Agency have been working diligently in reviewing and refining the DDP and the terms and conditions to the DDA for the Site and desire to submit a final DDA for consideration to the Board of Commissioners;

WHEREAS, Agency staff has reviewed the DDA and recommends approval; and

WHEREAS, the Board of Commissioners finds it in the best public interest to approve the DDA and to authorize the Chair or Vice-Chair to execute and the Secretary to attest the DDA, subject to certain conditions, and to execute all necessary documents to implement the transaction, subject to the conditions set forth below.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO, AS FOLLOWS:

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

Section 2. That the DDA, attached hereto as **Exhibit A**, is hereby incorporated herein and made a part hereof by reference and is hereby approved and accepted recognizing technical changes or corrections which may be required prior to execution of the DDA.

Section 3. That the Chair or Vice-Chair of the Agency are hereby authorized to sign and enter into the DDA and, further, are hereby authorized to execute all necessary documents required to implement the actions contemplated by the DDA subject to representations by the Executive Director and Agency legal counsel that all conditions precedent to such actions have been met; and further, any necessary technical changes to the DDA or other documents are acceptable upon advice from the Agency's legal counsel that said changes are consistent with this Resolution, and comments and discussions received at the September 26, 2022, Agency Board meeting, including any substantive changes discussed and approved at that meeting.

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

PASSED AND ADOPTED by the Urban Renewal Agency of the City of Twin Falls, Idaho, on ________________________, 2022.

Signed by the Vice Chair of the Board of Commissioners and attested by the Secretary to the Board of Commissioners, on this ______ day of ____________________, 2022.

APPROVED:

____

Andy Hohwieler, Vice Chair

ATTEST:

____

Dan Brizee, Secretary

EXHIBIT A

Disposition and Development Agreement

Agreement including all 10 Attachments

DISPOSITION AND DEVELOPMENT AGREEMENT

THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO

&

GO QOZ SECOND AVENUE LLC

______________________, 2022

2nd and Hansen Development Project

LIST OF ATTACHMENTS

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT is entered into by and between the URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO, an independent public body, corporate and politic, organized pursuant to the Idaho Urban Renewal Law of 1965, title 50, chapter 20, Idaho Code, as amended, and undertaking projects under the authority of the Law and the Local Economic Development Act, title 50, chapter 29, Idaho Code, as amended, and GO QOZ SECOND AVENUE LLC, an Idaho limited liability company. Collectively, Agency and Developer may be referred to as the "parties" and each as "party," as the case may be.

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

"Act" means the Local Economic Development Act, title 50, chapter 29, Idaho Code, as amended.

"Agency" means The Urban Renewal Agency of Twin Falls City, Idaho, an independent public body, corporate and politic, organized under the laws of the state of Idaho, and any assignee of or successor to its rights, powers, and responsibilities under this Agreement.

"Agency Closing Conditions" has the meaning specified in Section 5.11. The Agency Closing Conditions apply to the Closing of the Parking Garage Property, and the Closing of the Residential Building Property.

"Agency Payment" means TWO MILLION DOLLARS ($2,000,000) allocated by Agency for the Public Parking Easement which payment amount is based on Developer's reasonable cost estimates for the Parking Garage. The Agency Payment is fixed and will not be increased based on increased construction costs.

"Agency Funds" means Redevelopment Plan revenue received by Agency.

"Agreement" means this Disposition and Development Agreement.

"Agreement to Negotiate Exclusively" means the Agreement to Negotiate Exclusively dated effective January 15, 2021, between Agency and Galena Opportunity, Inc. an Idaho corporation, as amended.

"Approving Entities" means all governmental or quasi-governmental entities or agencies having approval authority for the Project.

"City" means the City of Twin Falls, Idaho.

"Close", "Closing", "Close of Escrow" and "Closing Date" mean the date of recording of each Deed (for the Parking Garage Property and Residential Building Property, respectively) in the land records of Twin Falls County Recorder's Office, upon 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 accordance with the instructions of the parties, as specified for both Closings or each Closing in this Agreement

"Commencement of Construction" means Developer has commenced vertical construction work for the Project on the Site, for the Parking Garage or the Residential Building, as applicable. Site preparation, staging materials on the Site, and/or excavation work is not considered Commencement of Construction. Material and substantial pouring of concrete for structural footings constitutes vertical construction work and Commencement of Construction hereunder.

"Construction Contract" means the construction contract(s) in the amount of the Project Budget signed by Developer and the Project's general contractor approved by Agency.

"Deed" means each Special Warranty Deed, substantially in the form attached hereto **as Attachment 7**, conveying the Parking Garage Property, and the Residential Building Property, to the Developer.

"Deposit" means the $20,000 deposited by Developer pursuant to the Agreement to Negotiate Exclusively.

"Design Development Plan" means the submittal letter dated September 20, 2022, with a summary of changes from the Design Development Plan which was previously approved by the Agency in the Agreement to Negotiate Exclusively, with Concept Plans dated 04.19.2022 (overhead view) and Concept Parking Diagram dated 04.19.2022 (three dimensional view), along with the Concept Perspective Views dated 06.27.2022 of the pedestrian bridge submitted to the Historic Preservation Commission, all as attached hereto as **Attachment 4**. In clarification, the "2nd and Shoshone" Building and its underlying land generally identified in the Design Development Plan is for illustrative purposes and is not a part of the Project or this Agreement.

"Developer" means GO QOZ SECOND AVENUE LLC, an Idaho limited liability company, as successor in interest to Galena Opportunity Fund Inc., an Idaho corporation, the successful respondent to that certain Request for Proposal, 2nd and Hansen Development, Urban Renewal Agency of the City of Twin Falls dated May 8, 2020.

"Developer Deed" means the deed conveying fee simple title to the Developer Parcel to the Developer.

"Developer Documents" means the fully-signed operating agreement of the Developer dated March 16, 2022, as amended, and the fully signed Consent Resolutions for Developer approving the Design Development Plan, and the fully signed Consent Resolutions for Inflection Development, LLC, an Idaho limited liability company dated authorizing William Truax to take all actions necessary and/or appropriate under this Agreement for and on behalf of the Developer, as more fully described in Section 2.5, all as submitted to the Agency.

"Developer Parcel" the real property adjacent to the Property shown on **Attachment 1**, in the City and County of Twin Falls, Idaho, to be owned by Developer on or before Closing, as legally described in Section 2 of **Attachment 2**. The Developer Parcel is required for the Parking Garage.

"Developer Closing Conditions" means Developer's conditions precedent to closing the transaction in this Agreement as described in Section 5.12.

"Effective Date" means the date this Agreement is last signed by both parties.

“Escrow” means the escrow set up by Agency and Developer with the Escrow Agent with respect to the acquisition of the Property.

“Escrow Agent” is the Title Company.

“Evidence of Financing” means documentation complying with Section 4.1, in the total amount of the Project Budget, evidencing financial commitments and sources of funds available to Developer necessary for the acquisition of the Property and the development of the Project.

“Final Construction Documents” means the Construction Contract, with any proposed amendments after Agency approval, and the full set of construction documents approved for a building permit for the Parking Garage or Residential Building, respectively, including but not limited to site improvements and final landscaping and grading plans.

“Force Majeure Event” means war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; pandemics; unusually severe weather; provided that, notwithstanding the above, the parties agree that each party is aware of the COVID-19 pandemic, including all variants from time to time, and have accounted for the potential effects on performance in the timeframes provided in this Agreement, and accordingly agree that the COVID-19 pandemic, including its variants, is not a Force Majeure Event under this Agreement.

“Law” means the Idaho Urban Renewal Law of 1965, title 50, chapter 20, Idaho Code, as amended.

“Memorandum” means a summary of this Agreement substantially in the form attached hereto as **Attachment 8**, to be recorded Twin Falls County Recorder’s Office at Closing.

“Milestone Dates” means each and every date identified in the Schedule of Performance attached as **Attachment 3**.

“Parking Garage” means the parking podium with four floors of parking (and one partial floor subgrade) containing approximately 325 spaces and related improvements as identified and configured in the Design Development Plan and shown in **Attachment 1** and within which the Public Parking Easement is located. The Parking Garage does not include the Residential Building.

“Parking Garage Completion Date” is the date of a temporary certificate of occupancy is issued by the City (or its designated agency) for the Parking Garage as identified in **Attachment 3**.

“Parking Garage Property” is that portion of the land underlying the Parking Garage, a part of which is owned, or will be owned, by the Agency, and is intended to be conveyed to Developer subject to all of the terms and conditions of this Agreement, as shown on **Attachment 1** and described in **Attachment 2**.

"Parking Management Agreement Date” is the deadline for which the Agency, City and Developer agree on the details of the parking management agreement of the Parking Garage as described in the Public Parking Easement Agreement, as such date is identified in **Attachment 3**.

“Permitted Title Exceptions” means all matters disclosed in the Title Report; matters created by, through or under Developer; items disclosed by the Survey; real estate taxes not yet due and payable; the Memorandum; the Public Parking Easement, security instruments for any construction loan obtained by Developer; and any other the exceptions to the Title Policy, provided that any Supplemental Title Objections made by Developer in writing and approved by Agency, in its commercially reasonable discretion, will not be Permitted Title Exceptions. Conveyance of the Property to Developer in accordance with this Agreement will be deemed a waiver by Developer of any objections to title to the Property or the Site (other than objections made by Developer in writing and approved by Agency). Prior to Close of Escrow, Developer will obtain the Survey and an update to the Title Commitment.

"Plan Area" collectively means the area under the jurisdictional scope of the Redevelopment Plan and, for purposes of this Agreement only, is also defined to include the associated revenue allocation area established by the Plan.

"Project" means the Parking Garage and the Residential Building (which Residential Building includes the pedestrian pathway between them), collectively, located on the Site, as described in the Design Development Plan and Section 2.2 as identified in **Attachment 1**.

"Project Budget" means the commercially reasonable cost estimates for Developer's total cost of acquiring the Property and developing the Project (including both "hard" and "soft" costs) provided to Agency and identifying all funding sources. The Project Budget (total development cost for both the Parking Garage and the Residential Building) is $30,059,070.00.

"Project Certificate of Completion" means the certificate of completion for the Project to be issued by Agency as provided in Section 9.2, substantially in the form attached as **Attachment 9**.

"Project Estimated Value" is Developer's estimated value of the completed Project, which is projected to approximately $31,000,000. The estimated value of the completed Parking Garage is projected to be approximately $10,500,000. The estimated value of the completed Residential Building is projected to be approximately $20,500,000.

"Property" means the real property owned by, or will be owned by, the Agency shown on **Attachment 1** , in the City and County of Twin Falls, Idaho, as legally described in Section 1 of **Attachment 2**.

"Public Parking Easement" means the perpetual parking easement granted to the Agency and the City in the Parking Easement Agreement for one hundred (100) parking spaces for public use.

"Public Parking Easement Agreement" is the easement agreement granting the Public Parking Easement to the Agency and City to be recorded in the Twin Falls County Recorder's Office at Closing containing Developer's obligations under the Redevelopment Plan until the Redevelopment Plan Expiration Date and addressing parking operations and management, non-discrimination, and other agreements regarding the Property, to be immediately recorded after the Deed and the Developer Deed, and prior to any other documents, including lender documents, in the form attached as **Attachment 10**.

"Purchase Price" means the purchase price to be paid by Developer to Agency hereunder, which shall be equal to the value of the Property as determined by the Reuse Appraisal. The Purchase Price is $0.00.

"Redevelopment Plan" means the Amended Urban Renewal Plan for Revenue Allocation Area #4-1 Expansion (the "Amended RAA #4-1 Plan") seeking to add geographic area to RAA #4-1

Plan, pursuant to Idaho Code § 50-2033, to redevelop a portion of the City within the boundaries of the Urban Renewal Area #4, as amended, pursuant to the Law and the Act. Collectively, the RAA #4-1 Plan as amended by the Amended RAA #4-1 Plan, and for purposes of this Agreement also includes the revenue allocation area established by the Plan.

"Redevelopment Plan Expiration Date" is December 31, 2022.

"Residential Building" means the building and the adjacent pedestrian pathway located at the corner 2nd Avenue & Hansen Street within the Project, with the building containing five floors of residential space, 48 residential units, approximately 1,106 square feet of retail space, and related improvements, as described and configured in the Design Development Plan. The Residential Building does not include the Parking Garage.

"Residential Building Property" is that portion of the land underlying the Residential Building (and including the adjacent pedestrian pathway) which is owned, or will be owned, by the Agency, and is intended to be conveyed to Developer subject to all of the terms and conditions of this Agreement, as shown on **Attachment 1** and described in **Attachment 2**.

"Residential Building Completion Date" is the date of a temporary certificate of occupancy is issued by the City (or its designated agency) for all residential units in the Residential Building as identified in **Attachment 3**.

"Reuse Appraisal" means the appraisal of the Project dated June 10, 2022, by the Reuse Appraiser and attached as **Attachment 6**.

"Reuse Appraiser" is Valbridge Property Advisors.

"Schedule of Performance" means the schedule attached to this Agreement as **Attachment 3**.

"Site" means the real property upon which the Project is located shown on **Attachment 1** and legally described in Section 3 of **Attachment 2**. The Site includes both the Property and the Developer Parcel.

"Site Plan" means **Attachment 1** identifying definitions in this Agreement and general location of improvements. In clarification, the "2nd and Shoshone" Building and its underlying land (Lots 17, 18, 19 and 20) generally identified in the Site Plan is for illustrative purposes and is not a part of the Site, Project or this Agreement.

"Substantial Completion" means a certificate of occupancy has been issued by the City (or its designated agency) which permits the full intended use of the improvement being constructed.

"Supplemental Title Objections" means Developer's objections to new title matters that may adversely affect the development of the Project, not disclosed to Developer prior to the Effective Date.

"Survey" means an ALTA/NSPS land title survey of the Property signed by a surveyor licensed in the State of Idaho obtained by Developer, at its sole cost and expense.

"Title Company" means TitleFact, 164 4th Avenue North, Twin Falls, Idaho 83303; Tasha Schurger, Escrow Officer; Lila Orton, Title Officer.

"Title Policy" means an ALTA standard coverage owner's title policy, or, upon Developer's request, an ALTA extended coverage owner's policy of title insurance based on the Title Report, with such endorsements as Developer may request.

"Title Report" is the Commitment for Title Insurance and exceptions disclosed therein for the Property, issued by the Title Company under File No. 75114, having a Commitment Date of December 20, 2021, and as attached to this Agreement as **Attachment 5**.

"Urban Renewal Law" means the Law and the Act and any related rules and regulations and cases as determined from time to time in Idaho.

2. SUBJECT OF AGREEMENT.

2.1. Purpose of This Agreement. The purpose of this Agreement is to effectuate the Redevelopment Plan by the disposition of Agency owned property to Developer to facilitate development of the Project, and provide for public parking in the Project, subject to the provisions of the Redevelopment Plan and Urban Renewal Law. The Project is located within the Plan Area.

2.2. The Project. The Project will be constructed substantially in accordance with the Design Development Plan and, upon completion, is projected by Developer to have the Project Value. The Project will provide 100 spaces of parking in the Parking Garage dedicated to public use, as shown in the Design Development Plan, and also consists of a pedestrian pathway between the Parking Garage and as included in the definition of "Residential Building".

2.3. Developer's General Contractor. Developer will select a qualified general contractor for the Project. The qualifications and identity of Developer's general contractor are of particular concern to Agency. Developer agrees to notify Agency of Developer's selection of the general contractor for the Parking Garage and the Residential Building for Agency's approval in writing, which will not be unreasonably withheld, conditioned or delayed.

2.4. Disposition Does Not Contemplate Land Speculation. Developer represents and warrants that Developer will construct, use, operate, and maintain the Project in compliance with the Redevelopment Plan (until its expiration) and in compliance with this Agreement during the term of this Agreement, and not for speculation in landholding. 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 Agency Board of Commissioners.

2.5. Selection of Developer. Developer further recognizes that in view of:

(1) The importance of the Project as part of the development of the Property to the general welfare of the community;

(2) the reliance by Agency on the real estate expertise of Developer and the continuing interest which Developer will have in the Project to assure the quality of the use, operation, and maintenance of the development thereof; and

(3) 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 entities or persons in control of Developer or the

degree thereof may be for practical purposes a transfer or disposition of any portion of the Project;

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 specifically with Developer as successor in interest to Galena Opportunity Fund, Inc. Except as expressly permitted herein, no voluntary or involuntary successor in interest of Developer will acquire any rights or powers under this Agreement. Except as expressly permitted herein, Developer will not assign all or any part of this Agreement without the prior written approval of Agency, which consent will not be unreasonably withheld, conditioned or delayed.

Developer agrees to submit the Developer Documents to the Agency for review and approval by the date stated on the Schedule of Performance. Developer warrants and represents to Agency that it is an Idaho liability company. Developer represents and warrants to the Agency that William Truax, as the manager of Inflection Development, LLC, an Idaho limited liability company, the manager of Galena JV Manager LLC, an Idaho limited liability company, the manager of Developer, has the authority, power and discretion to manage and control the business and affairs of Developer relating to the acquisition and development of the Project and to ensure compliance of Developer with this Agreement.

Prior to any conveyance of the Property by Agency to the Developer hereunder, Developer will submit a copy of the Developer Documents previously submitted to the Agency certified by Developer as true and correct as of the Closing Date, as identified in Section 5.11. Any review by Agency of the Developer Documents is solely to determine the management, ownership and authority of Developer and its constituent entities. Except as otherwise expressly permitted herein, neither the Property nor the Project may be transferred until the Project is completed as evidenced by the issuance of a Project Certificate of Completion. After issuance of a Project Certificate of Completion, the Property and the Project may be transferred at the discretion of Developer.

Developer may transfer non-controlling interests in Developer and change the identity of persons with non-controlling interests in Developer, all without the consent or approval of Agency, subject to the terms and conditions provided herein. As used herein “non-controlling interests” in Developer means less than fifty percent (50%) total ownership from the Developer Documents. The intent of the foregoing sentences is to permit Developer to bring in investors as members of the Developer for the purpose of providing capital for the Project but to maintain the management and control of the Developer by William Truax, and ownership interest in Developer substantially the same as identified in the Developer Documents.

Developer covenants, represents and warrants that the Developer Documents will not be changed without the prior written approval of Agency until the Project Certificate of Completion has been issued, except as provided above for investors, or as otherwise approved by the Agency. . The representations and warranties made in this Section 2.5 are true and correct as of the Effective Date, as of Closing, and until the termination of this Agreement.

If Developer requests a modification to the Developer Documents other than as approved above by the Agency, it will not be unreasonable for Agency to withhold its approval of any transfer requiring Agency’s approval when using criteria such as those used by this Agency in selecting redevelopers for similar developments, or because the proposed transferee does not have the current financial strength, the experience, or reputation for integrity equal to or better than William Truax. . This Agreement may be terminated by Agency if there is any significant change (voluntary or involuntary) in the 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 otherwise approved by Agency prior to the time of such change.

2.6 <u>Schedule of Performance and Milestone Dates</u>. Time is of the essence in this Agreement. Developer's failure to meet any of the Milestone Dates may be considered a default hereunder, and except as otherwise provided herein, after Agency has provided Developer with written notice of default and an opportunity to cure as required herein

The remedies for default under this Agreement are set forth in Section 12.

3. <u>RIGHT OF ENTRY/REVIEW OF TITLE</u>

3.1 <u>Right of Entry; Developer's Investigations; AS-IS</u>. Developer has investigated the Property and takes it AS-IS as identified in Section 6.1.

Developer will provide to Agency, promptly upon request by Agency, and at no cost or expense to Agency, a list of all reports, studies and test results prepared by Developer's consultants pertaining to Developer's inspection of the Property and copies of any of the above-listed materials. All of inspections performed by Developer are at Developer's sole cost and expense.

As a condition to any such entry, inspection or testing, previously or through Closing, Developer will (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 will 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 will not extend to protect Agency from any pre-existing liabilities for matters merely discovered by Developer (e.g., latent environmental contamination). Such indemnity will survive the Close of Escrow or the termination of this Agreement for any reason.

3.2 <u>Review of Title; Approved Title Exceptions</u>. Prior to the Effective Date of this Agreement, Developer reviewed the Title Report. Developer agrees it will accept title to the Property subject to the Permitted Title Exceptions.

Not less than fifteen (15) days prior to the Close of Escrow, Developer will obtain a supplement to the Title Report (with the understanding that Developer will have the right to order updates to the Title Report at any time prior to Close of Escrow) disclosing any new title matters that may adversely affect the development of the Project, not disclosed to Developer prior to the

Effective Date. Developer will have five (5) business days from receipt of such supplemental title report (and all underlying documents referenced therein) to notify Agency of any Supplemental Title Objections it may have with respect to the supplemental title report.

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

If Developer timely notifies Agency of any Supplemental Title Objections, Agency will 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 that Agency is willing to cure or cause to be insured over as to any Supplemental Title Objections within such five (5) business day period will 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 will not remove nor have the Title Company insure over any or all of the Supplemental Title Objections, Developer will 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, without any abatement or reduction in the Purchase Price on account of such Supplemental Title Objections; or (c) propose an abatement or reduction in the Purchase Price on account of such Supplemental Title Objections, to which Agency will have two (2) business days to accept or reject.

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

Developer will be entitled to request additional endorsements to the final Title Policy and to obtain an extended Title Policy, at no cost or expense to Agency (unless the same are necessary to satisfy to remove any Supplemental Title Objection in the case that Agency notifies Developer that Agency is willing to cure or cause to be insured over such Supplemental Title Objection), but with Agency's reasonable and customary cooperation, including without limitation the execution of a customary and commercially reasonable owner's affidavit required by the Title Company.

Neither party will enter into, create, or suffer any transfer of title, assignment, lien, or other encumbrances with respect to the Property without the written consent of the other party, except as permitted in this Agreement; provided, that after Closing Developer may encumber the Property for the purpose of securing Project financing.

4. EVIDENCE OF PROJECT FINANCING

4.1. Submission of Project Budget and Evidence of Financing., Developer will submit an updated Project Budget and submission of Evidence of Financing by the Milestone Date therefor identified in the Schedule of Performance. Developer will submit to Agency's Executive Director Evidence of Financing satisfactory to the Executive Director evidencing that the Developer will have on or before Closing the financial capability necessary for the acquisition of the Property and construction of the Project, including, but not limited to, the following:

(a) An updated Project Budget;

(b) A copy of a loan commitment for Project financing on commercially reasonable terms approved by Developer in the amount of the Project Budget from a qualified lender supervised, approved, regulated or insured by any agency of the Federal government, or proof of funds from an equity partner, for all of the sources of funds to finance acquisition of the Property and construction of the Project, including those funds from public agencies. Agency's acceptance of a Project Budget and Evidence of Financing does not guarantee Agency's payment of funds to Developer under this Agreement, which obligation will only be upon Developer's meeting the terms and conditions of this Agreement. Each commitment for Project financing will be in such form and content acceptable to the Agency's Executive Director and will reasonably evidence a firm and enforceable commitment with only those contingencies and conditions as are commonly provided for similar projects. For purposes of compliance with this subsection, if a lender signed loan commitment for Project financing cannot be obtained as stated, then a non-binding term sheet from a qualified lender will be acceptable.

(c) If the total Project Budget exceeds the amount of financing to be received pursuant to the loan commitment and/or proof of funds from an equity partner provided in accordance with subparagraph (b) above, the submission of Evidence of Financing must additionally include evidence satisfactory to the Executive Director demonstrating that Developer has adequate sources of funds available and committed to cover such difference. If Developer elects not to obtain a loan commitment or proof of funds from an equity partner, then Developer will provide evidence satisfactory to the Executive Director demonstrating that Developer has adequate sources of funds available and specifically and committed to cover all costs of acquisition of the Property and construction of the Project upon Closing.

4.2. Approval of Evidence of Financing. Agency will approve or disapprove of Developer's evidence of financing in writing. If Agency's Executive Director will disapprove such evidence of financing, he or she will do so by written notice to Developer stating the specific reasons for such disapproval and Developer will use good faith, diligent efforts to promptly resubmit its evidence of financing, as modified to conform to Agency's requirements.

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.

4.4. Lender Modifications. The parties acknowledge that substantial debt financing will ultimately be used for the development of the Project. Developer may submit for Agency approval, and Agency will reasonably approve, modifications to this Agreement requested by Developer's lenders or prospective lenders for the Project. No violation or breach of the covenants, conditions, restrictions, provisions, or limitations contained in this Agreement will 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 Agreement; provided, however, any successor of Developer to the Site will 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. DISPOSITION AND CONVEYANCE OF THE PROPERTY

5.1. Disposition and Conveyance of the Property. Agency will own the Property in fee simple at the time of conveyance to Developer. In accordance with and subject to all the terms, covenants, and conditions (including the attachments) of this Agreement applicable to the Parking Garage Property, and the Residential Building Property, respectively, Agency agrees to convey to Developer the entire fee estate of the Parking Garage Property, and the Residential Building Property, respectively, in the condition required pursuant to Section 6.

Developer agrees to develop the Property and complete construction of the Project as indicated by the Milestone Dates identified in the Schedule of Performance, for the consideration, and subject to the terms, conditions, and provisions of this Agreement. Agency agrees to meet its obligations herein provided with respect to the Property including, without limitation, as provided in the Schedule of Performance. Any extension must be agreed upon in writing by Agency's Executive Director.

Except as to any facts or changes Developer notifies Agency in writing, during the term of this Agreement before, through and after, each Closing, Developer and Developer represent and warrant that there are no material facts or material changes to or contained in any information previously submitted to and approved by Agency, under the Agreement to Negotiate Exclusively or this Agreement, including but not limited to, the Design Development Plan, Evidence of Financing, which make any agreements or information submitted untrue in any material respect. Developer agrees to immediately notify Agency in writing of any such material facts or material changes to the above documents or this Agreement which become known to Developer.

5.2. Purchase Price and 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 engaged the Reuse Appraiser to determine the fair reuse value for the Property in the Reuse Appraisal at Agency's expense.

Developer previously deposited with Agency the Deposit under the terms of the Agreement to Negotiate Exclusively. Upon full execution of this Agreement, the Deposit is transferred and assigned to this Agreement. The Deposit will be credited first toward the Purchase Price and then to Developer's costs of Closing. Any balance of the Deposit after deduction of the Purchase Price and Developer's costs of Closing shall be credited to Agency. Prior to Closing, the parties will send any additional funds as required by this Agreement for Closing by depositing funds into Escrow by one of the following means: (i) wire transfer, (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.

5.3. Agency Payment in Consideration of Completion and Public Parking Easement. In order to further maximize the benefit to Agency, and the public, in light of the overall public benefit being provided by the Project and to secure completion of the entire Project, Agency has agreed to pay the Agency Payment to Developer for the Public Parking Easement subject to the terms and conditions of this Agreement. Prior to Closing, Agency will allocate the Agency Funds to the Project for the Agency Payment; provided that allocation of Agency Funds is not a guarantee of the Agency Payment to Developer under this Agreement. Developer agrees and acknowledges that Agency considered and approved the entire Project as a whole, including both the Parking Garage and the Residential Building, to serve the purposes of the Redevelopment Plan. Accordingly, Agency and the City will make the Agency Payment to Developer in consideration of Developer granting the Public Parking Easement and Developer's completion of its performance of the entire Project under this Agreement.

5.4. Agency Participation. Agency's commitments hereunder are designed to comply with Agency's authority under the Act and the Redevelopment Plan and is intended to constitute an expenditure of Agency funds for a public purpose and not be deemed a gift or donation of public funds.

5.5. Escrow. Within five (5) business days after the Effective Date of this Agreement, Developer will open Escrow with the Escrow Agent by delivering a copy of this Agreement. The parties will provide such additional escrow instructions as will be necessary and consistent with this Agreement.

5.6. Payment of Costs. Subject to Developer and Agency will each pay one-half of the Escrow Agent's fee, and any charges for recording the Deed, the Memorandum and the Public Parking Easement Agreement. Developer will pay the charge for title coverage requested by Developer, including any ALTA extended owner's policy requested and obtained by Developer. Developer will be responsible for paying endorsements desired by Developer except for the cost of any endorsements Agency agrees to provide to cure any Supplemental Title Objections pursuant to Section 3.2. Agency and Developer will each be responsible for their respective attorneys' fees and costs. Taxes and assessments, if any, applicable to periods before and after Closing will be allocated to the Property and prorated between the parties in an equitable manner. Agency will cause all utilities serving the Property to be terminated on or before Closing and will be responsible for costs associated with such utility services prior to Closing. All other costs of the Escrow not specifically allocated in this Agreement will be allocated to the parties as is customary in a commercial real estate transaction in Twin Falls County, Idaho.

5.7. Close of Escrow. Provided all terms and conditions are met for each conveyance to Developer, Closing for the Parking Garage Property and the Residential Building Property, respectively, will occur no later than the date set forth on the Schedule of Performance for Closing. If the Closing occurs, all of the Agency Closing Conditions and the Developer Closing Conditions will be deemed satisfied or waived by the benefited party for Closing for the Parking Garage Property at its Closing, and the Residential Building Property at its Closing, unless otherwise agreed in an amendment to this Agreement. Prior to each Close of Escrow, Developer will obtain the Survey and a supplement to the Title Report.

5.8. Deliveries by Agency. On or before the scheduled Closing Date for the Parking Garage Property, Agency will deliver the following to Escrow Agent, duly executed and acknowledged as applicable: (a) the Deed for the Parking Garage Property; (b) the Memorandum; (c) the Public Parking Easement Agreement duly executed and acknowledged by Agency and City; 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. On or before the scheduled Closing Date for the Residential Building Property, Agency will deliver the following to Escrow Agent, duly executed and acknowledged as applicable: (a) the Deed for the Residential Building Property; and (b) 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

5.9. Deliveries by Developer. On or before the scheduled Closing Date for the Parking Garage Property, Developer will deliver the following to Escrow Agent, duly executed and acknowledged as applicable: (a) the balance of the Purchase Price; (b) the Memorandum, duly executed and acknowledged by Developer; (c) the Public Parking Easement Agreement, duly executed and acknowledged by Developer; (d) executed final construction loan or other financing documents for the Parking Garage consistent with the Project Budget and Evidence of Financing approved by Agency pursuant to Section 4; (e) the Developer Deed; (f) certification of Developer Documents as identified in Section 2.5, certified true and correct by William Truax; and (f) 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. On or before the scheduled Closing Date for the Residential Building Property, Developer will deliver the following to Escrow Agent, duly executed and acknowledged as applicable: (a) the balance of the Purchase Price; (b) executed final construction loan or other financing documents for the Residential Building consistent with the Project Budget and Evidence of Financing approved by Agency pursuant to Section 4; (c) certification of Developer Documents as identified in Section 2.5, certified true and correct by William Truax; 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.

5.10. **Recording.** The documents will be recorded in the Twin Falls County Recorder's Office in the following order at the Close of Escrow for the Parking Garage Property: the Developer Deed, the Deed for the Parking Garage Property, the Memorandum, the Public Parking Easement Agreement (including the Public Parking Easement), and then any security instruments for Developer's construction loan documents (if any). Developer's construction loan documents (if any) will be subordinate to this Agreement, the Memorandum, and the Public Parking Easement Agreement. The Deed for the Residential Building Property will be recorded at Close of Escrow for the Residential Building Property.

5.11. **Agency Closing Conditions.** In addition to any other condition set forth in this Agreement in favor of Agency, Agency will have the right to condition its obligation to convey either and both the Parking Garage Property or the Residential Building Property, as applicable, to Developer and close the Escrow upon the satisfaction, or written waiver by Agency, of each of the following Agency Closing Conditions on the Closing Date or such earlier Milestone Date identified in the Schedule of Performance for each Closing:

(a) **Permits and Approvals**. Developer will have obtained all land use approvals and entitlements from the City for the height and use of the Property and Project and for the development of the Project from all Approving Entities, including grading permits and building permits. The time period for appealing or challenging such approvals and entitlements will have expired with no challenge outstanding. Developer will have obtained approval of its final grading plans and building plans for the Project and grading permits and building permits will be ready to be issued upon payment of fees on or after Closing. Developer will 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, including as identified in Section 5.9.

(c) **Insurance**. Developer will have timely submitted to Agency and obtained Agency's approval of the insurance required pursuant to Section 8.1 of this Agreement.

(d) **Evidence of Financing**. Agency will have approved Developer's Evidence of Financing in accordance with Section 4, any third party financing for construction of the Project will close concurrently with the Closing, and any Developer self-financing will be committed to completion of the Project in a form approved by the Agency.

(e) **No Default**. Developer will not be in material default of any of its obligations under this Agreement (and will 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 will be true and correct in all material respects as of the date of this Agreement and the Closing Date.

(f) **Construction Contract.** Prior to Closing, Developer will submit to Agency the Construction Contract which requires the Project to be constructed for an amount that does not substantially exceed the Project Budget, as described in Section 4.1(a) and the Final Construction Documents, with a General Contractor approved by the Agency; provided that Developer may provide separate Construction Contracts for the Parking Garage and the Residential Building, so long as each such Construction Contract is in the amount of the Project Budget allocated to the Parking Garage and Residential Building, as applicable.

(g) **Acquisition of the Property.** Agency has acquired ownership of the Property from the City.

(h) **Acquisition of the Developer Parcel**. Developer has acquired ownership of the Developer Parcel by recording the Developer Deed.

5.12. <u>Developer Closing Conditions</u>. In addition to any other condition set forth in this Agreement in favor of Developer, Developer will 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 Developer Closing Conditions on the Closing Date or such earlier Milestone Date as provided in the Schedule of Performance:

(a) **Permits and Approvals.** Developer will have obtained all land use approvals and entitlements from the City for the height and use of the Property and Project and for the development of the Project from all governmental agencies with jurisdiction, including grading permits, building permits. The time period for appealing or challenging such approvals and entitlements will have expired with no challenge outstanding. Developer will have obtained approval of its final grading plans and building plans for the Project and grading permits and building permits will 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 the Title Policy insuring Developer's title to the Property in an amount determined by Developer, subject only to the Permitted Title Exceptions.

(d) **No Default.** Agency will not be in material default of any of its obligations under this Agreement (and will 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 will 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 reasonably able to obtain the Evidence of Financing pursuant to Section 4, and as approved by 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 will be considered fulfilled upon execution of the loan agreement by Developer and the lender and depositing with Escrow Agent the mortgage or deed of trust securing the loan to be executed by Developer as of the Closing Date.

(f) **Acquisition of the Property.** Agency has acquired ownership of the Property from the City.

(i) **Acquisition of the Developer Parcel**. Escrow Agent has the Developer Deed, or it has been previously recorded.

5.13. Satisfaction of Conditions. Where satisfaction of any of the foregoing conditions requires action by Developer or Agency, such party will 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 will immediately notify the other party.

5.14. Waiver. Agency may at any time or times, at its election, waive any of the Agency Closing Conditions, but any such waiver will 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 Closing Conditions, but any such waiver will be effective only if contained in a writing signed by Developer and delivered to Agency.

5.15. Failure of Conditions. In the event any of the Developer Closing Conditions are not fulfilled on or before Closing or any earlier date specified, or waived by Developer, Developer may at its option terminate this Agreement and the Escrow opened hereunder in writing to the other, and the Deposit will be returned to Developer unless such unfulfilled condition is due to Developer's material default under this Agreement. In the event any of the Agency Closing Conditions are not fulfilled on or before Closing or by any earlier date specified, or waived by Agency, Agency may at its option terminate this Agreement and the Escrow opened hereunder in writing to the other, and the Deposit will be returned to Developer unless such unfulfilled condition is due to Developer's material default under this Agreement. Mere failure of any Developer Closing Condition or Agency Closing Condition does not constitute a default hereunder. If any termination of this Agreement, however, is due to a Developer material default under this Agreement, Agency is entitled to retain the Deposit. Upon termination, this Agreement will be null and void and of no further force or effect (except for provisions which expressly survive termination), and in such case Agency will no longer be obligated to make the Agency Payment and may reallocate such Agency Funds in its discretion.

6. CONDITION OF THE PROPERTY.

6.1. "As Is Where Is". Agency has granted Developer the right to inspect and make investigations in connection with the Property and shall continue to permit Buyer to make its independent inspection and investigation of the Property before the Closing Date, in accordance with this Agreement. Except as expressly stated in this Agreement or the Deed, no warranties, guarantees or representations have been or are being made by Agency concerning any tests, inspections or examinations of the Property; any governmental permits or approvals obtained or to be obtained in connection with Developer's use of the Property; the suitability of the Property for Developer's intended use; the availability of adequacy of utilities and services; the applicable zoning, building, and other ordinances, restrictions, laws and regulations affecting the Property; or other matters. Except as otherwise specifically set forth in this Agreement, Developer accepts the Property in its present AS IS WHERE IS condition, without representations or warranties by Seller, express or implied. Developer acknowledges that Developer has ascertained for itself the value and condition of the Property and Developer is not relying on, nor has Developer been influenced by, any representation of Seller or its agents or representatives regarding the value or condition of the Property.

6.2. Agency Representations; Parking. Agency represents and warrants to Developer as follows: (1) the individuals entering into this Agreement on behalf of Agency have the authority to bind Agency; (2) 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; (3) upon Closing, there will be no tenants, occupants, or other parties in possession of the Property. These representations and warranties will survive Close of Escrow and delivery of the Deed to Developer for a period of one (1) year. The parties acknowledge Agency will use the Property for vehicular parking for Agency and City officers, employees, representatives, agents, the public, and invitees until Closing.

6.3. Release and Waiver. Except as may be otherwise provided in this Agreement or the Deed, 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 the condition of the Property.

7. DEVELOPMENT OF THE PROPERTY.

7.1. Commencement of Construction. Closing may not occur and Commencement of Construction may not begin until any material changes to the Design Development Plan have been approved by Agency in writing and all Agency has approved Final Construction Documents.

7.2. Design Development Plan Modifications; Final Construction Documents. Thirty (30) days prior to Closing, Developer will submit to Agency the Final Construction Documents and a chart clearly showing any changes to the Design Development Plan, including: (i) square footage by type of use; (ii) construction schedule and duration; (iii) number of parking spaces; (v) floor plans and representative unit layouts; (vi) site plan; (vii) landscaping plan and schedule; (viii) interior finishes schedule; and (ix) elevations/sections listing all exterior finishes. The Final Construction Documents will be approved, approved conditionally, or disapproved by Agency prior to the Closing Date. Agency's approval shall not be unreasonably withheld, conditioned or delayed provided that such Final Construction Documents are timely submitted by Developer as required herein.

7.3. Agency Approval of Plans, Drawings, and Related Documents. Subject to the terms of this Agreement, Agency will have the right of reasonable architectural review of all plans and drawings, including any substantial changes therein. In reviewing the Final Construction Documents, Agency will be guided by the Redevelopment Plan and Design Development Plan. Developer will make every reasonable effort to present drawings and plans in compliance with the above. In the event Developer seeks material deviation or waiver from the Design Development Plan, Developer will so indicate when those drawings and plans are submitted.

7.4. <u>Communication; Revisions</u>. Agency and Developer will 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 will be required by any government official, agency, department, or bureau having jurisdiction or any lending institution involved in financing, Developer and Agency will cooperate in efforts to revise or correct the plans or obtain a waiver of such requirements or to develop a mutually acceptable alternative.

7.5. <u>Prompt Review</u>. Agency will promptly approve (but in not less than 10 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 will be deemed an approval. Any such approved plans, drawings, and related documents will 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 will 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 will 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, will review such plans, drawings, and related documents (or such portions thereof) and resubmit them to Agency as soon as practicable after receipt of the notice of disapproval. Plans approved or deemed approved hereunder will be deemed in all respects to be in compliance with the Redevelopment Plan.

7.6. <u>Changes to Final Construction Documents</u>. If Developer desires to make any substantial change in the Final Construction Documents after their approval, such proposed change will be submitted to Agency for approval prior to the Milestone Date for the Commencement of Construction identified in the Schedule of Performance. For purposes of this section, and this section only, "substantial change" is defined as any change in the Final Construction Documents which by such change will revise the value or cost of the Project (following completion) by more than fifteen percent (15%), change the size of the Project by more or less than fifteen percent (15%), or any change to the number of residential units in the Project (such numbers and anticipated uses are set forth in Section 2.2). If Final Construction Documents, as modified by the proposed change, conform to the requirements of this Agreement, the proposed change will be approved and the party submitting such change will be notified in writing within ten (10) days after submission. Such change in the Final Construction Documents will, in any event, be deemed approved unless rejected, in whole or in part, by written notice thereof setting forth in detail the reason therefore, and such rejection will be made within such 10-day period.

7.7. <u>Construction Reporting</u>. 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 will 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.

7.7.1. Developer's Obligations. Developer, as requested by Agency, will:

(a) Permit Agency staff to attend 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, photos of the Project, 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. The Agency's Board of Commissioners meets the second Monday of each month. Developer's written status report is due to Agency on the Wednesday prior to the Monday meeting;

(c) If requested, attend and provide oral status reports on the Project at regular monthly meetings of the Agency's Board of Commissioners;

(d) To the extent the meetings described above are not adequate as determined by Agency, schedule and attend meetings at the request of Agency with Agency's staff, Agency's consultants, and representatives from the City of Twin Falls 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's name and logo on construction signs, fencing and other locations in and around the Site during construction.

7.7.2. Agency's Obligations. In furtherance of this Section, Agency will:

(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.

7.7.3. Meeting Attendance. The parties will use good faith 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.

7.7.4. Access to the Property. For the purpose of assuring compliance with this Agreement, agents and employees of Agency will 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 will 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 Section. To the extent permitted by law, Agency will 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 Section. Such indemnity will survive the Close of Escrow or the termination of this Agreement for any reason.

7.7.5. Reasonableness. Developer will reasonably comply with the requirements of the Redevelopment Plan and will prepare Final Construction Documents substantially consistent with the Design Development Plan, as may be modified in compliance with this Agreement. Agency will not unreasonably impose requirements regarding materials, design elements, construction methods or other elements that materially affect the costs of the Project. Nothing herein will 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.

7.7.6. Cost of Construction. As between the parties hereto, the cost of developing and constructing all improvements on the Property under this Agreement will be borne by Developer unless agreed to otherwise in writing.

8. INSURANCE AND INDEMNIFICATION.

8.1. Bodily Injury, Property Damage, and Workers' Compensation Insurance. Developer will, or through its contractor will, 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 will 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 will be maintained in full force and effect for not less than eighteen (18) months following completion of the Project or issuance of a temporary certificate of occupancy by the City (or its designated agency) therefor, whichever is later. The policy will 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 will 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 will be written on a builder's risk "all risk" or open peril or special causes of loss policy form that will at least include insurance for physical loss or damage to the construction, temporary buildings, falsework, and construction in transit, and will 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; (xvii) 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 will 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 will 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) will 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) will 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 will provide a certified copy of each insurance policy required under this Agreement.

(g) All policies of insurance required by this Agreement will 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 will 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 will contain a Cross-Liability or Severability of Interest clause. The fact that Developer has obtained the insurance required in this Section will in no manner lessen or affect Developer's other obligations or liabilities set forth in the Agreement.

8.2. **Indemnification**. Developer will indemnify and hold Agency, and its commissioners, 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 commissioners, 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.

(f) In case any action or proceeding is brought against Agency, or its respective commissioners, 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 will, at Developer's expense, resist or defend such action or proceeding.

(g) Notwithstanding the foregoing, Developer will have no obligation to indemnify and hold Agency and its respective commissioners, 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 commissioners, officers, agents, or employees or from conduct resulting in an award of punitive damages against Agency. The obligations of Developer under this Section are not intended to run with the land or to be binding upon subsequent owners of the Site (or any portion thereof) except the Developer who will be bound under this Section and this Agreement.

9. <u>COMPLETION OF PROJECT</u>.

9.1. <u>Completion</u>. The Parking Garage will meet Substantial Completion as of the Parking Garage Completion Date identified in the Schedule of Performance. The Residential Building will achieve Substantial Completion and the Completion Conditions must be satisfied by the Outside Project Substantial Completion Date identified in the Schedule of Performance.

9.2. <u>Project Certificate of Completion</u>. Promptly after completion of the Project, Developer will submit to Agency a request for issuance of the Project Certificate of Completion.

Agency shall promptly issue the Project Certificate of Completion if the following conditions precedent (collectively, "<u>Completion Conditions</u>") have been satisfied or waived: (a) City (or its designated agency) has issued a temporary certificate of occupancy for all of the residential units and the retail space in the Project; (b) the Project, as-built, substantially conforms to the Design

Development Plan and the Final Construction Documents; and (c) 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 material default under this Agreement. Agency will not unreasonably withhold, condition or delay the Project Certificate of Completion.

Upon Agency's request, Developer will coordinate a tour of the completed Project by Agency board members and/or staff. The purpose of the tour is to allow Agency to determine whether or not the Project, as-built, substantially conforms to the Design Development Plan and Final Construction Documents.

If any of the Completion Conditions have not been materially satisfied, Agency will withhold the Project Certificate of Completion and the Agency Payment from Developer and will promptly deliver to Developer a written explanation thereof. Developer shall then have a commercially reasonable opportunity (being not less than the cure period required hereunder) to complete any unsatisfied Completion Conditions.

As soon as all of the Completion Conditions have been materially satisfied, Agency will promptly issue the Project Certificate of Completion and, within thirty (30) days after Agency issues the Project Certificate of Completion, and the entire Agency Payment shall be made to Developer. Notwithstanding anything to the contrary in this Agreement, the Project must achieve Substantial Completion and the Completion Conditions must be satisfied no later than the Outside Project Completion Date identified in the Schedule of Performance, else Agency's obligation to make the Agency Payment to Developer will be automatically canceled and terminated (with no opportunity to cure), and the Agency Funds will be returned to the applicable taxing districts as prescribed by the Act and the Law.

The Project Certificate of Completion shall constitute compliance with and satisfaction of Developer's obligations under this Agreement, but will 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 Project Certificate of Completion is not notice of completion as referred to under other laws of the State of Idaho. After issuance of the Project Certificate of Completion and the Agency Payment to Developer, Developer is no longer restricted regarding the transfer of management or ownership of the Project.

9.3. **Construction and Bidding Requirements.** The Project will be constructed in accordance with the overall City infrastructure plans, policies, and design standards and in conjunction with the Project. Upon Agency's request, Agency will have the right and the opportunity to review Developer's construction plans, budgets, and bids. Developer will utilize commercially reasonable contracting, budgeting, and bidding practices to ensure that the Project is constructed consistent with the Final Construction Documents and are undertaken in a commercially reasonable manner.

9.4. **Commencement of Construction.** Developer will obtain permits for the Parking Garage prior to Close of Escrow for the Parking Garage Property, permits for the Residential Building prior to the Closing of Escrow for the Residential Building Property, and begin Site work and Commencement of Construction by the dates set forth in the Schedule of Performance. Developer's failure to meet any of the Milestone Dates may be considered by Agency a default by Developer under this Agreement in Agency's sole discretion. In the event Commencement of Construction has not begun by the date identified in the Schedule of Performance, the Agency may terminate this Agreement in writing without providing Developer notice and opportunity to cure as identified in Section 12.1. Upon such termination in writing, Agency will have all remedies identified in Section 12.3.

9.5. Approvals of Project. Developer will be responsible for obtaining necessary approvals for design, construction, installation and operation of the Project from the Approving Entities. Developer will keep Agency advised of the approval process of the Approving Entities and advise Agency immediately if any action of Approving Entities will affect the scope and purpose of this Agreement.

9.6. Warranty on Project. Developer warrants that the materials and workmanship employed in the construction of the Project will be good and sound and will conform to generally accepted standards within the construction industry. Such warranty will extend from completion of improvements until a period of one (1) year after the issuance of the Project Certificate of Completion; provided nothing herein will limit the time within which Agency may have to otherwise exercise any remedy available to it under this Agreement. The warranty period does not constitute a limitation period with respect to the enforcement of Developer's other obligations under the Agreement or applicable statutes of limitation.

9.7. Maintenance. Developer recognizes Agency has no authority to accept maintenance responsibility of the Project and therefore does not accept any maintenance obligations for the Project. Agency will, however, pay reasonable costs for maintenance of the improvements within the Public Parking Easement pursuant to the Public Parking Easement Agreement.

9.8. Deadline to Complete the Project. In order to be eligible for the Agency Payment, Developer must meet the Outside Project Substantial Completion Date identified in the Schedule of Performance with no material uncured defaults under this Agreement on such date.

9.9. Payment Terms. Subject to Section 9, the Agency Payment shall be made to Developer within thirty (30) days of issuance of the Project Certificate of Completion.

9.10. Termination of Agreement and Memorandum. Upon obtaining the Certificate of Completion, Developer and Agency will mutually terminate the Memorandum and this Agreement, provided that the Public Parking Easement Agreement and any provisions set forth herein which expressly survive termination of this Agreement will not be terminated. Upon recordation in the Twin Falls County Recorder's Office at Closing, the Public Parking Easement Agreement (including the Public Parking Easement) will independently run with the land upon and remain in full force and effect in accordance with its terms and conditions.

9.11. Indemnification Regarding the Project. Developer will indemnify, defend, protect, and hold Agency and its respective commissioners, officers, agents, and employees harmless from and against all liabilities, obligations, damages, penalties, claims, costs, charges, and expenses (collectively, "Liabilities"), including reasonable architect and attorney fees, which may be imposed upon or incurred by or asserted against Agency or its respective commissioners, officers, agents, and employees relating to the construction or design of the Project. In the event an action or proceeding is brought by the Agency or its respective commissioners, officers, agents, and employees or any third party by reason of any Liabilities, Developer, upon written notice from Agency, will, at Developer's expense, resist or defend Agency in such action or proceeding. Notwithstanding the foregoing, Developer will have no obligation to indemnify and hold Agency and its respective commissioners, officers, agents, and employees harmless from and against any Liabilities or matter to the extent they arise from (i) the gross negligence or willful misconduct of Agency or its commissioners, officers, agents, or employees, and/or (ii) conduct resulting in any award of punitive damages against Agency. This Section 9.11 will survive the termination of this Agreement for the longest period permitted by law.

10. REDEVELOPMENT PLAN COVENANTS AND OBLIGATIONS. Anything to the contrary in this Agreement notwithstanding, the following provisions set forth in this Section are the obligations of Developer and will run with the land and are intended to survive with respect to the Site, and additionally survive the termination of this Agreement as provided in Section 9.10, until the Redevelopment Plan Expiration Date:

10.1. Property Subject to Redevelopment Plan. Developer, its successors, and assignees will devote the Site to the uses specified in the Design Development Plan, and is subject to the terms and conditions of the Redevelopment Plan. The parties acknowledge and agree that the Design Development Plan, to the extent reviewed and approved by the Agency without modification, complies with the Redevelopment Plan.

10.2. Amendments to Redevelopment Plan. Any amendments to the Redevelopment Plan which change the uses or development permitted on the Site as proposed in the Agreement or otherwise change the restrictions or controls that apply to the Site or otherwise affect Developer's obligations or rights with respect to the Site requires the written consent of Developer. 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 will be made or become effective without the prior written consent of Developer. Amendments to the Redevelopment Plan applying to other property in the Plan Area will not require the consent of Developer. Additionally, an amendment to the Redevelopment Plan seeking to de-annex the Property from the revenue allocation area will not require Developer consent; provided, however, the affected portion of the Property will no longer be subject to the provision in Section 10.5 regarding the payment of In-Lieu-of Taxes upon the de-annexation.

10.3. Taxes, Encumbrances, and Liens. Developer will pay when due all real estate and personal property taxes and assessments assessed and levied on the Site for any period subsequent to Developer's acquisition of the Property from Agency. Nothing herein contained will 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. Developer may appeal the assessed values or seek any property tax exemption for the Site if the Twin Falls County Assessor determines the value of the Property is greater than the Project Estimated Value of the Project upon receipt of Agency's written authorization. Any appeal of an assessed value or request for property tax exemption for the Property for an assessment less than the Project Estimated Value requires Agency's written authorization, which will be provided in Agency's sole discretion and shall be binding for the benefit of Developer, its successors and assigns.

10.4. Tax Appeals/Exemptions. Subject to Section 10.3, Developer will not, without Agency's written authorization, contest or appeal the assessed value or seek any property tax exemption for any of the parcels within the Site, including but not limited to an exemption or reduction under Idaho Code Section 63-602NN or Idaho Code Section 63-606A, for property taxes assessed for any property tax year up to and including property tax year 2025, seeking a lower tax assessment for any of the parcels within the Site. The property tax year runs from January 1 to December 31.

10.5. <u>In-Lieu-of Taxes</u>. In the event the Site or any improvements thereon or any possessory interest therein should at any time be subject to ad valorem taxes or privilege taxes levied, assessed, or imposed on the Site, Developer will pay taxes upon the assessed value of the entire Site and any improvements thereon and not merely upon the assessed value of its ownership of the Property interest. In the event the Site or any portion of the Site not dedicated to the City, or leasehold interest is leased, conveyed, or transferred to an entity exempt or partially exempt from ad valorem taxes and to the extent that ad valorem, privilege, or any other taxes or assessments levied on the Site or any improvements thereon are of a lesser amount than would be levied if the Site or any portion thereof were entirely in private, nonexempt ownership, the then owner of the Site will be responsible to pay as in-lieu-of taxes the difference between the taxes and assessments actually levied and the taxes and assessments which would be levied if the Property or any portion thereof were privately owned. Developer will pay such difference to Agency within thirty (30) days after the taxes for such year become payable to the taxing agencies and in no event later than the delinquency date of such taxes established by law. Any in-lieu-of taxes received by Agency pursuant to this Section 10.5 will be treated by Agency as incremental tax revenues and promptly deposited upon receipt into the appropriate Agency account. The obligations set forth in this Section 10.5 will terminate and cease to be of any effect upon the payment of taxes for tax year 2022, the date upon which the current Redevelopment Plan expires. Developer acknowledges payments in lieu of taxes for taxes levied and imposed in 2022, if any, will be due and payable in 2023.

11. <u>SPECIAL COVENANTS AND OBLIGATIONS.</u> Anything to the contrary in this Agreement notwithstanding, the following provisions set forth in this Section are the obligations of Developer and will run with the land, and are intended to survive with respect to the Site, and additionally survive the termination of this Agreement and the Redevelopment Plan Expiration Date, and as are contained in the Public Parking Easement Agreement recorded at Closing:

11.1. Parking. The Parking Garage will be used for parking, subject to the Public Parking Easement, based on the terms and conditions provided in the Public Parking Easement Agreement. Developer, Agency and City will agree to a Parking Management Agreement as described in the Public Parking Easement prior to the Parking Management Agreement Date identified in the Schedule of Performance; provided that failure to agree to a Parking Management Agreement will not under any circumstances affect the validity the grant of the Public Parking Easement to the Agency and City and their rights in the Public Parking Easement Agreement.

11.2. Obligation to Refrain from Discrimination. Developer covenants by and for Developer and any successors in interest that there will 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, age, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Site, nor will 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.

12. <u>DEFAULTS, REMEDIES, AND TERMINATION</u>.

12.1. <u>Default</u>. Failure or delay by either party to perform any material term or provision of this Agreement including failure to meet any Milestone Date identified in the Schedule of Performance. The non-defaulting party will provide written notice of default to the defaulting party failing or delaying performance specifying the default. Unless a shorter time is provided herein, the defaulting party will have ten (10) days to cure such default or, provided that the defaulting party promptly commences and continuously and diligently pursues such cure, such longer number of days as are reasonably necessary not to exceed thirty (30) days in the aggregate from the date of written notice; provided, that in no event will any cure period extend or change any Milestone Date in the Schedule of Performance.

12.2. Materiality of Provisions. It is expressly understood and agreed that each of the covenants, representations and warranties, 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 of the covenants, representations and warranties of the parties will be deemed and construed as material. Failure, refusal, or neglect for any reason whatsoever of either party hereto to perform any of the covenants to be performed by the party pursuant to the terms and provisions of this Agreement will constitute a material default on the part of the party failing to perform such covenant; and that the occurrence of any such default on the part of either party will give the other party the right to enforce this Agreement in accordance with the provisions of this Agreement.

12.3. Agency Remedies. In the event of a material Developer default under this Agreement prior to Close of Escrow for the Parking Garage Property, upon notice of default and after an opportunity to cure as provided in Section 12.1, Agency's sole remedies shall be to (i) retain the Deposit, (ii) reallocate the Agency Payment to another project or property furthering the purposes of the Redevelopment Plan or return it to the applicable taxing districts, and/or (iii) terminate this Agreement, as determined by Agency in its sole discretion. Upon termination of this Agreement, neither Agency nor Developer will have any further rights against or liability to the other under this Agreement.

In the event of a material Developer default with respect to the Parking Garage Property after Close of Escrow for the Parking Garage Property but prior to the Parking Garage Commencement Date, unless otherwise provided herein, upon notice of default and after an opportunity to cure as provided in Section 12.1, upon request by the Agency, Developer agrees to immediately reconvey the Parking Garage Property to Agency lien free with a deed in the same form as the Deed. Upon such reconveyance, this Agreement will be terminated, and neither Agency nor Developer will have any further rights against or liability to the other under this Agreement.

In the event of a material Developer default with respect to the Parking Garage Property after the Parking Garage Commencement Date but prior to the Close of Escrow for the Residential Building Property, upon notice of default and after an opportunity to cure as provided in Section 12.1, Agency shall have the right to terminate this Agreement with respect to the Residential Building Property and the Agency Payment in which case neither Agency nor Developer will have any further rights against or liability to the other under this Agreement except for the portions of such Agreement related to the Parking Garage, and such remedies as available to it at law or in equity, including but not limited to, specific performance.

In the event of a material Developer default with respect to the Residential Building Property after Close of Escrow for the Residential Building Property but prior to the Residential Building Commencement Date, unless otherwise provided herein, upon notice of default and after an opportunity to cure as provided in Section 12.1, upon request by the Agency, in addition to the Agency remedies stated in the paragraph immediately above, Developer agrees to immediately reconvey the Residential Building Property to Agency lien free with a deed in the same form as the Deed. Upon such reconveyance, neither Agency nor Developer will have any further rights against or liability to the other under this Agreement with respect to the Residential Building Property or the Agency Payment.

In the event of a material Developer default with respect to the Residential Building Property after the Residential Building Commencement Date, upon notice of default and after an opportunity to cure as provided in Section 12.1, Agency shall no longer be required to make the Agency Payment to Developer under this Agreement and it will be null and void at the option of the Agency, and the Agency will have such remedies as available to it at law or in equity, including but not limited to, specific performance.

Notwithstanding anything to the contrary herein, in the event Developer fails to meet the Outside Project Substantial Completion Date, any cure period provided under this Agreement is automatically waived, failure to meet such date will be considered a material default under this Agreement, and Agency's requirement to make the Agency Payment to Developer, is null and void and of no force or effect at the option of Agency.

12.4. Developer Remedies. In the event of a material Agency default under this Agreement prior to Close of Escrow for the Parking Garage Property, upon notice of default and after an opportunity to cure as provided in Section 12.1, Developer's sole remedy shall be to terminate this Agreement and receive a refund of the Deposit, as determined by Developer in its sole discretion. Upon termination of this Agreement, neither Agency nor Developer will have any further rights against or liability to the other under this Agreement.

In the event of a material Agency default with respect to the Parking Garage Property after Close of Escrow for the Parking Garage Property but prior to the Parking Garage Commencement Date, upon notice of default and after an opportunity to cure as provided in Section 12.1, upon request of Developer, Agency agrees to immediately refund the Deposit to Developer and Developer shall reconvey the Parking Garage Property to Agency lien free pursuant to a deed in the same form as the Deed. Upon such reconveyance, neither Agency nor Developer will have any further rights against or liability to the other under this Agreement.

In the event of a material Agency default with respect to the Parking Garage Property after the Parking Garage Commencement Date, upon notice of default and after an opportunity to cure as required herein, Developer shall have such remedies as available to it at law or in equity, including, but not limited to, specific performance.

In the event of a material Agency default with respect to the Residential Building Property after Close of Escrow for the Residential Building Property but prior to the Residential Building Commencement Date, upon notice of default and after an opportunity to cure as provided in Section 12.1, upon request of Developer, Developer shall reconvey the Residential Building Property to Agency lien free pursuant to a deed in the same form as the Deed. Upon such reconveyance, neither Agency nor Developer will have any further rights against or liability to the other under this Agreement.

In the event of a material Agency default with respect to the Residential Building Property after the Residential Building Commencement Date, upon notice of default and after an opportunity to cure as required herein, Developer shall have such remedies as available to it at law or in equity, including, but not limited to, specific performance.

13. GENERAL PROVISIONS.

13.1. No Assignment. Except as otherwise expressly permitted hereunder, prior to the issuance by Agency of a Project Certificate of Completion, Developer will not sell, transfer, convey, assign, or lease the whole or any part of the Site or the buildings or improvements thereon without the prior written approval of Agency. This prohibition on the sale, transfer, conveyance, assignment or lease of the Site will not apply subsequent to the issuance of the Project Certificate of Completion. This prohibition will not be deemed to prohibit or restrict (a) the granting of other easements, licenses or permits to facilitate development and/or construction of the Project, or (b) assignments and/or encumbrances for security purposes. .

13.2. Notices. Any notice which a party is required or may desire to give the other under this Agreement will be in writing and will be sent by personal delivery, by certified mail, return receipt requested, by Federal Express or similar generally recognized overnight courier regularly providing proof of delivery, or by email with attached portable document format (PDF) when no notice is received that such email was undeliverable and where such notice is concurrently given by another method permitted under this Agreement as a follow up notice, and all such notices will be addressed as follows:

Agency:

Executive Director
Urban Renewal Agency
203 Main Ave. E.
Twin Falls, Idaho 83301
Ph: (208) 735-7271

Copy to:

Meghan Conrad
Elam & Burke, LLP
251 E. Front St., Ste 300
P.O. Box 1539
Boise, ID 83701
Email: msc@elamburke.com
Ph. (208) 343-5454

Developer:

Bill Truax
GO QOZ Second Avenue LLC
999 W Main St., Ste 1400
Boise, ID 83702
Email: bill@galenafund.com
Ph: (208) 844-7064

Copy to:

Bryan W. Aydelotte
Lobo Rojo PLLC
PO Box 1158
Boise, ID 83701-1158
Email: loborojopllc@gmail.com
Ph. (208) 949-6244

Any notice so given will be deemed to have been duly given, if by certified mail, return receipt requested, by Federal Express or similar generally recognized overnight courier upon delivery or refusal of delivery thereof, or by personal delivery, upon delivery or refusal of delivery thereof, and if by e-mail upon entrance into the recipient's e-mail server. Any party will have the right to change the address for notice set forth in this Section by notice given to the other party in accordance with the provisions of this Section.

13.3. 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.

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

13.5. Force Majeure Event; Extension of Time of Performance. In addition to the specific provisions of this Agreement, performance by any party hereunder will not be deemed to be in default where delays or defaults are a Force Majeure Event. An extension of time for any Force Majeure Event will only be for the period of the actual delay, which period will commence to run from the time of the commencement of the cause. A party claiming an extension due to a Force Majeure Event must submit notice in writing to the other party such extension within ten (10) days after (a) the Force Majeure Event, or (b) if it is ongoing, the commencement of the Force Majeure Event. Times of performance under this Agreement may also be extended in writing by the parties.

13.6. Inspection of Books and Records. Agency has the right, upon not less than seventy-two (72) hours' notice, at all reasonable times, to inspect the books and records of Developer pertaining to the Project as pertinent to the purposes of this Agreement. Developer also has the right, upon not less than seventy-two (72) hours' notice, at all reasonable times, to inspect the books and records of Agency pertaining to the Project as pertinent to the purposes of this Agreement.

13.7. Reports, Studies and Tests. If Developer does not proceed with the acquisition of the Property and development of the Project, Agency may retain possession of any reports, studies and test results prepared by Developer's third-party consultants (other than its legal or tax counsel), including any soils or engineering tests concerning the Property, previously submitted by Developer. Building and improvement designs, plans and specifications are not covered by the preceding sentence. Agency or any other person or entity designated by Agency will 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.

13.8. 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 will 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 will recover judgment in any such action or proceeding, such costs, expenses, and attorney fees will be included in and as a part of such judgment.

13.9. No Real Estate Commissions or Fees. Each party hereby represents and warrants to the other that such party has not dealt with any broker or finder with respect to the transaction contemplated hereby. Each party hereby agrees to indemnify, defend and hold harmless the other for any claim for brokerage commission or finder's fee asserted by any person, firm or corporation claiming to have been engaged by such party. The provisions of this Section will survive Closing for a period of one (1) year after the issuance of the Project Certificate of Completion.

13.10. Applicable Law; Venue. The laws of the State of Idaho will govern the interpretation and enforcement of this Agreement. Venue will be in the 4th Judicial District of Idaho.

13.11. 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 will not be included. The last calendar day of the period so computed will 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.

13.12. 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 will 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.

13.13. Dispute Resolution. 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 will meet and confer in a good faith effort to resolve their dispute. The first such meeting will occur within thirty (30) days of the first written notice from either party evidencing the existence of the dispute. The Chair of Agency and the manager of Developer will both be included among the individuals representing the parties at the first such meeting. If the parties will 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 will 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 may to pursue any rights or remedies it may have at law or in equity.

13.14. Compliance with Laws. Developer and Agency will comply with all laws, statutes, rules and regulations applicable to its performance under this Agreement.

13.15. No Merger. The parties agree that Agency's conveyance of the Property at Closing to Developer will not effectuate a merger and all terms and conditions of this Agreement will survive such conveyance and not merge into the Deed.

13.16. 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 will 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.

13.17. Severability and Enforceability. The provisions of this Agreement are severable, and if any one or more sections, paragraphs, subparagraphs, clauses, or provisions of this Agreement are determined to be illegal, indefinite, invalid or otherwise unenforceable, in whole or in part, the remaining provisions of this Agreement will continue in full force and effect and will be binding and enforceable.

13.18. Further Acts and Documents. Each party hereto will execute any and all further documents, instruments and other conveyances and agreements, and will do all acts, which may be necessary or appropriate to fully implement the provisions of this Agreement.

13.19. Electronic Signatures. Documents transmitted by electronic mail and showing the signature of a party will be deemed to be binding upon such party in the same manner as if a manually signed copy of such document had been delivered, except that the documents to be recorded will be manually executed and notarized.

13.20. 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. In the event of a conflict between this Agreement and the Design Development Plan or Agreement to Negotiate Exclusively, this Agreement shall prevail. 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.

13.21. Agency Approval. 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 will be void, except to the extent that Developer will 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 will be void.

14.9 Anti-Boycott Against Israel Certification. Developer hereby certifies pursuant to Section 67-2346, Idaho Code, that Developer, its wholly owned subsidiaries, majority owned subsidiaries, parent companies and affiliates, are not currently engaged in, and will not for the duration of this Agreement, knowingly engage in, a boycott of goods or services from Israel or territories under its control.

[signatures on following page]

__________________, 2022 AGENCY

URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS

____

Andy Hohweiler, Vice-Chair

ACKNOWLEDGED AND AGREED:

__________________, 2022 DEVELOPER

GO QOZ SECOND AVENUE LLC
an Idaho limited liability company

By Galena JV Manager LLC
an Idaho limited liability company
its Manager

By Inflection Development, LLC
an Idaho limited liability company
its Manager

By ____
William Truax, Manager

ACKNOWLEDGED AND AGREED (solely for purposes of the assignment of the Deposit pursuant to the second paragraph of Section 5.2):

__________________, 2022 Galena Opportunity, Inc.
an Idaho corporation

By ____
William Truax, President

State of Idaho)
)
County of Ada)

This record was acknowledged before me on __________, 2022, by William Truax, the Manager of Inflection Development, LLC, the Manager of Galena JV Manager LLC, the Manager of GO QOZ Second Avenue LLC.

____
Notary Public for State of Idaho
My Commission Expires ____________________

State of Idaho)
)
County of Ada)

This record was acknowledged before me on __________, 2022, by William Truax, the President of Galena Opportunity, Inc.

____
Notary Public for State of Idaho
My Commission Expires ____________________

ATTACHMENT 1

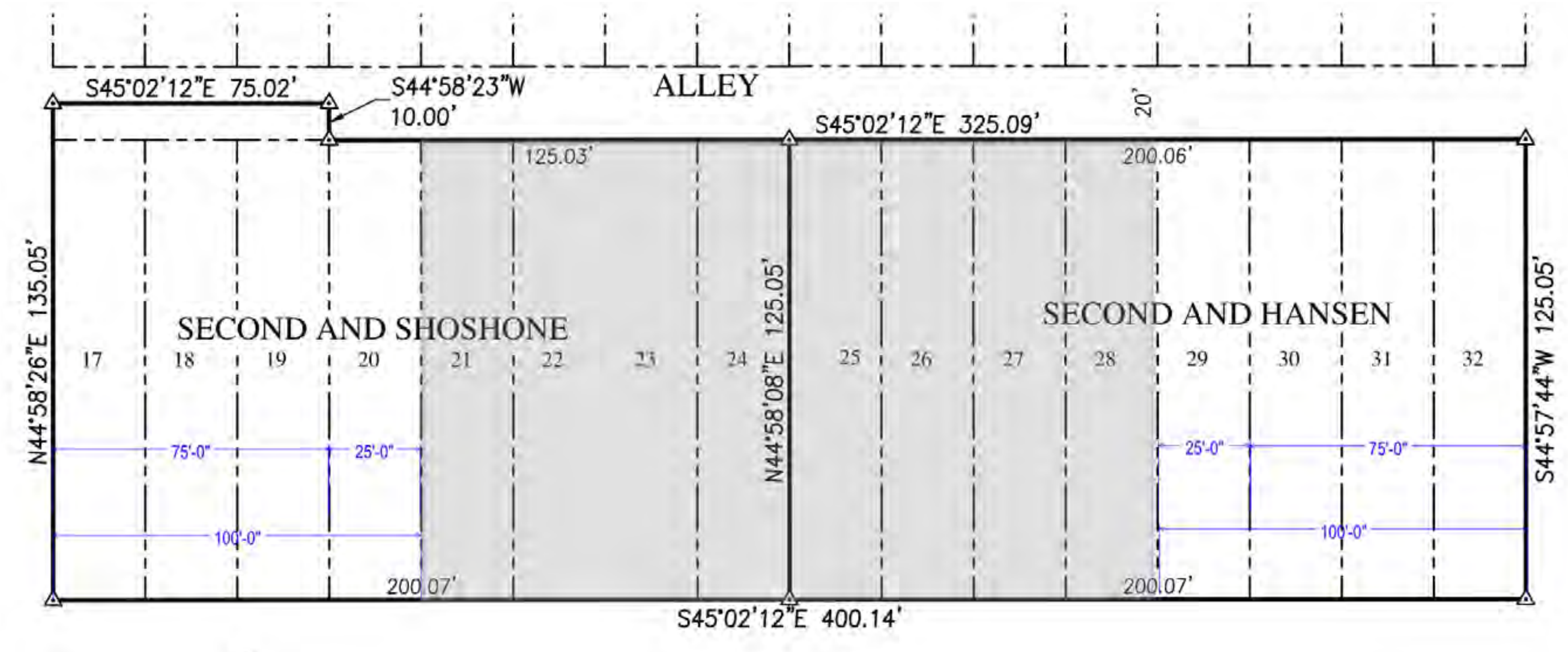
Site Plan

[9 pages attached]

The “Project” constitutes both the Parking Garage and the Residential Building (including the adjacent pedestrian pathway). The “Project” does not include Lots 17-20, Block 103, Twin Falls Townsite, Twin Falls County, ID.

The “Property” constitutes Lot 25 (except the Northwesterly one foot thereof lying contiguous to the line between said Lot 24 and Lot 25) and Lots 26-32, Block 103, Twin Falls Townsite, Twin Falls County, ID. The Property is the land to be conveyed by Agency to Developer for the Project.

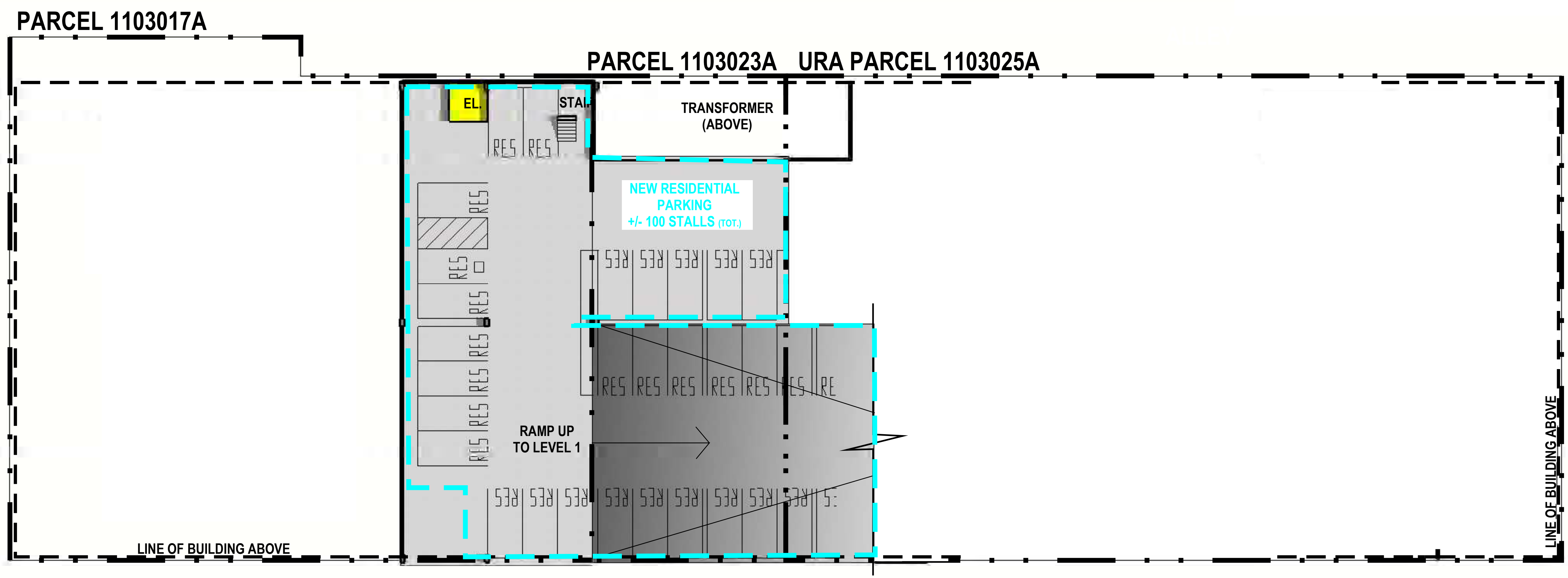
The “Site” constitutes Lots 21-32, Block 103, Twin Falls Townsite, Twin Falls County, ID. The Site is the land underlying the Project.



The “Parking Garage Property ” constitutes Lots 21-28, Block 103, Twin Falls Townsite, Twin Falls County, ID.

The “Developer Parcel” constitutes Lots 21-24 and the Northwesterly one foot of Lot 25 lying contiguous to the line between Lots 24 and 25, Block 103, Twin Falls Townsite, Twin Falls County, ID.

The “Residential Building Property” (including the pedestrian pathway) constitutes Lots 29-32, Block 103, Twin Falls Townsite, Twin Falls County, ID.



N

01

CONCEPT PLAN LEVEL B1

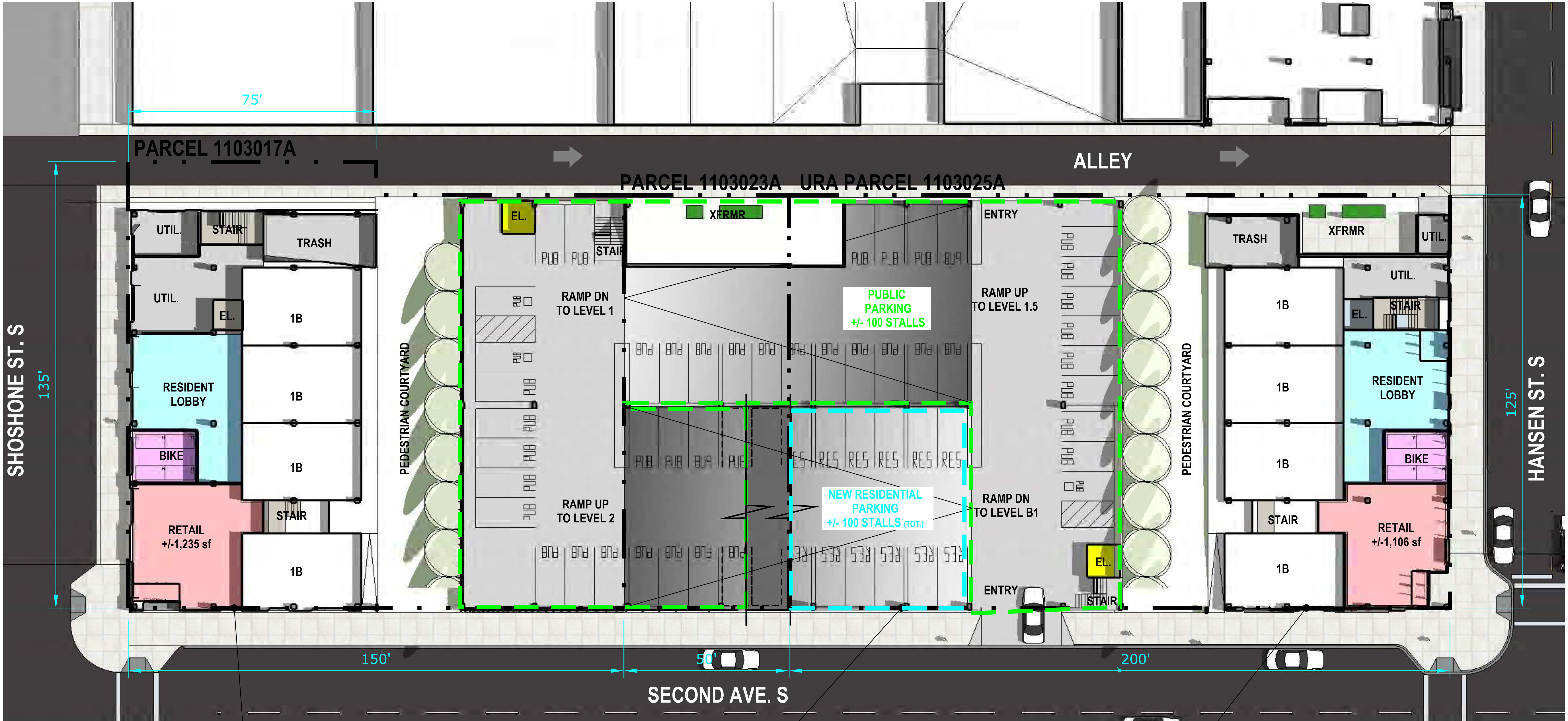
SCALE: 1"=30'

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north ARCHITECTURE



PROPOSED 4-OVER-1 RESIDENTIAL BUILDING
HEIGHT: +/- 69'2" TOP OF STRUCTURE FROM SECOND AVE. CURB

PROPOSED 4.5 LEVEL GARAGE
HEIGHT: +/- 56' TOP OF STRUCTURE FROM SECOND AVE. CURB

PROPOSED 4-OVER-1 RESIDENTIAL BUILDING w/ ROOF DECK
HEIGHT: +/- 76'2" TOP OF STRUCTURE FROM SECOND AVE. CURB

CONCEPT SITE PLAN - LEVEL1

SCALE: 1"=30'

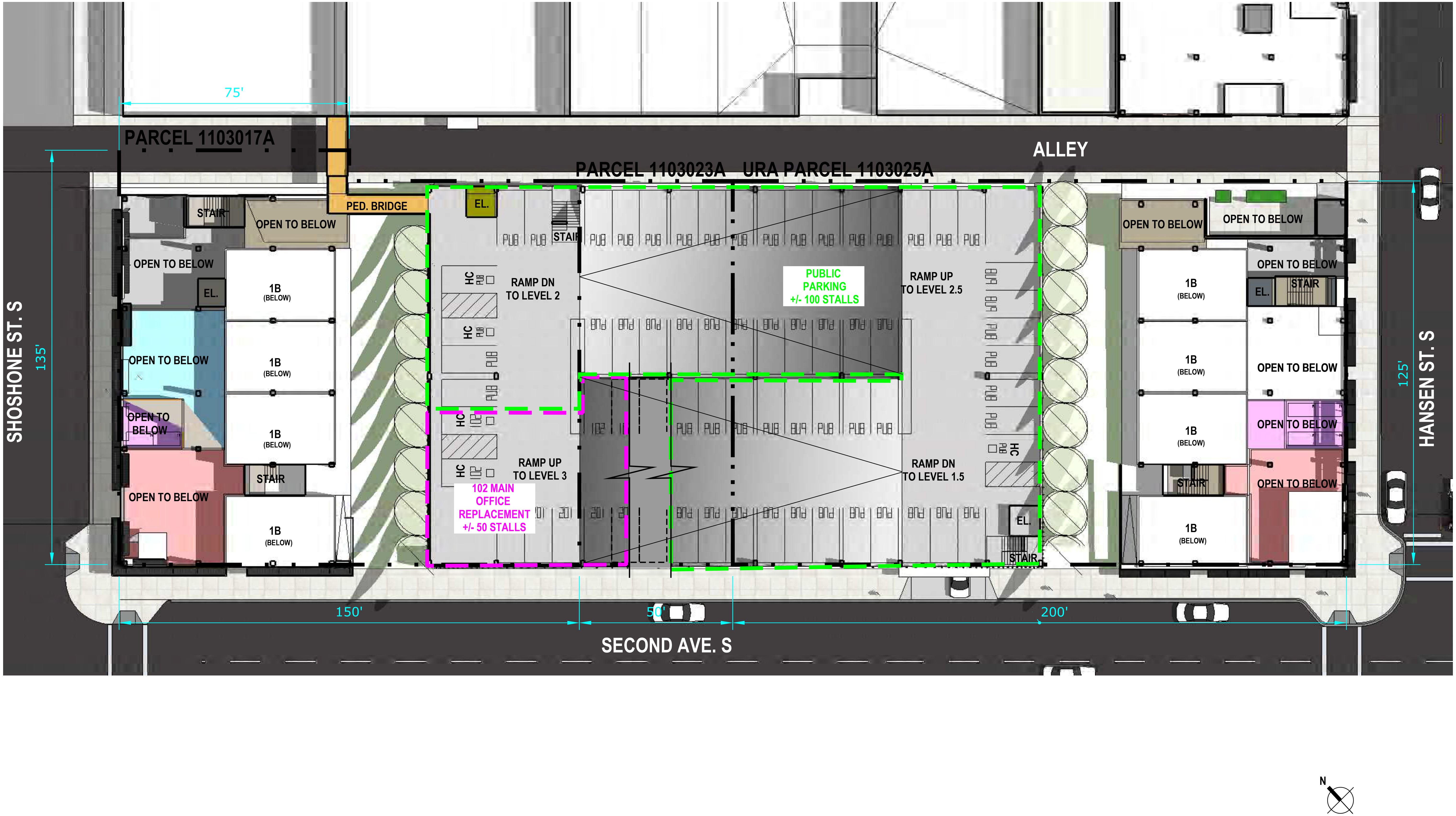
02

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north ARCHITECTURE



03

CONCEPT LEVEL 2 PLAN

SCALE: 1"=30'

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north ARCHITECTURE

PROPOSED 4-OVER-1 RESIDENTIAL BUILDING
HEIGHT: +/- 69'2" TOP OF STRUCTURE FROM SECOND AVE. CURB

PROPOSED 4.5 LEVEL GARAGE
HEIGHT: +/- 56' TOP OF STRUCTURE FROM SECOND AVE. CURB

PROPOSED 4-OVER-1 RESIDENTIAL BUILDING
HEIGHT: +/- 69'2" TOP OF STRUCTURE FROM SECOND AVE. CURB

N

CONCEPT LEVEL 3 PLAN

SCALE: 1"=30'

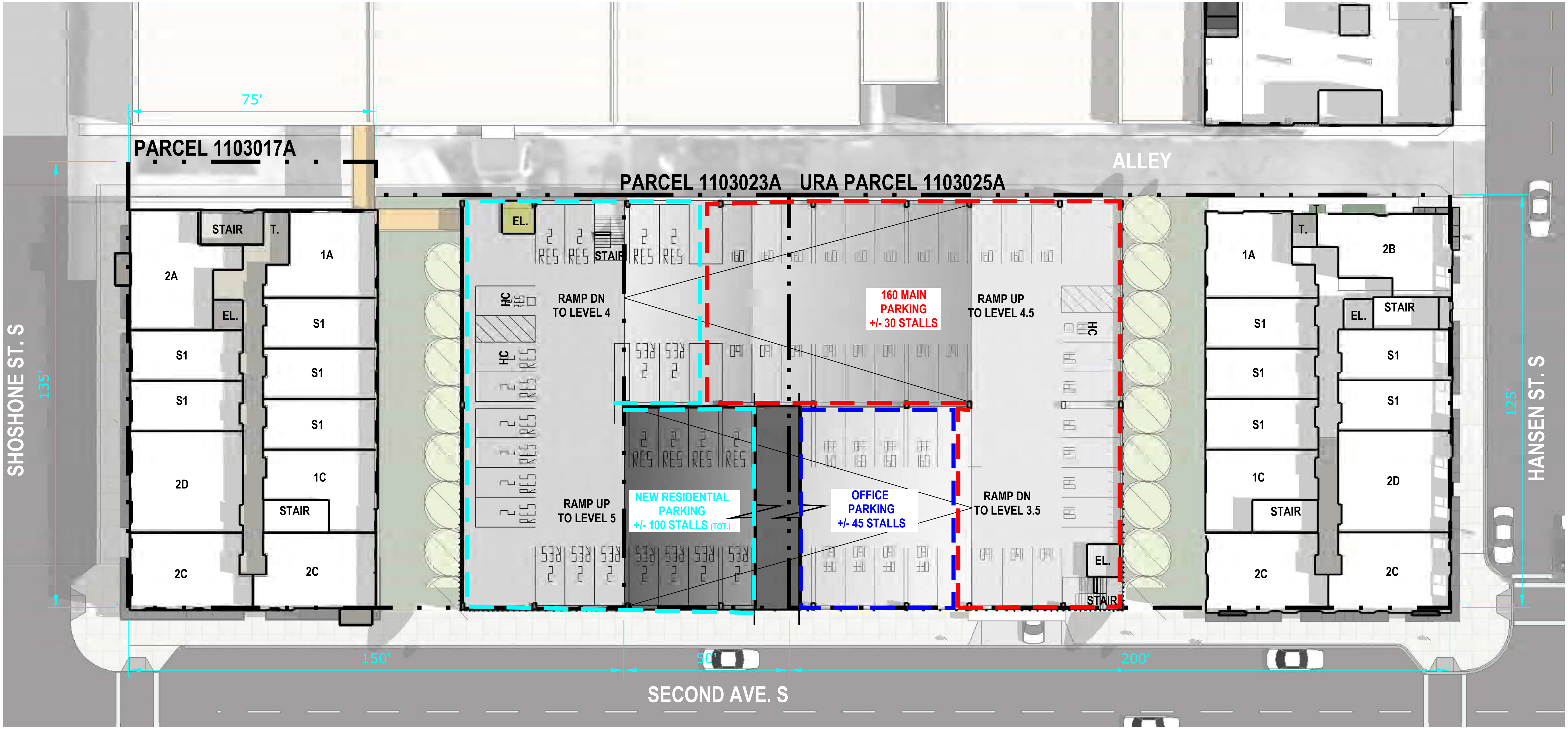
04

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north
ARCHITECTURE



CONCEPT TYPICAL UPPER PLAN

SCALE: 1"=30'

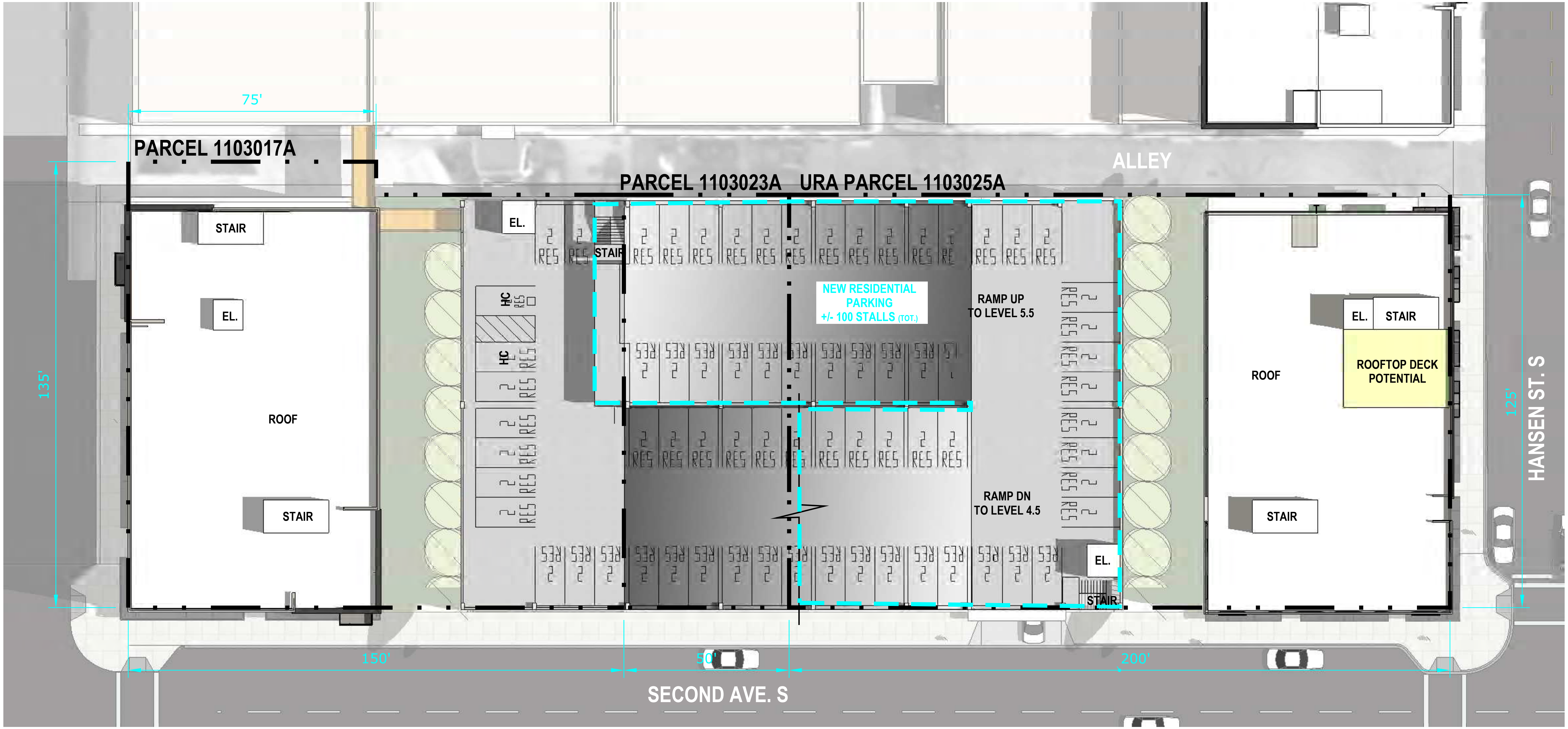
05

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north
ARCHITECTURE



06

CONCEPT ROOF PLAN

SCALE: 1"=30'

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north ARCHITECTURE

VIEW TO CORNER OF 2ND AND HANSEN, LOOKING N

v1

04.19.2022

CONCEPT PERSPECTIVE VIEWS

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north ARCHITECTURE

VIEW TO CORNER OF 2ND AND SHOSHONE, LOOKING E

CONCEPT PERSPECTIVE VIEWS

v2

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north ARCHITECTURE

<u>ATTACHMENT 2</u>

Legal Descriptions

Section 1. "<u>Property" Legal Description</u>:

*Lot 25, Block 103**, Except** the Northwesterly one foot thereof lying contiguous to the line between said Lot 24 and Lot 25, **TWIN FALLS TOWNSITE**, Twin Falls County, Idaho, according to the final and amended plat thereof recorded in Book 1 of Plats, page 7, records of Twin Falls County, Idaho.*

AND

*Lots 26, 27, 28, 29, 30, 31 and 32, Block 103**, TWIN FALLS TOWNSITE**, Twin Falls County, Idaho, according to the final and amended plat thereof recorded in Book 1 of Plats, page 7, records of Twin Falls County, Idaho.*

[End of Property Legal Description]

Section 2. "<u>Developer Parcel" Legal Description</u>:

*Lots 21, 22, 23, 24, and the Northwesterly one foot of Lot 25 lying contiguous to the line between Lots 24 and 25, Block 103, **TWIN FALLS TOWNSITE**, Twin Falls County, Idaho, according to the final and amended plat thereof recorded in Book 1 of Plats, Page 7, records of Twin Falls County, Idaho.*

[End of Developer Parcel Legal Description]

Section 3. "<u>Site" Legal Description</u>:

Being all of Lots 21 through 32, Block 103, as shown on that certain map entitled "FINAL AND AMENDED PLAT OF TWIN FALLS TOWNSITE", recorded December 16, 1904, as instrument no. 0000-000040 in the office of the county recorder of Twin Falls County, Idaho.

[End of Site Legal Description]

Section 4. "<u>Parking Garage Property" Legal Description</u>:

*Lots 21, 22, 23, 24, 25, 26, 27, and 28, Block 103, **TWIN FALLS TOWNSITE**, Twin Falls County, Idaho, according to the final and amended plat thereof recorded in Book 1 of Plats, Page 7, records of Twin Falls County, Idaho.*

[End of Parking Garage Property Legal Description]

Section 5. "<u>Residential Building Property" Legal Description</u>:

Lots 29, 30, 31, and 32, Block 103, ***TWIN FALLS TOWNSITE****, Twin Falls County, Idaho, according to the final and amended plat thereof recorded in Book 1 of Plats, Page 7, records of Twin Falls County, Idaho.*

[End of Residential Building Property Legal Description]

ATTACHMENT 3

Schedule of Performance/Milestone Dates

Section	Action	Milestone Date
4.1	Submission Project Budget	October 1, 2022
	Submission of Developer Documents	30 days after Effective Date
4.1	Submission of Project Evidence of Financing	November 15, 2022
5.11	Submission of Construction Contract for Parking Garage	30 days prior to Closing of Parking Garage Property
7.2	Submission of Final Construction Drawings for Parking Garage (including differences from Design Development Plan)	30 days prior to Closing of Parking Garage Property
5.11; 5.12; 9.4	Issued site work and Construction Permits for Parking Garage	5 days prior to Closing of Parking Garage Property
5.11	Closing of Financing for the Parking Garage	At Closing of Parking Garage Property
5.11; 5.12	Conveyance of the Property by the City to Agency and by Agency to Developer	At Closing of Parking Garage Property
5.7	Closing of Parking Garage Property	April 1, 2023
9.4	Commencement of Site Work for Parking Garage Property	30 days after Closing of Parking Garage Property
9.4	Parking Garage Commencement Date	May 15, 2023
5.11	Submission of Construction Contract for Residential Building	30 days prior to Closing of Residential Building Property
7.2	Submission of Final Construction Drawings for Residential Building (including differences from Design Development Plan)	30 days prior to Closing of Residential Building Property
9.4	Issued site work and Construction Permits for Residential Building	5 days prior to Closing of Residential Building Property
5.11	Closing of Financing for Residential Building	At Closing of Residential Building Property
5.11; 5.12	Conveyance of the Residential Building Property by Agency to Developer	At Closing of Residential Building Property
5.7	Closing of Residential Building Property	September 1, 2023
9.4	Commencement of Site Work for Residential Building Property	30 days after Closing of Residential Building Property
11.1	Parking Garage Management Agreement	October 1, 2023

	Date	
9.1	Parking Garage Completion Date	October 1, 2023
9.4	Residential Building Commencement Date	October 15, 2023
9.1	Residential Building Completion Date and Outside Project Substantial Completion Date	October 15, 2025
9.2	Issuance of Project Certificate of Completion	15 days after Completion Conditions Satisfied
9.9	Agency Payment	30 days after issuance of Project Certificate of Completion (conditioned upon performance under this Agreement)

ATTACHMENT 4

Design Development Plan

[22 pages attached]

September 20, 2022

Travis Rothweiler
City Manager, City of Twin Falls
203 Main Avenue East
Twin Falls, ID 83301

Re: *2nd & Hansen Project – Design Timeline*

Dear Travis:

Following is a description of the changes to the Design Development Plan for the Project.

March 14, 2022 Design Development Plan Submission – The principal change to the design of the Project shown in the Concept Plans dated 3.14.2022 was the separation of the Residential Building from the Parking Garage, resulting in an increase in the height of the Parking Garage and a decrease in the height of the Residential Building by one floor. The number of residential units in the Residential Building remained at 48, but the unit mix changed with an increase in the number of studio units and a decrease in the number of one-bedroom units. The floor space in residential units was reduced from approximately 38,012 square feet to 31,340 square feet. A newly designed tree-lined pedestrian pathway, located between the Parking Garage and the Residential Building, increased green space for the project. Parking stalls in the Parking Garage remained at 325, with 100 reserved for public use. See attached summary that details the design changes.

April 27, 2022 Design Development Plan Submission – The principal change to the design of the Project shown in the Concept Plans dated 4.19.2022 was the addition of a pedestrian bridge or skybridge that connected the second level of the Parking Garage to a new residential building to be located at the easterly corner of 2nd Avenue and Shoshone Street. A second leg of the skybridge connected the 2nd & Shoshone residential building to the existing commercial building located at 102 Main Ave South. The Project design shown in the Concept Plans dated 3.14.2022 remained materially the same, except for the addition of the skybridge described above.

June 28, 2022 Certificate of Appropriateness Application – The Concept Plans dated 4.19.2022 were submitted, along with more detailed Concept Perspective Views dated 06.27.2022 of the skybridge, to representatives of the Twin Falls City Historic Preservation Commission. The commission granted a Certificate of Appropriateness dated 8/18/2022 for the skybridge.

In summary, the project drawings (Concept Plans dated 3.14.2022) have not materially changed since the March 14 submission, other than the addition of the skybridge as shown in the Concept Plans dated 4.19.2022 and the Concept Perspective Views dated 06.27.2022.

Respectfully submitted,

Bill Truax, President
Galena Opportunity, Inc.

SUMMARY OF DESIGN CHANGES (MARCH 2022) - 2ND & HANSEN GARAGE

Parking stall counts have not changed with the new design:

100	Public
45	Office, 160 Main
50	Office, 102 Main (replacement)
50	Residential Hansen St.
50	Residential Shoshone St.
30	Residential 160 Main
325	Total

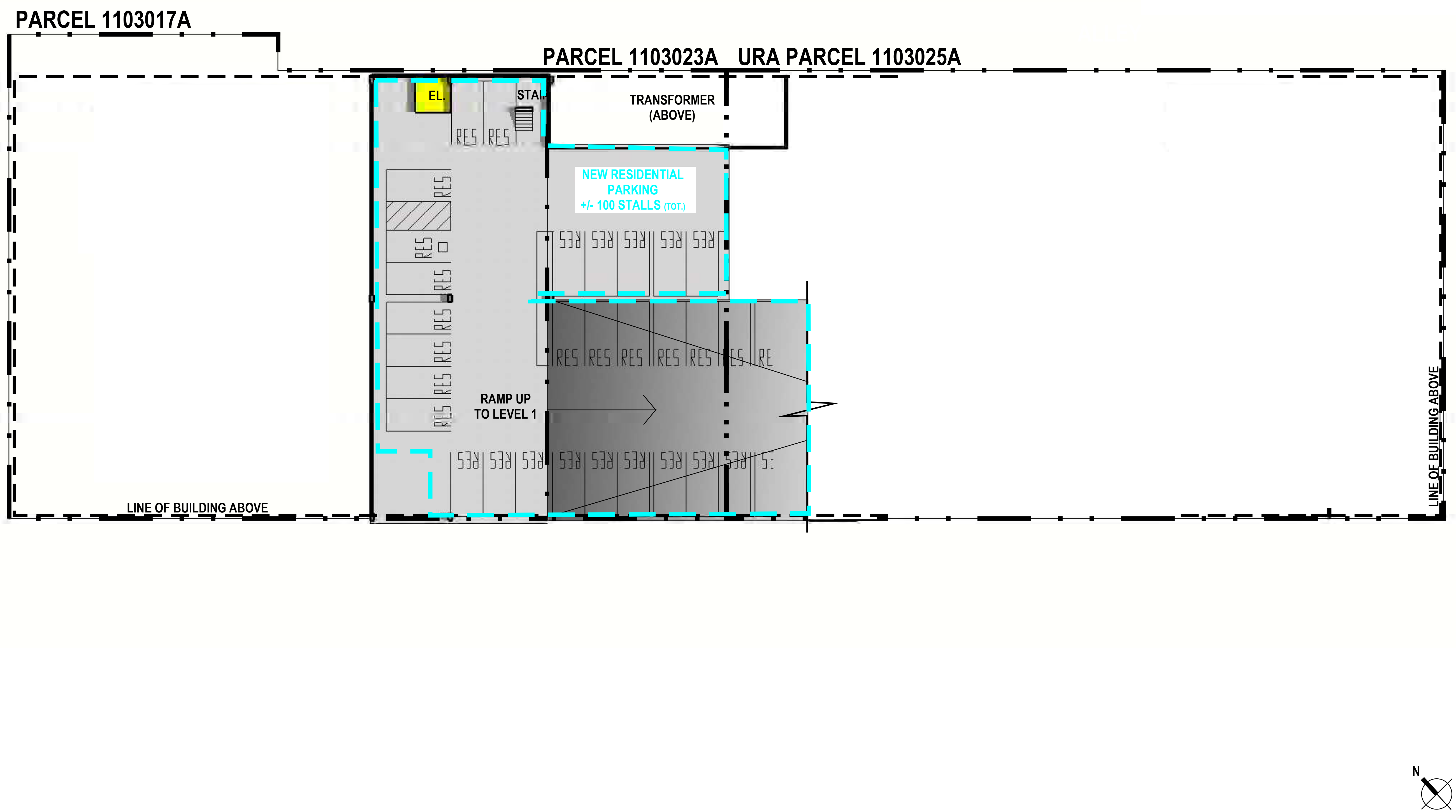
Retail Square Footage:	**New Design**	**Previous Design**
2nd & Hansen	1,106 Sq Ft	1000 Sq Ft

Proposed Unit Mix - 2nd & Hansen

Unit Type	Sq Ft	# of Units	Total SF
Studio	482	20	9,640
1BR	713	4	2,852
1BR-LOFT	800	4	3,200
1BR	614	4	2,456
2BR	775	4	3,100
2BR	765	8	6,120
2BR	993	4	3,972
	Total	**48**	**31,340**
		average SF	**652.92**

Previously Unit Mix - 2nd & Hansen

Unit Type	Sq Ft	# of Units	Total SF
Studio	482	10	4,820
1BR	514	6	3,084
1BR	775	15	11,625
2BR	1023	5	5,115
2BR	1114	12	13,368
	Total	**48**	**38,012**
		average SF	**791.92**



CONCEPT PLAN LEVEL B1

SCALE: 1"=30'

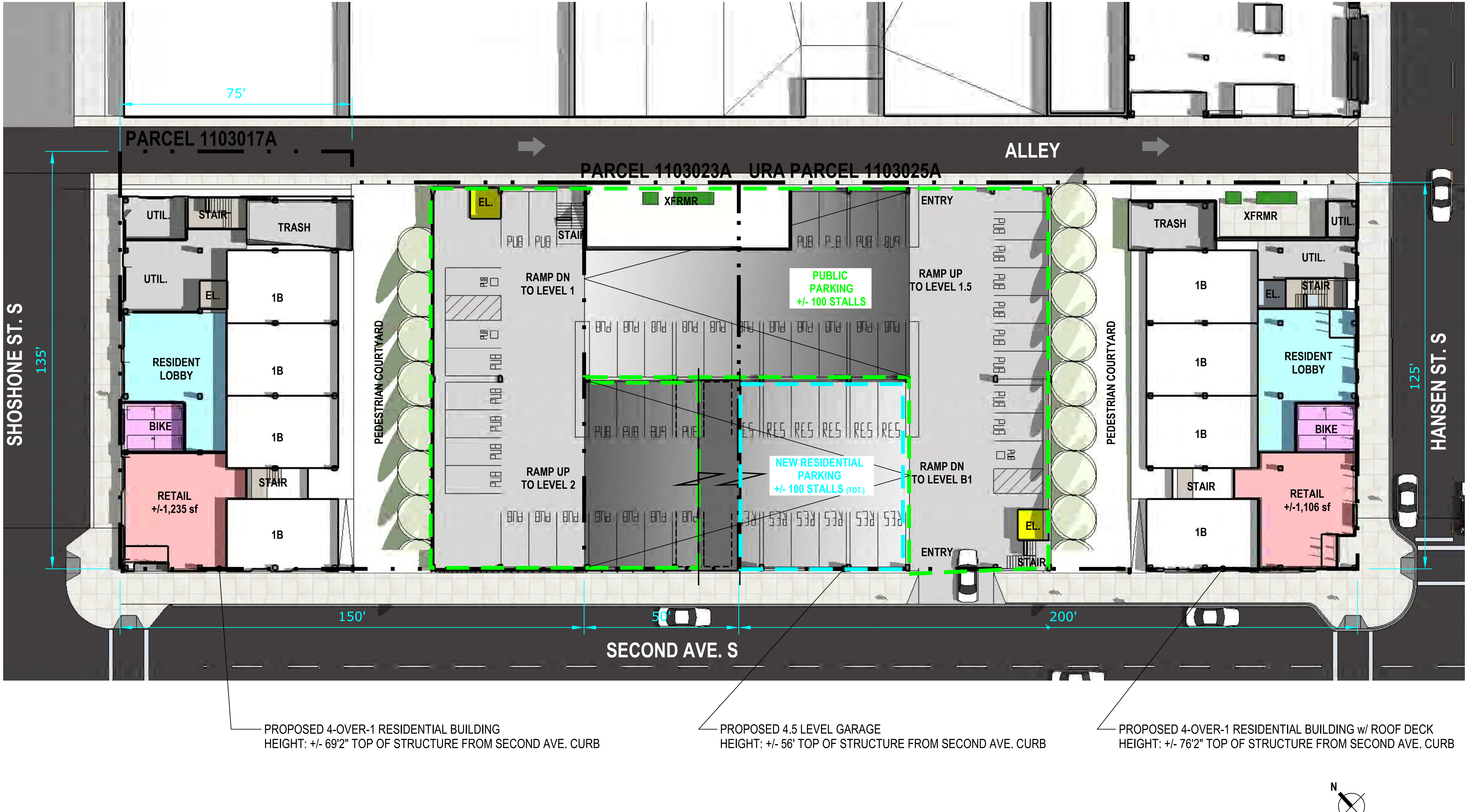
01

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north ARCHITECTURE



PROPOSED 4-OVER-1 RESIDENTIAL BUILDING
HEIGHT: +/- 69'2" TOP OF STRUCTURE FROM SECOND AVE. CURB

PROPOSED 4.5 LEVEL GARAGE
HEIGHT: +/- 56' TOP OF STRUCTURE FROM SECOND AVE. CURB

PROPOSED 4-OVER-1 RESIDENTIAL BUILDING w/ ROOF DECK
HEIGHT: +/- 76'2" TOP OF STRUCTURE FROM SECOND AVE. CURB

CONCEPT SITE PLAN - LEVEL1

SCALE: 1"=30'

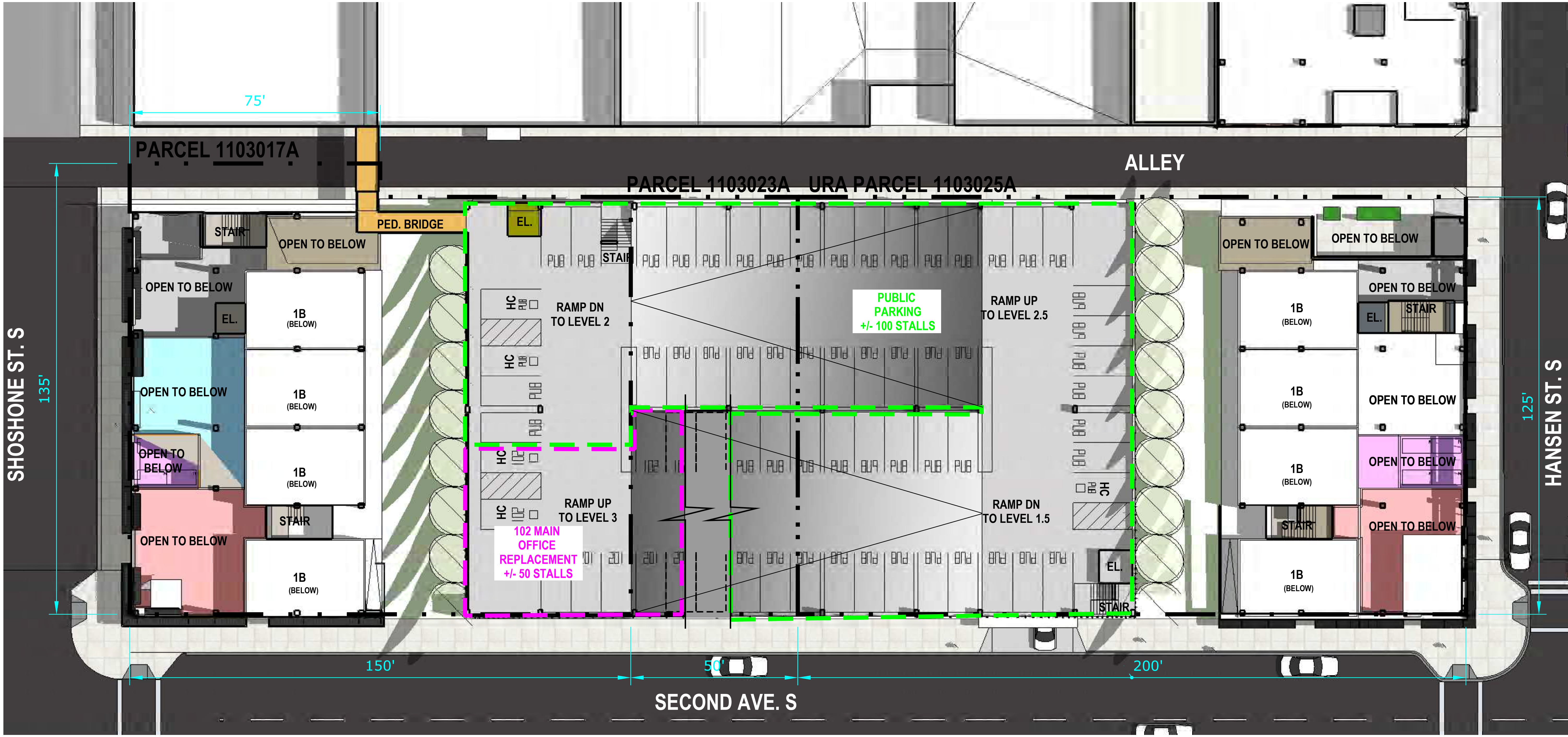
02

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north ARCHITECTURE



CONCEPT LEVEL 2 PLAN

SCALE: 1"=30'

03

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north ARCHITECTURE

PROPOSED 4-OVER-1 RESIDENTIAL BUILDING
HEIGHT: +/- 69'2" TOP OF STRUCTURE FROM SECOND AVE. CURB

PROPOSED 4.5 LEVEL GARAGE
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PROPOSED 4-OVER-1 RESIDENTIAL BUILDING
HEIGHT: +/- 69'2" TOP OF STRUCTURE FROM SECOND AVE. CURB

N

04

CONCEPT LEVEL 3 PLAN

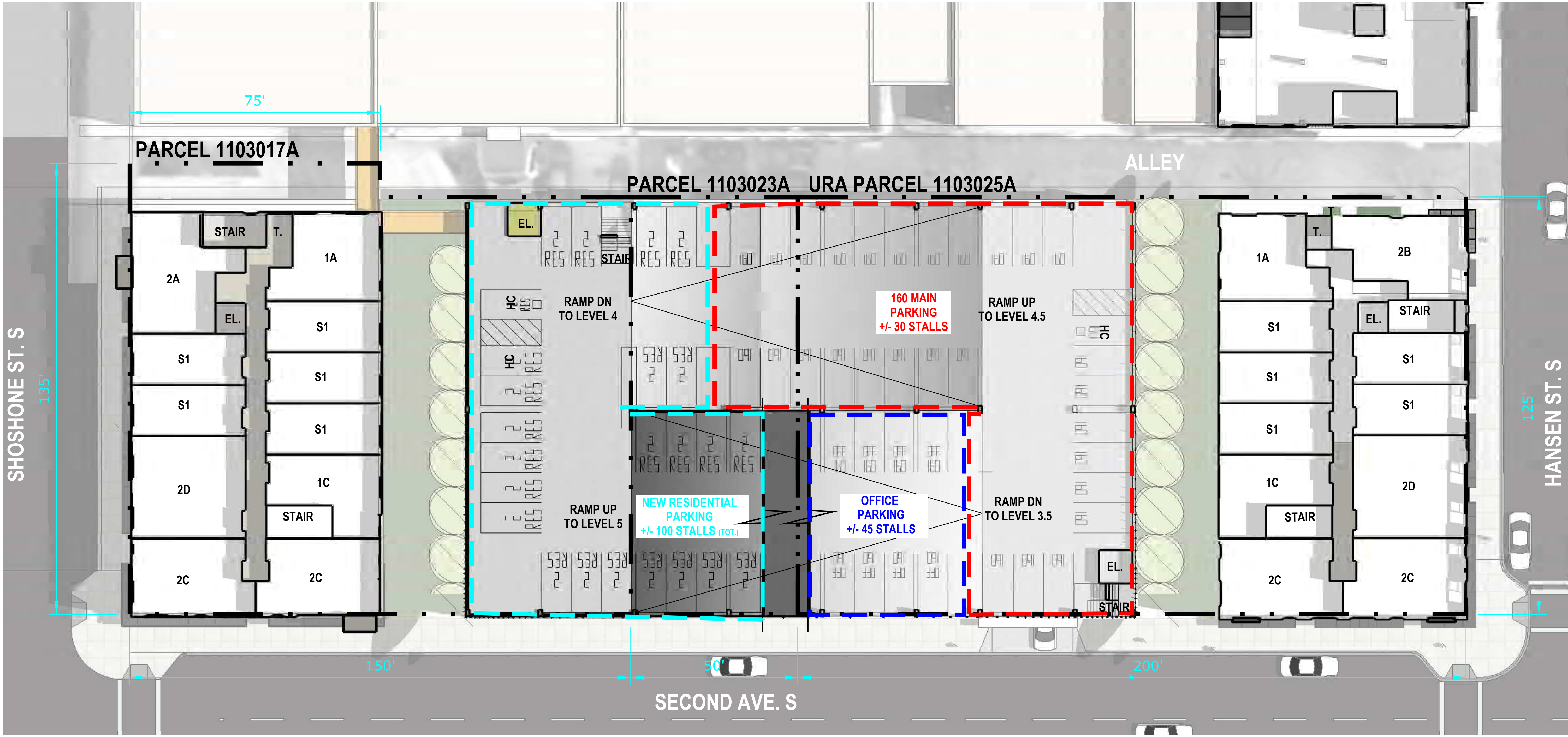
SCALE: 1"=30'

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north
ARCHITECTURE



N

05

CONCEPT TYPICAL UPPER PLAN

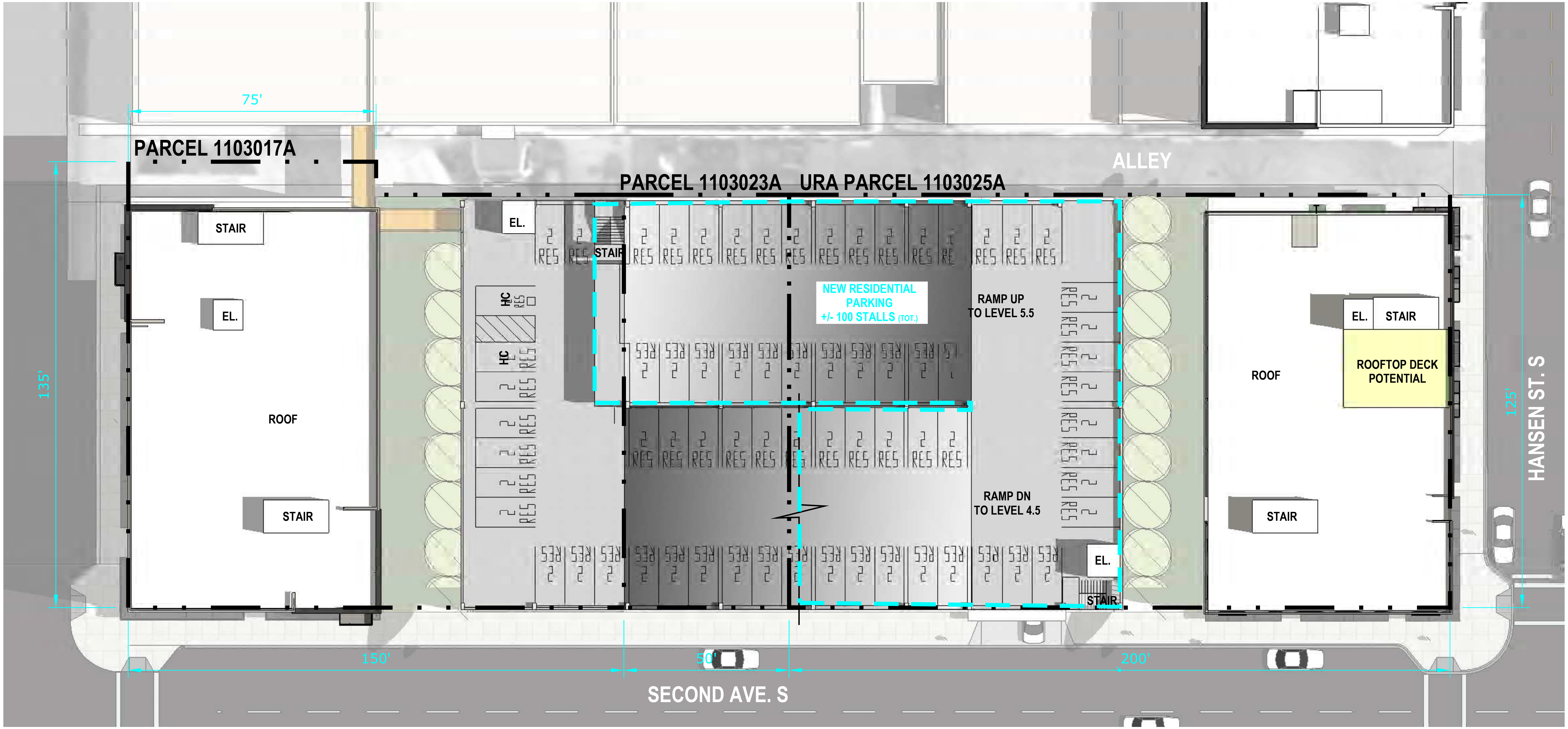
SCALE: 1"=30'

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north ARCHITECTURE



06

CONCEPT ROOF PLAN

SCALE: 1"=30'

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north ARCHITECTURE

VIEW TO CORNER OF 2ND AND HANSEN, LOOKING N

v1

CONCEPT PERSPECTIVE VIEWS

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north
ARCHITECTURE

VIEW TO CORNER OF 2ND AND SHOSHONE, LOOKING E

v2

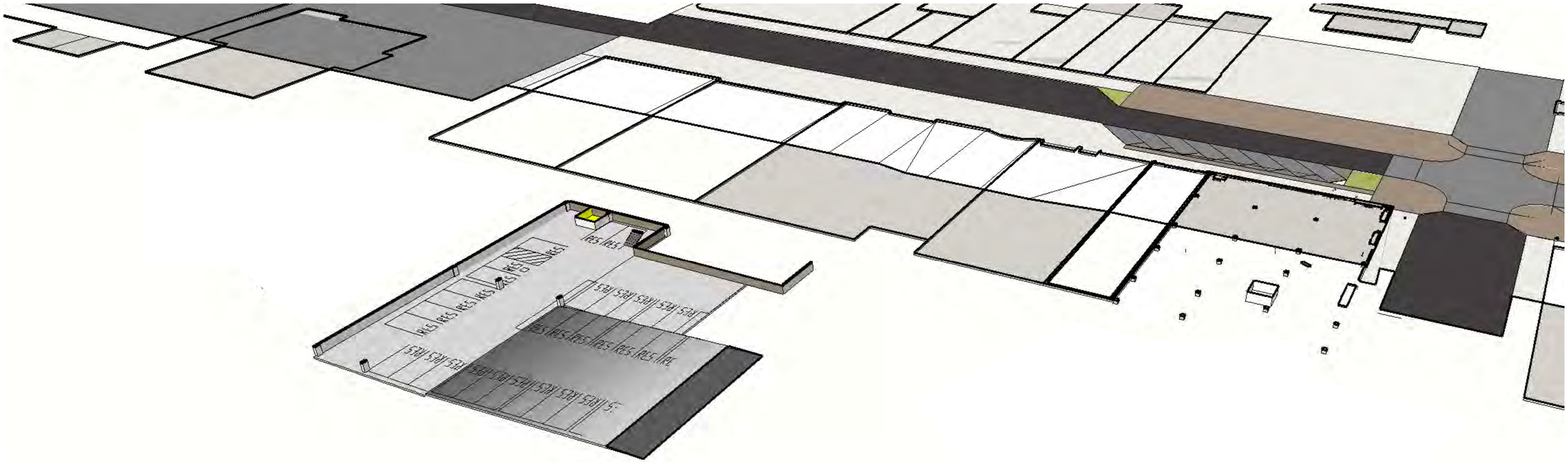
CONCEPT PERSPECTIVE VIEWS

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north
ARCHITECTURE



BASEMENT LEVEL

CONCEPT PARKING DIAGRAM

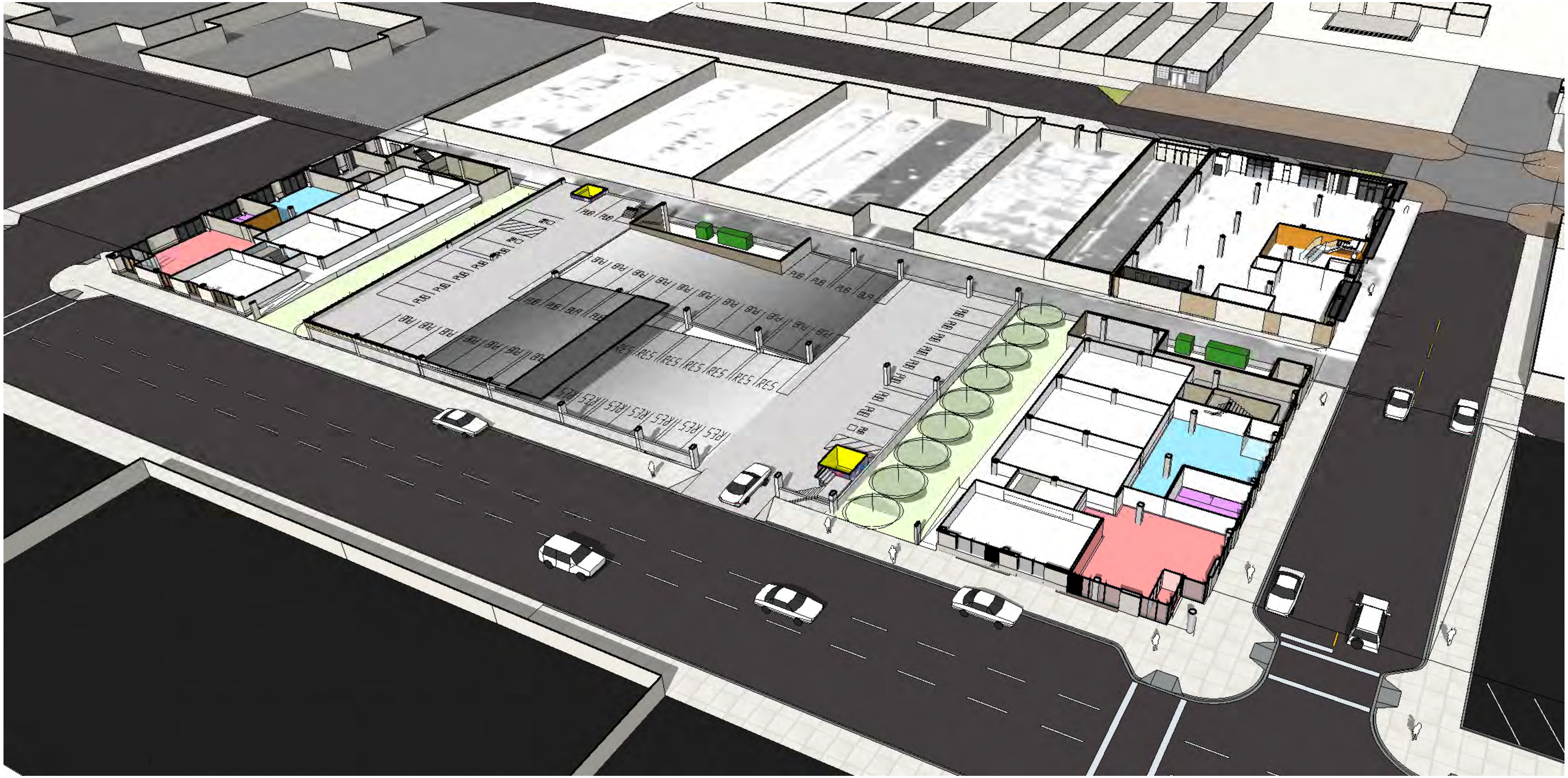
P1

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-014

pivot north
ARCHITECTURE



LEVEL 1

CONCEPT PARKING DIAGRAM

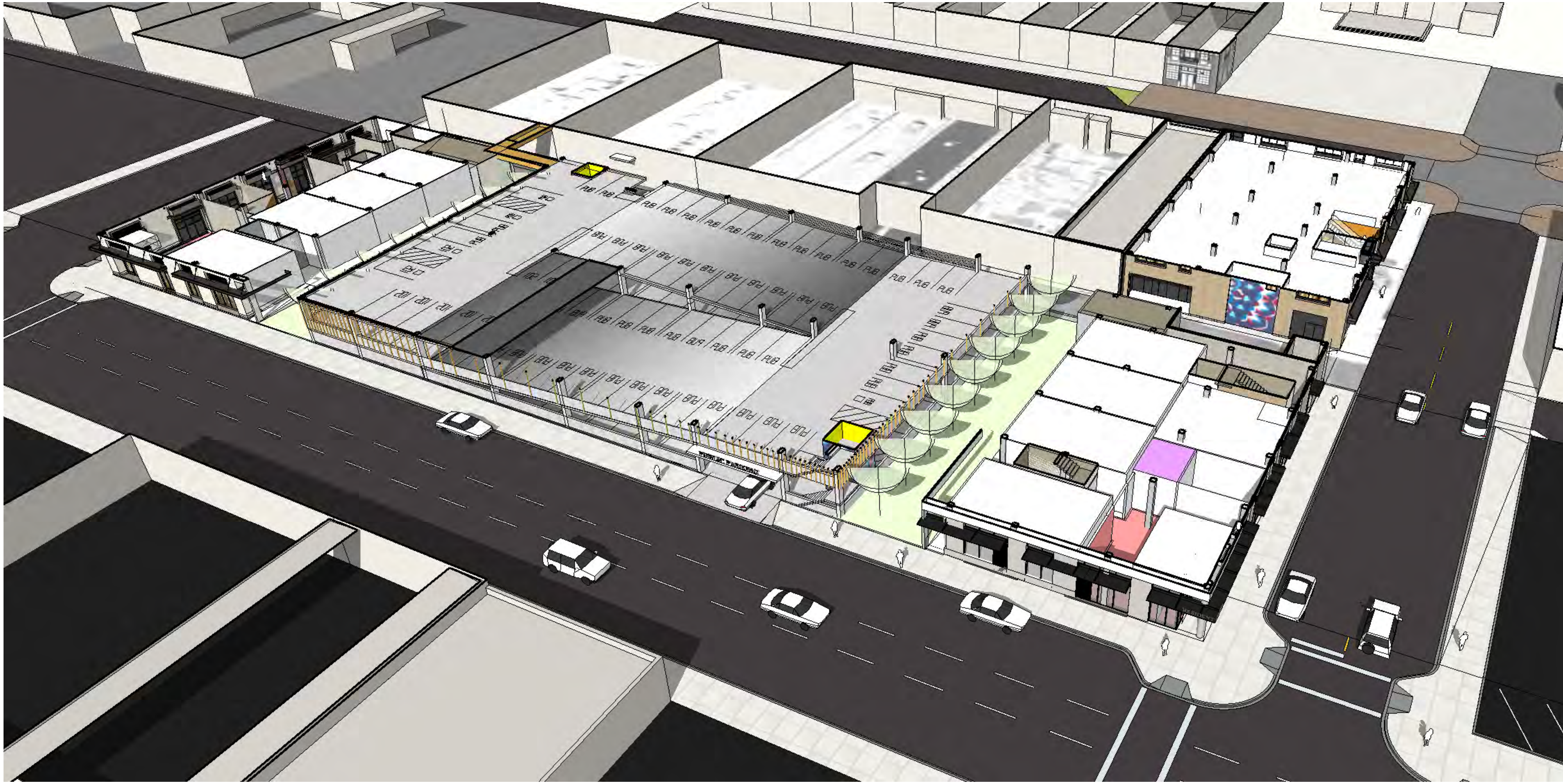
P2

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-014

pivot north ARCHITECTURE



LEVEL 2

CONCEPT PARKING DIAGRAM

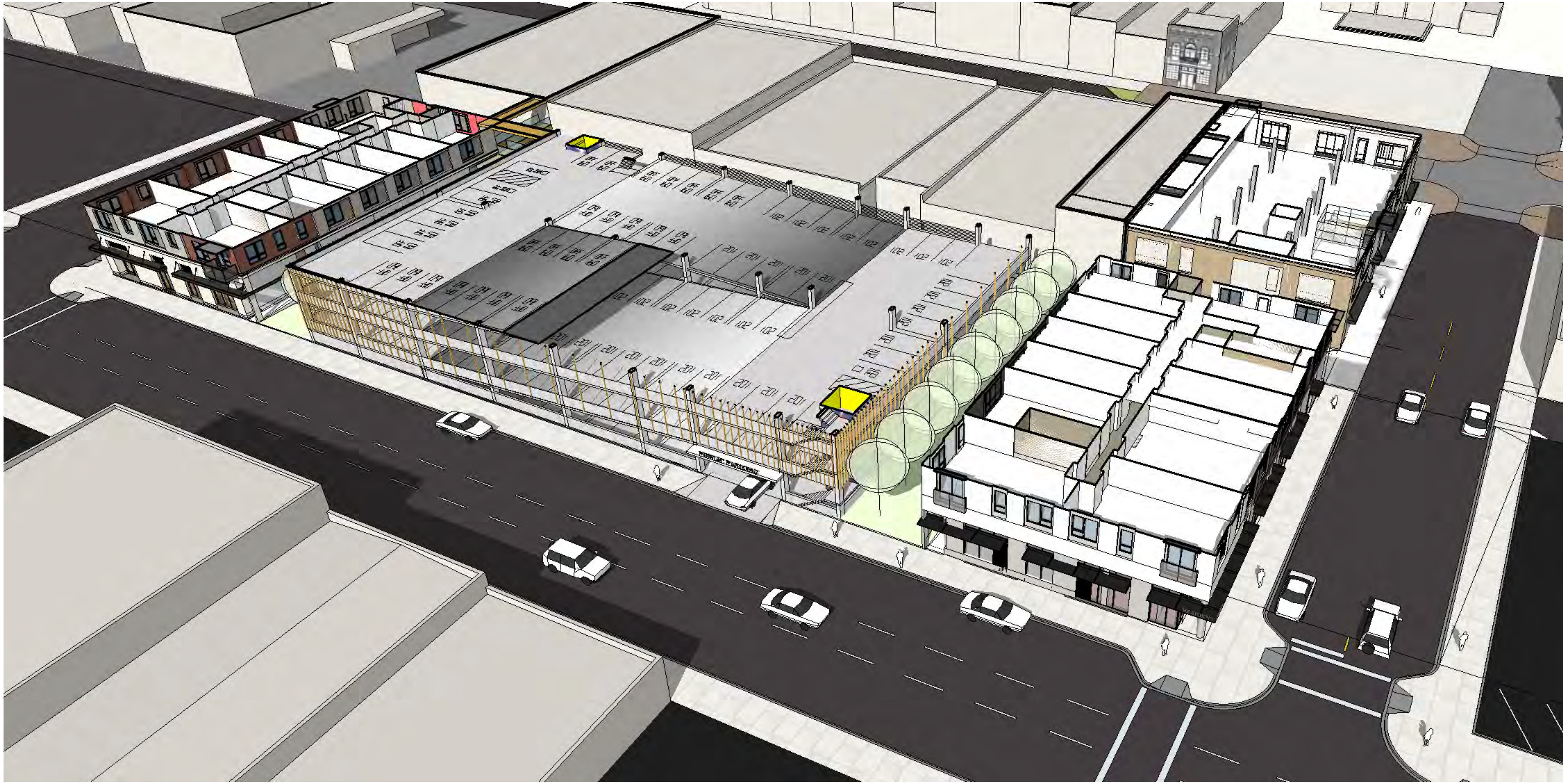
P3

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-014

pivot north
ARCHITECTURE



LEVEL 2.5

CONCEPT PARKING DIAGRAM

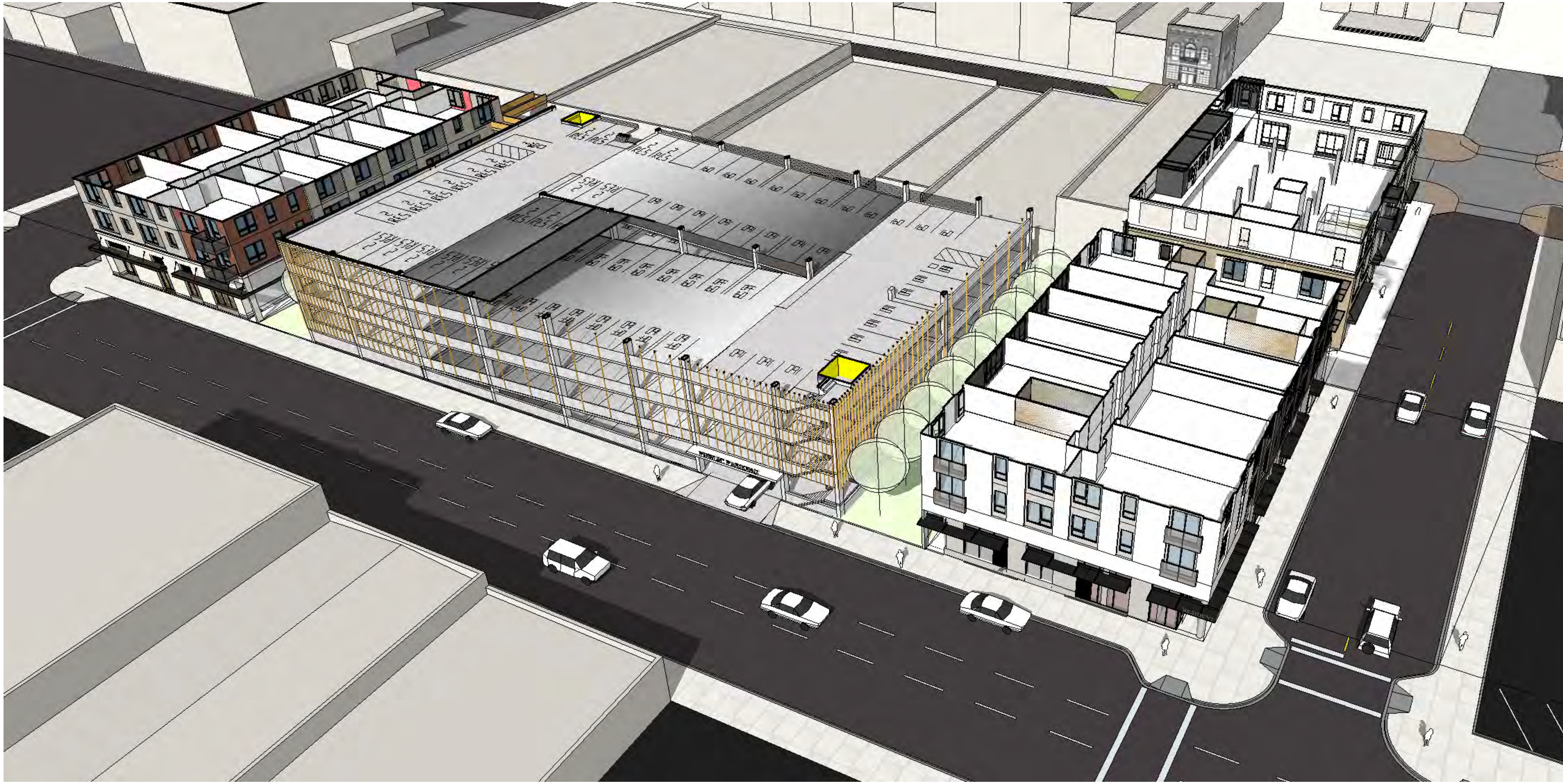
P4

04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-014

pivot north ARCHITECTURE



LEVEL 3

CONCEPT PARKING DIAGRAM

OVERALL

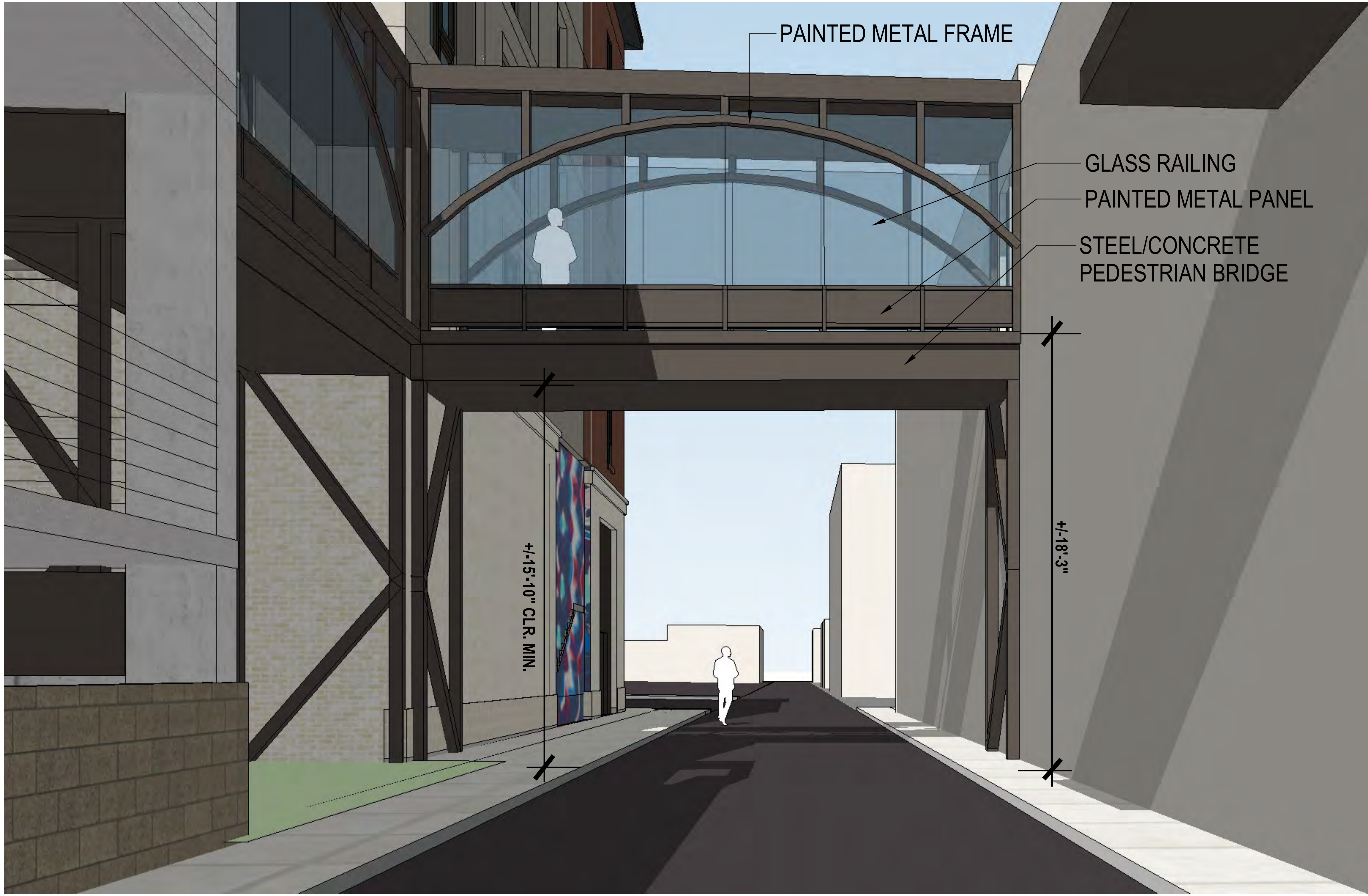
CONCEPT PARKING DIAGRAM

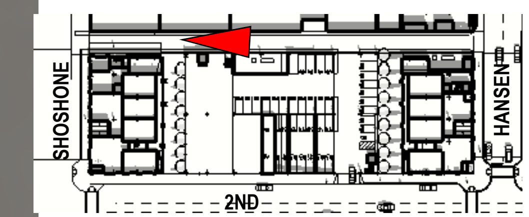
04.19.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-014

pivot north ARCHITECTURE





KEYPLAN

VIEW TO PEDESTRIAN BRIDGE FROM ALLEY, LOOKING TO SHOSHONE

NOTE: DIMENSIONS ARE CONCEPTUAL AND SUBJECT TO UPDATE AS MORE INFORMATION IS KNOWN

V1

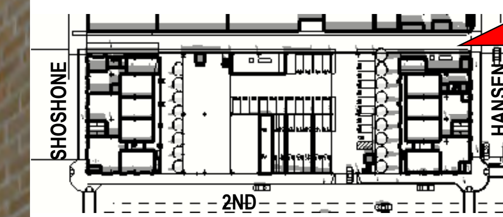
CONCEPT PERSPECTIVE VIEWS

06.27.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north ARCHITECTURE



KEYPLAN

VIEW FROM HANSEN ST. TO ALLEY PEDESTRIAN

NOTE: DIMENSIONS ARE CONCEPTUAL AND SUBJECT TO UPDATE AS MORE INFORMATION IS KNOWN

V2

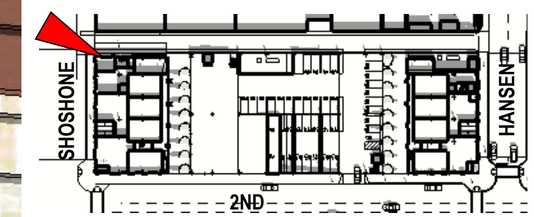
06.27.2022

CONCEPT PERSPECTIVE VIEWS

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north ARCHITECTURE



KEYPLAN

VIEW TO PEDESTRIAN BRIDGE FROM SHOSHONE, LOOKING TO BRIDGE

NOTE: DIMENSIONS ARE CONCEPTUAL AND SUBJECT TO UPDATE AS MORE INFORMATION IS KNOWN

V3

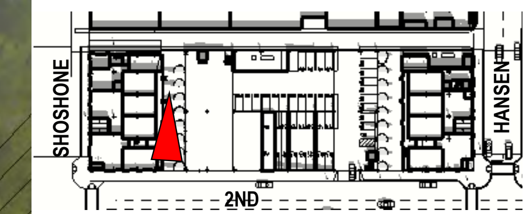
CONCEPT PERSPECTIVE VIEWS

06.27.2022

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north ARCHITECTURE



KEYPLAN

VIEW TO PEDESTRIAN BRIDGE FROM ALLEY, LOOKING SOUTH

NOTE: DIMENSIONS ARE CONCEPTUAL AND SUBJECT TO UPDATE AS MORE INFORMATION IS KNOWN

V4

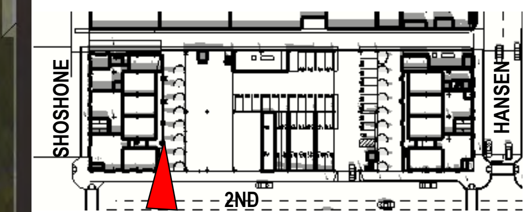
06.27.2022

CONCEPT PERSPECTIVE VIEWS

2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north
ARCHITECTURE



KEYPLAN

VIEW TO PEDESTRIAN BRIDGE FROM 2ND AVE, LOOKING SOUTH

NOTE: DIMENSIONS ARE CONCEPTUAL AND SUBJECT TO UPDATE AS MORE INFORMATION IS KNOWN

V5

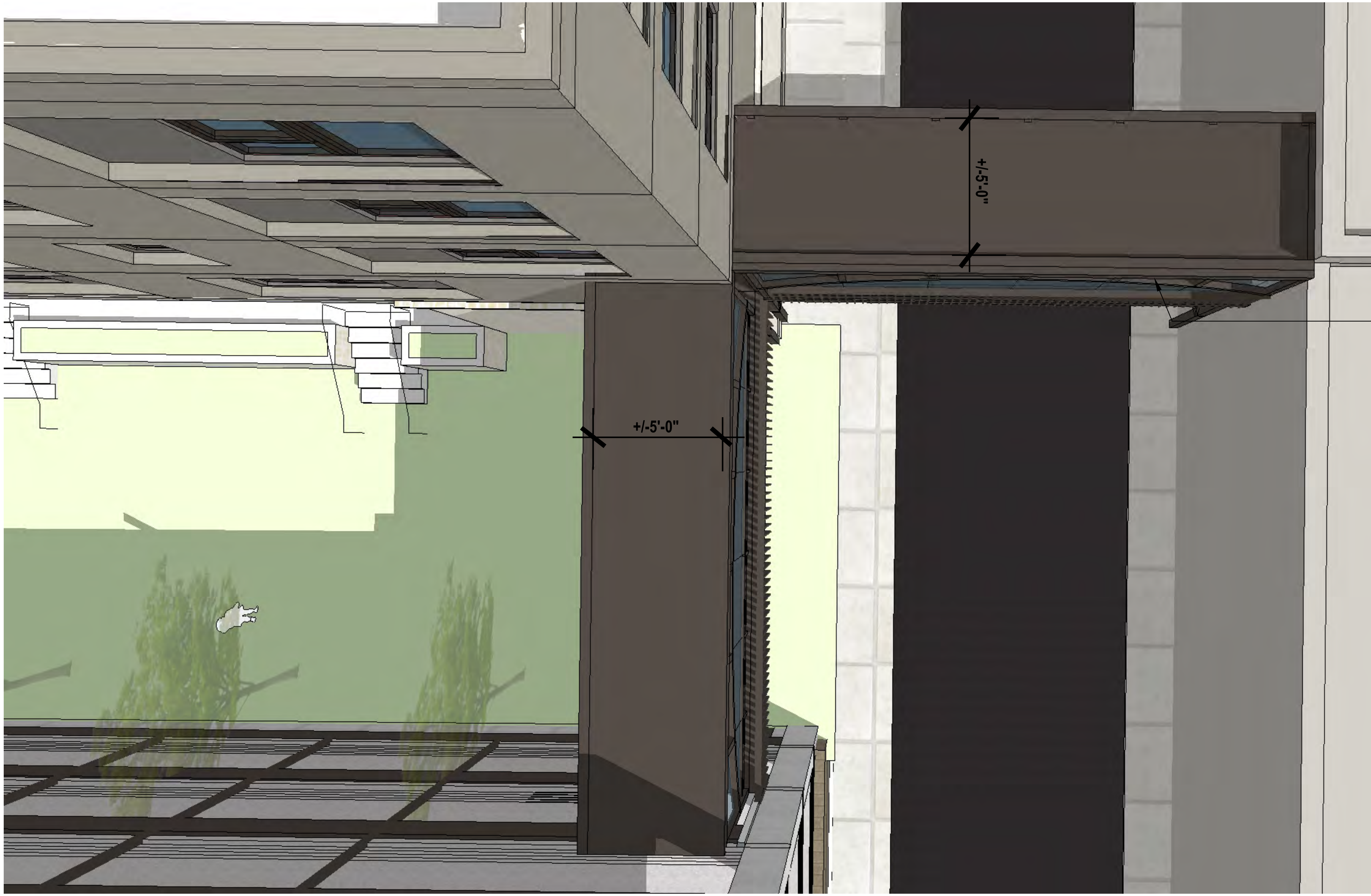
06.27.2022

CONCEPT PERSPECTIVE VIEWS

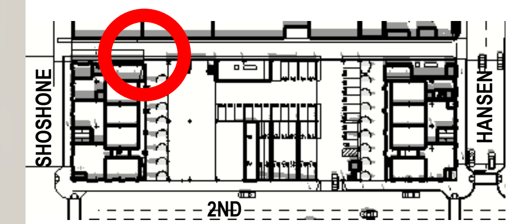
2nd & Hansen

2nd & Hansen St., Twin Falls, ID 83301
PNa JOB # 21-0XX

pivot north
ARCHITECTURE



STEEL/CONCRETE
PEDESTRIAN BRIDGE



KEYPLAN

AERIAL VIEW TO PEDESTRIAN BRIDGE

NOTE: DIMENSIONS ARE CONCEPTUAL AND SUBJECT TO UPDATE AS MORE INFORMATION IS KNOWN

ATTACHMENT 5

Title Report

[19 pages attached]

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.

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 1 - Requirements; and Schedule B, Part II - Exceptions.

Issued through the Office of:

TitleFact
a land title company

OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY
A Stock Company
400 Second Avenue South, Minneapolis, Minnesota 55401
(612) 371-1111

By C Monroe President

Attest David Wold Secretary

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.

(h) "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;
(i) eliminate, with the Company's written consent, any Schedule B, Part II—Exceptions; or
(ii) 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.

(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.

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 1 - Requirements; and Schedule B, Part II - Exceptions.

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 1 - Requirements; and Schedule B, Part II - Exceptions.

TitleFact
a land title company

Title Officer: Lila Orton
Closing Agent: Tasha Schurger
File No.: 75114

Amended: 1/14/2022
- Effective Date
- Proposed Insured Vesting
- Extended OP and LP
- Requirements & Exceptions
- 2021 Taxes

COMMITMENT FOR TITLE INSURANCE
Issued by
OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY
SCHEDULE A

1. Commitment Date: **December 30, 2021, 5:00 PM**

2. Policy to be issued:

(a) EXTENDED coverage Owner's Policy (Rev. 2006) — Proposed Liability: **$500,000.00**

Premium Notes: Proposed Premium includes a $907.00 Extended coverage premium. — Proposed Premium: **$2,722.00**

Proposed Insured:

GO QOZ SECOND AVENUE LLC, an Idaho Limited Liability Company

(b) EXTENDED coverage Loan Policy (Rev. 2006) — Proposed Liability: **$0.00**

Premium Notes: Liability and Premium are based on minimum insurance amounts. — Proposed Premium: **$75.00**

Alta 3.1-06 Zoning Completed Structure — Endorsement Premiums: **$0.00**
Alta 9.1-06 CCR Unimproved Land Owners Policy
Alta 9.8-06 CCR Land Under Development Owners Policy
Alta 17-06 Direct Access and Entry
Alta 17.2-06 Utility Access and Entry
Alta 18-06 Single Tax Parcel
Alta 19.1-06 Contiguity Single Parcel with property other than land
Alta 25-06 Same As Survey
Alta 26-06 Subdivision
Alta 35.3-06 Minerals and Other Subsurface Substances Land Under Development
Alta 39-06 Policy Authorization
Deletion of Arbitration

Proposed Insured:

LENDER WITH CONTRACTUAL OBLIGATIONS UNDER A LOAN AGREEMENT WITH THE VESTED OWNER IDENTIFIED AT ITEM 4, BELOW

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 CITY OF TWIN FALLS, IDAHO, a municipal corporation

5. The Land referred to in this Commitment is described as follows:

SEE ATTACHED EXHIBIT "A"

By ______________________

Authorized Signature

TitleFact
a land title company

LEGAL DESCRIPTION ~ EXHIBIT "A"

Lot 25, Block 103**, Except** the Northwesterly one foot thereof lying contiguous to the line between said Lot 24 and Lot 25, **TWIN FALLS TOWNSITE**, Twin Falls County, Idaho, according to the final and amended plat thereof recorded in Book 1 of Plats, page 7, records of Twin Falls County, Idaho.

AND
Lots 26, 27, 28, 29, 30, 31 and 32, Block 103**, TWIN FALLS TOWNSITE**, Twin Falls County, Idaho, according to the final and amended plat thereof recorded in Book 1 of Plats, page 7, records of Twin Falls County, Idaho.

According to Twin Falls County Tax records address of the subject property is purported to be:
Not Known At This Time, Twin Falls, ID 83301

As an accommodation and not part of this commitment, no liability is assumed by noting that the land described herein is located in a City of Twin Falls, Idaho, Urban Development Area.

SCHEDULE B
Requirements

All of the following Requirements must be met:

a. Pay the agreed amount for the estate or interest to be insured.
b. Pay the premiums, fees, and charges for the Policy to the Company.
c. 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.

1. Warranty Deed from **THE CITY OF TWIN FALLS, IDAHO, a municipal corporation**, conveying fee simple title to **THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO, a municipal corporation**.

    - We require a certified copy of the Corporate Resolution authorizing Sale and setting forth the names of corporate officers authorized to execute documents on behalf of **the CITY OF TWIN FALLS, IDAHO and the URBAN RENEWAL AGENCY OF the CITY OF TWIN FALLS**

2. Warranty Deed from **THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO, a municipal corporation**, conveying fee simple title to **GO QOZ SECOND AVENUE LLC, an Idaho Limited Liability Company**.

    - We require a copy of the Limited Liability Company Operating Agreement on behalf of GO QOZ SECOND AVENUE LLC reflecting the names of the Members thereof and verification of filing of the Articles of Organization with the Idaho Secretary of State. Any conveyance or mortgage creating the interest to be insured must be executed in accordance with said Operating Agreement and by all members of the limited liability company; or evidence must be submitted that certain designated managers/members have authority to act on behalf of the limited liability company.

3. Deed of Trust from **GO QOZ SECOND AVENUE LLC, an Idaho Limited Liability Company**, securing the loan.

4. Letter of Certification of Zoning from Twin Falls County Planning and Zoning.

5. COMPLIANCE WITH TERMS AND CONDITIONS OF UNDERWRITER'S REQUIREMENTS.

6. A physical inspection of the property described in Schedule A has been ordered and must be completed prior to closing. Should any work be done or any materials delivered to said property prior to the recording of the deed of trust to be insured, we are required under Regulation 25 of the Department of Insurance to obtain the following:
    - Lien subordination from the general contractor, to the deed of trust to be insured;
    - Lien releases for all work and/or materials furnished on the project up to the time of recording the deed of trust to be insured;
    - Indemnity, Subordination, and Priority agreements to be executed by the general contractor and/or record owner of property;
    - Corporate and/or individual financial statement of general contractor.

d. Provide to TitleFact, Inc., evidence of **CURRENT PAYMENT OF ASSOCIATION DUES** and/or **ASSESSMENTS**, if any.

e. Provide to TitleFact, Inc., a **SELLER'S/OWNER'S AFFIDAVIT AND INDEMNITY** executed by: **Authorized Officer(s) of THE CITY OF TWIN FALLS, IDAHO, a municipal corporation**

f. 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.

g. Release of Liens in favor of the State of Idaho that might be disclosed by any notice filed with the Office of the Secretary of State of Idaho against the vested owner or prior owner or against the purchaser of the land described herein. NOTE: A search of the records of the Idaho Secretary of State and of Twin Falls County records, as of the effective date of this Commitment, reveals no filing in name of vestee or proposed insured, other than those shown herein, if any.

If any Mortgage or Deed of Trust to be reconveyed/satisfied appear to be an Equity Line Mortgage (HELOC), a full satisfaction of same must be obtained and the Lender must close the account(s).

Real Property Taxes:
The taxes for 2021 were assessed on Parcel No. RPT0001103025A and are EXEMPT. (property is assessed as bare ground) (covers additional property)

SCHEDULE B, PART II
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. (42 U.S. Code § 3604)

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:

1. ~~Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession, or claiming to be in possession, thereof.~~

2. ~~Easements, liens, encumbrances, or claims thereof, which are not shown by the public records.~~

3. ~~Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land, and that is not shown by the Public Records.~~

4. ~~Any lien, or right to a lien, imposed by law for services, labor, or material heretofore or hereafter furnished, which lien, or right to a lien, is not shown by the public records.~~

5. ~~(a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) Indian treaty or aboriginal rights, including, but not limited to, easements or equitable servitudes; or, (d) water rights, claims or title to water, whether or not the matters excepted under (a), (b), (c), or (d) are shown by the public records.~~

6. ~~Taxes or assessments which are not now payable or 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 of such proceedings, whether or not shown by the records of such agency or by the public records. Liability for added assessments and subsequent tax billings, if any pursuant to Idaho Code Section 63-810.~~

7. ~~Any service, installation, connection, maintenance or construction charges for sewer, water, electricity, or garbage collection or disposal or other utilities unless shown as an existing lien by the public records.~~
   ~~NOTE: Verification of payment has not been made.~~

8. ~~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.~~

9. Taxes, including assessments collected therewith, currently due or payable and for all subsequent years, which are an accruing lien, property is Tax Exempt for 2021, no tax due. NOTE: See Schedule B, Part I for details.

10. ~~Rights and claims in and to those portions of said premises lying within the right of ways of ditches, canals, laterals, roads, railroad, switch tracks, spur tracks and railway facilities.~~

11. ~~Easements, reservations, restrictions, dedications, and notes, if any as reserved on the final and amended plat of Twin Falls Townsite.~~

12. Matters as disclosed on ALTA/NSPS Land Title Survey prepared by EHM Engineers, dated January 3, 2022 and identified as Job No. 642-21, including, but not limited to:
   –Encroachment of curb which crosses property line
   –Underground powerline over and across land
   –Catch basins along East boundary
   –Telephone risers
   –Water meters and irrigation boxes
   –Transformers, power boxes, electric meters, landscaping, parking lights, signs, manholes

13. Matters contained in unrecorded City of Twin Falls, Idaho, Ordinance No. 2579. (establishing a revenue allocation area for Urban Renewal Area #4)

14. Matters contained in City of Twin Falls, Idaho, Summary of Ordinance No. 3056, executed by Greg Lanting, Mayor of the City of Twin Falls, Idaho, dated August 26, 2013, recorded August 29, 2013, as Instrument No. 2013-018829, records of Twin Falls County, Idaho. (amending Urban Renewal plan for revenue allocation Area #4-1)

15. No liability is assumed for possible unfiled Mechanics' or Materialmen's liens. Upon recordation of Deed of Trust or Mortgage prior to commencement of construction, this item will be eliminated from the Mortgage Policy.

16. Such state of facts as would be disclosed by an accurate survey and/or inspection of the premises. Upon satisfactory inspection of the premises, this exception will be eliminated from the Mortgage Policy or amended in accordance with the facts disclosed thereby.

NOTE: Exceptions numbered (1-4) will not appear in an *Extended* coverage policy to be issued hereunder; *however*, pursuant to Regulation 25 of the Department of Insurance**, *we cannot delete Paragraph No. 4 of Schedule B, Section 2* hereof until we have reviewed and approved the following: 1)** Lien releases for all labor and/or materials provided to the project up to the time of recording the deed of trust or mortgage to be insured; and **2)** Indemnity Bond and Subordination Agreement to be executed by the general contractor and/or record owner.

CHAIN OF TITLE:
As an accommodation and not part of this commitment, no liability is assumed by noting the following conveyances describing all or a part of the subject property, which have been recorded within the last 24 months:
None

<u>GENERAL NOTES:</u>
Title Fees shown on Schedule A of this commitment are predicated upon proposed policies and amounts as shown, and are subject to change in accordance with final closing instructions.

<u>A CANCELLATION FEE</u>, pursuant to the State of Idaho insurance regulations, must be charged on all canceled orders. Unless otherwise advised, orders will be considered canceled six months after the effective date of the Commitment. The amount of the fee assessed shall be in accordance with our rate filing with the Idaho Department of Insurance.

Provisions of the Idaho Homestead law (Chapter 10, Title 55, I.C.), require:

(a) the personal execution and acknowledgment of any deed, deed of Trust, mortgage or power of attorney to convey or encumber the homestead by the <u>vested owner and spouse</u>, if any,
or in the alternative
(b) an affidavit, signed by the vested owner and spouse which states that the land described herein is not their principal residence, or the land is not claimed as homestead property, or their principal residence is:
(and if applicable, the vested owner is not married)

TitleFact
a land title company

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.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security number and employment information • Mortgage rates and payments and account balances • Checking account information and wire transfer instructions When you are *no longer* 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 http://www.OldRepublicTitle.com/newnational/Contact/privacy.
How does Old Republic Title collect my personal information?	We collect your personal information, for example, when you: • Give us your contact information or show your driver's license • Show your government-issued ID or provide your mortgage information • Make a wire transfer We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
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 "Other important information" section below 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 non-financial companies. • *Old Republic Title does not share with non-affiliates so they can market to you*

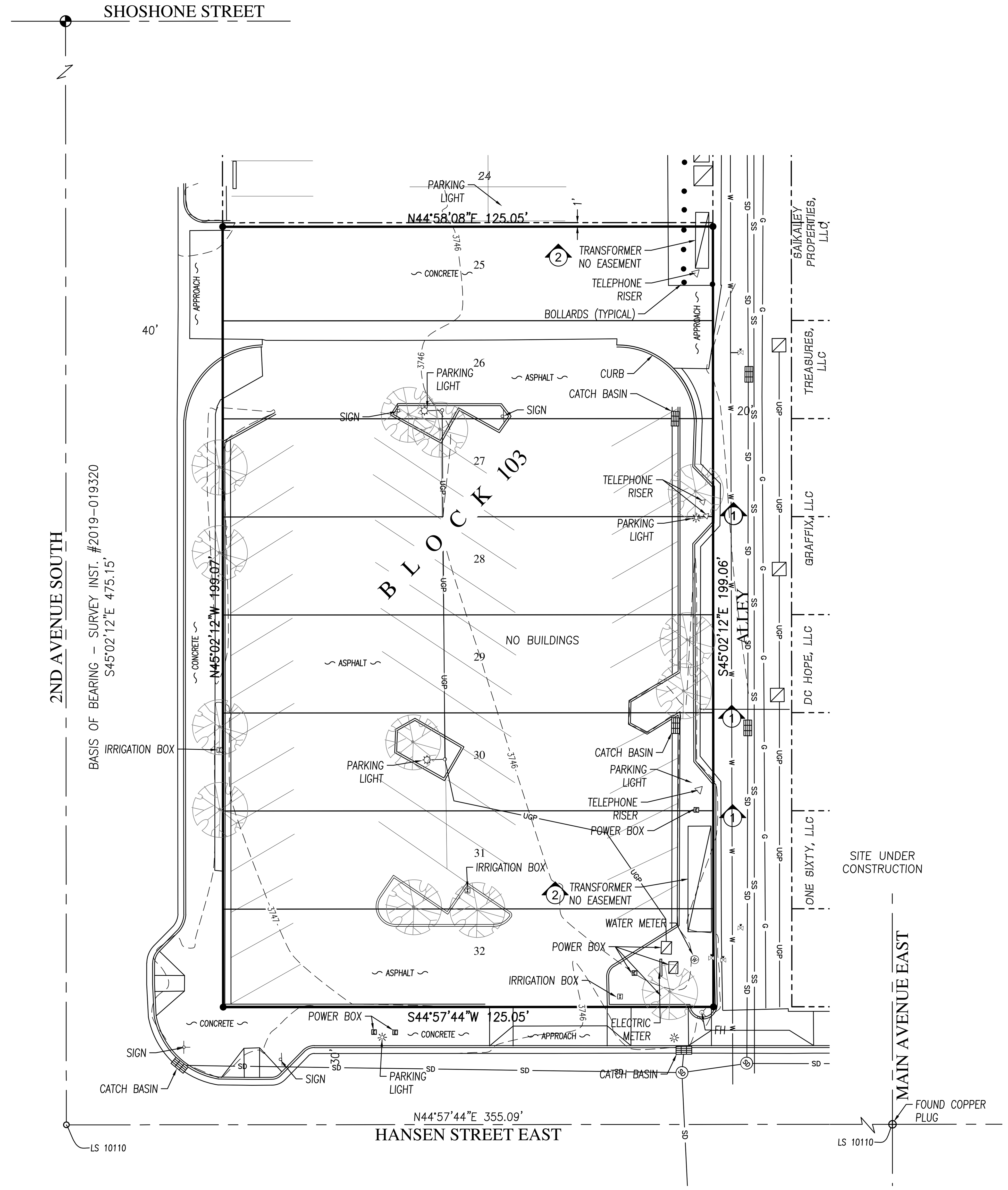
Joint marketing	A formal agreement between non-affiliated financial companies that together market financial products or services to you. • *Old Republic Title doesn't jointly market*.

Other Important Information

Oregon residents only: We are providing you this notice under state law. We may share your personal information (described on page one) obtained from you or others with non-affiliate service providers with whom we contract, such as notaries and delivery services, in order to process your transactions. You may see what personal information we have collected about you in connection with your transaction (other than personal information related to a claim or legal proceeding). To see your information, please click on "Contact Us" at www.oldrepublictitle.com and submit your written request to the Legal Department. You may see and copy the information at our office or ask us to mail you a copy for a reasonable fee. If you think any information is wrong, you may submit a written request online to correct or delete it. We will let you know what actions we take. If you do not agree with our actions, you may send us a statement.

Affiliates Who May be Delivering This Notice

American First Abstract, LLC	**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**	**Kansas City Management Group, LLC**	**L.T. Service Corp.**	**Lenders Inspection Company**
Lex Terrae National Title Services, Inc.	**Lex Terrae, Ltd.**	**Mara Escrow Company**	**Mississippi Valley Title Services Company**	**National Title Agent's Services Company**
Old Republic Branch Information Services, Inc.	**Old Republic Diversified Services, Inc.**	**Old Republic Exchange Company**	**Old Republic National Title Insurance Company**	**Old Republic Title and Escrow of Hawaii, Ltd.**
Old Republic Title Co.	**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.	**Republic Abstract & Settlement , LLC**	**Sentry Abstract Company**	**The Title Company of North Carolina**	**Title Services, LLC**
Trident Land Transfer Company, LLC				



Legal Description

(FROM TITLE COMMITMENT)

LOT 25, BLOCK 103, EXCEPT THE NORTHWESTERLY ONE FOOT THEREOF LYING CONTIGUOUS TO THE LINE BETWEEN SAID LOT 24 AND LOT 25, TWIN FALLS TOWNSITE, TWIN FALLS COUNTY, IDAHO, ACCORDING TO THE FINAL AND AMENDED PLAT THEREOF RECORDED IN BOOK 1 OF PLATS, PAGE 7, RECORDS OF TWIN FALLS COUNTY, IDAHO.

AND

LOTS 26, 27, 28, 29, 30, 31 AND 32, BLOCK 103, TWIN FALLS TOWNSITE, TWIN FALLS COUNTY, IDAHO, ACCORDING TO THE FINAL AND AMENDED PLAT THEREOF RECORDED IN BOOK 1 OF PLATS, PAGE 7, RECORDS OF TWIN FALLS COUNTY, IDAHO.

ACCORDING TO TWIN FALLS COUNTY TAX RECORDS ADDRESS OF THE SUBJECT PROPERTY IS PURPORTED TO BE: NOT KNOWN AT THIS TIME, TWIN FALLS, ID 83301

Title Report

SURVEY IS BASED UPON OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY TITLE COMMITMENT FILE NO. 75114 WITH AN COMMITMENT DATE OF NOVEMBER 15, 2021. AMENDED: 12/1/2021

(#) INDICATES TITLE REPORT ITEM NUMBER (SCHEDULE B – SECTION II)

(1) ANY FACTS, RIGHTS, INTERESTS, OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR WHICH MAY BE ASSERTED BY PERSONS IN POSSESSION, OR CLAIMING TO BE IN POSSESSION, THEREOF.

(2) EASEMENTS, LIENS, ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.

(3) ANY ENCROACHMENT, ENCUMBRANCE, VIOLATION, VARIATION, OR ADVERSE CIRCUMSTANCE AFFECTING THE TITLE THAT WOULD BE DISCLOSED BY AN ACCURATE AND COMPLETE LAND SURVEY OF THE LAND, AND THAT IS NOT SHOWN BY THE PUBLIC RECORDS.

(4) ANY LIEN, OR RIGHT TO A LIEN, IMPOSED BY LAW FOR SERVICES, LABOR, OR MATERIAL HERETOFORE OR HEREAFTER FURNISHED, WHICH LIEN, OR RIGHT TO A LIEN, IS NOT SHOWN BY THE PUBLIC RECORDS.

(5) (a) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) INDIAN TREATY OR ABORIGINAL RIGHTS, INCLUDING, BUT NOT LIMITED TO, EASEMENTS OR EQUITABLE SERVITUDES; OR, (D) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B), (C), OR (D) ARE SHOWN BY THE PUBLIC RECORDS.

(6) TAXES OR ASSESSMENTS WHICH ARE NOT NOW PAYABLE OR 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 OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS. LIABILITY FOR ADDED ASSESSMENTS AND SUBSEQUENT TAX BILLINGS, IF ANY PURSUANT TO IDAHO CODE SECTION 63-810.

(7) ANY SERVICE, INSTALLATION, CONNECTION, MAINTENANCE OR CONSTRUCTION CHARGES FOR SEWER, WATER, ELECTRICITY, OR GARBAGE COLLECTION OR DISPOSAL OR OTHER UTILITIES UNLESS SHOWN AS AN EXISTING LIEN BY THE PUBLIC RECORDS. NOTE: VERIFICATION OF PAYMENT HAS NOT BEEN MADE.

(8) 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.

(9) TAXES, INCLUDING ASSESSMENTS COLLECTED THEREWITH, CURRENTLY DUE OR PAYABLE AND FOR ALL SUBSEQUENT YEARS, WHICH ARE AN ACCRUING LIEN. NOTE: SEE SCHEDULE B, PART I FOR DETAILS.

(10) RIGHTS AND CLAIMS IN AND TO THOSE PORTIONS OF SAID PREMISES LYING WITHIN THE RIGHT OF WAYS OF DITCHES, CANALS, LATERALS, ROADS, RAILROAD, SWITCH TRACKS, SPUR TRACKS AND RAILWAY FACILITIES.

(11) EASEMENTS, RESERVATIONS, RESTRICTIONS, DEDICATIONS, AND NOTES, IF ANY AS RESERVED ON THE FINAL AND AMENDED PLAT OF TWIN FALLS TOWNSITE.

Flood Zone

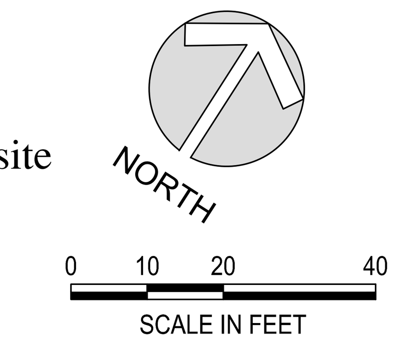
ACCORDING TO THE FEDERAL EMERGENCY FLOOD INSURANCE RATE MAP DATED – SEPT. 26, 2008, THE PROPERTY SURVEYED AND SHOWN HEREON LIES WITHIN COMMUNITY MAP NO. 16083C1387C AND IS IN ZONE X – AREA OUTSIDE THE 0.2% ANNUAL CHANCE FLOOD.

Zoning Data

TWIN FALLS CITY ZONING ORDINANCE:
ZONE CB – COMMERCIAL CENTRAL BUSINESS (SEE SECTION 10-4-7) WITH A PARKING 1 OVERLAY (P1)
SETBACKS: – 0' SIDE OR REAR
HEIGHT RESTRICTIONS – 50' (SEE EXCEPTIONS)

NO ZONING LETTER PROVIDED BY THE CLIENT.

Located In
A Portion of
Lot 25 & Lots 26 through 32, Block 103
Final and Amended Plat of Twin Falls Townsite
Section 16
Township 10 South, Range 17 East Boise Meridian
Twin Falls County, Idaho
2022

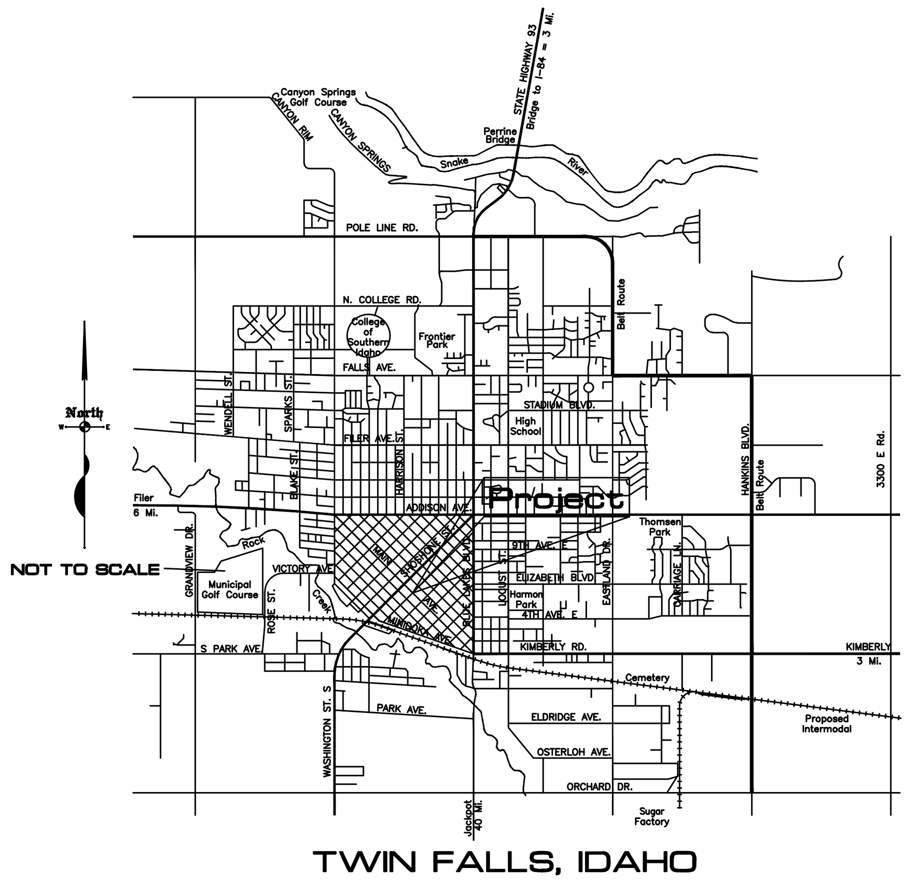


Boundary Legend

SURVEY BOUNDARY LINE	
ADJACENT PROPERTY LINE	
CENTERLINE OF STREET	
LOT LINE	
CALCULATED POINT (NOT SET)	
FOUND BRASS CAP	
FOUND 1/2" REBAR (AS NOTED)	
MONUMENT (AS NOTED)	
SET 1/2" x 24" REBAR & CAP – LS 10110	

Topographic Legend

- STORM DRAIN MANHOLE
- AREA DRAIN
- CATCH BASIN
- SEWER MANHOLE
- WATER METER
- FIRE HYDRANT
- WATER VALVE
- FROST FREE HYDRANT
- LIGHT POLE
- POWER POLE
- POWER JUNCTION BOX
- ELECTRIC MANHOLE
- ELECTRIC METER
- TELEPHONE RISER
- STREET INTERSECTION SIGN
- SIGN
- HANDICAP PARKING SPACE
- DECIDUOUS TREE
- NATURAL GAS LINE
- SANITARY SEWER LINE
- STORM DRAIN LINE
- WATER LINE
- UNDERGROUND POWER LINE
- CURB AND GUTTER
- EXISTING GROUND CONTOUR (COTF FIRE HYDRANT DATUM) (NAVD 1988 DATUM)



Statement of Encroachments

(1) CURB CROSSES PROPERTY LINE
(2) TRANSFORMER – NO EASEMENT LISTED IN THE TITLE COMMITMENT

Parking Spaces

44 REGULAR STRIPED PARKING SPACES

Area:

24,892 SQUARE FEET± (0.571 ACRES±)

General Notes

1. UNDERGROUND UTILITIES SHOWN ARE PLOTTED FROM UTILITY COMPANY MAPS, OR PREVIOUS AS BUILT MAPS AND ARE NOT FIELD VERIFIED.
2. THERE IS NO OBSERVED EVIDENCE OF EARTH MOVING WORK, BUILDING CONSTRUCTION OR BUILDING DEMOLITION IN THE SITE AREA. NO BUILDINGS ON THE SURVEYED PROPERTY.
3. THERE IS NO VISIBLE EVIDENCE OF CEMETERIES ON THE SUBJECT PROPERTY.
4. THERE ARE NO PROPOSED CHANGES IN STREET RIGHT OF WAY LINES.
5. THERE IS EVIDENCE OF RECENT STREET OR SIDEWALK REPAIRS AND OR REMOVAL AS OF DECEMBER 30, 2020. SEE NOTE 2.
6. NO WETLAND MARKERS WERE OBSERVED.
7. THE PROPERTY ADDRESS MENTIONED IN THE TITLE COMMITMENT IS: NOT KNOW AT THIS TIME.
8. A SITE VISIT WAS ON JANUARY XX, 2021

Surveyor's Certification

TO: GALENA OPPORTUNITY, INC., AN IDAHO CORPORATION, GO QOZ SECOND AVENUE LLC, ITS SUCCESSORS AND ASSINGS, OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY AND TITLEFACT, A LAND TITLE COMPANY:

THIS IS TO CERTIFY THAT THIS MAP OR PLAT AND THE SURVEY ON WHICH IT IS BASED WERE MADE IN ACCORDANCE WITH THE 2016 MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/NSPS LAND TITLE SURVEYS, JOINTLY ESTABLISHED AND ADOPTED BY ALTA AND THE NSPS IN 2016 AND INCLUDES ITEMS 1, 2, 3, 4, 5, 6(a), 6(b), 8, 9, 11(A), 11(B), 13, 14, 16, 17, 18, AND 19 OF TABLE A THEREOF.

THE FIELD WORK WAS COMPLETED ON DECEMBER 16, 2021.

DATE OF PLAT OR MAP: JANUARY 3, 2022.

SURVEYOR'S NAME: CHRISTOPHER S. HARMISON

FIRM: EHM ENGINEERS, INC.

REGISTRATION NUMBER: 10110

PROFESSIONAL LAND SURVEYOR
REGISTERED
10110
STATE OF IDAHO
CHRISTOPHER S. HARMISON
PRELIMINARY

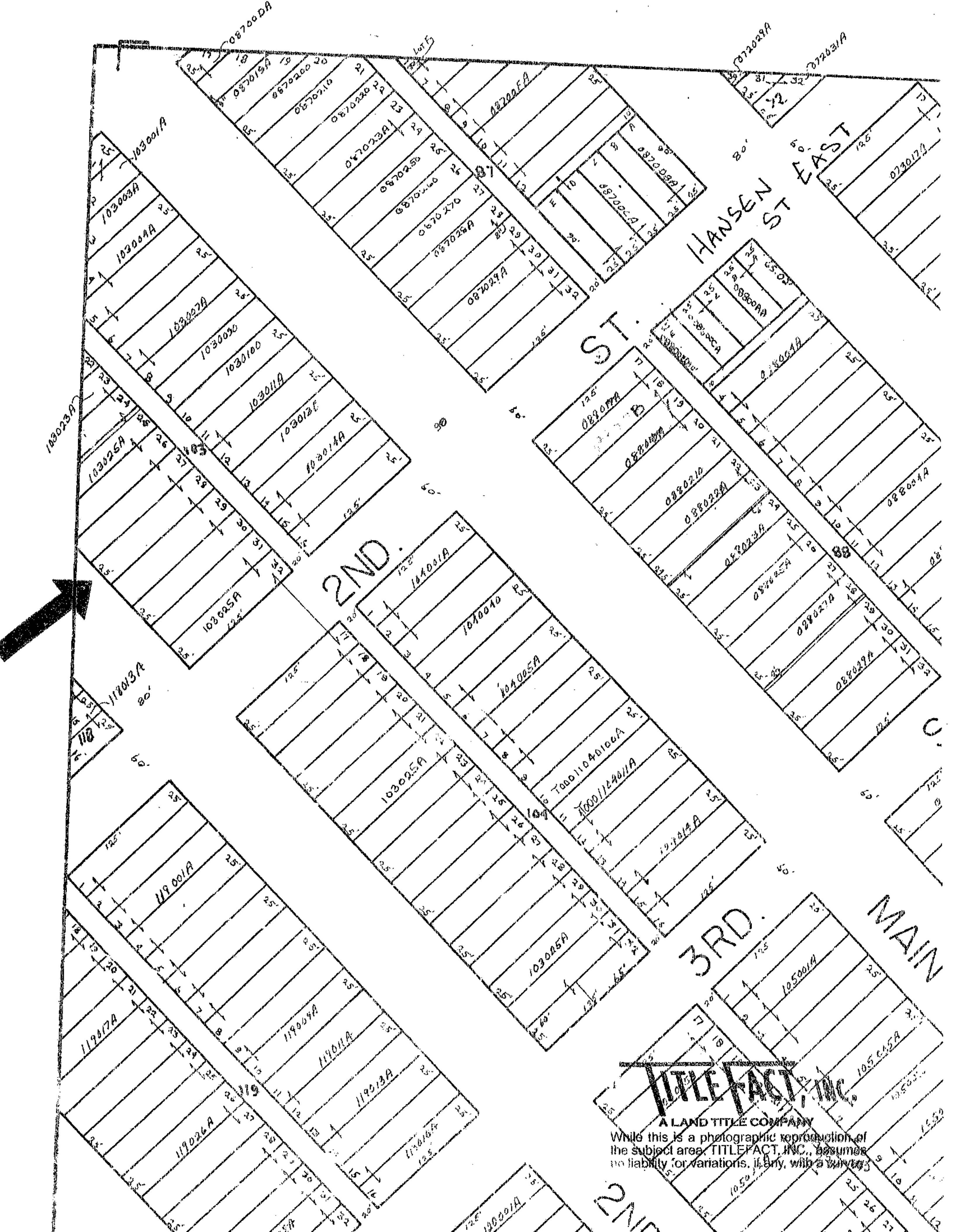
EHM Engineers, Inc.
BUILDING THE FUTURE ON A FOUNDATION OF EXCELLENCE
Engineers / Surveyors / Planners
621 North College Road, Suite 100 Twin Falls, Idaho 83301
p (208)-734-4888 fax (208)-734-6049 web: ehminc.com

ALTA/NSPS LAND TITLE SURVEY for
GALENA OPPORTUNITY, INC.
TWIN FALLS, IDAHO

REVISIONS:

STAMP

JOB NO.	642-21
APPROVED	
DESIGN	
DRAWN	CSH
DATE	DECEMBER 2021
SCALE	As Shown
	V 642-21 CTRL
Sheet No.:	1 OF 1


HANSEN ST EAST
ST.
2ND.
3RD.
MAIN
TITLE FACT, INC.
A LAND TITLE COMPANY
While this is a photographic reproduction of the subject area, TITLEFACT, INC., assumes no liability for variations, if any, with a survey.

STATE OF IDAHO }
COUNTY OF CASSIA } S.S.

KNOW ALL MEN BY THESE PRESENTS

That Twin Falls Townsite Company, a Corporation, organised and existing under the laws of the State of Utah, by its Secretary M.B. DeLong, does hereby certify that the following is a correct description of the land included in the plat of Twin Falls, which is included herewith: said lands being known and described as being a part of Section 16, T10 S. R17E. B.M. Beginning at the NE corner of said Section 16; thence S89°52'W 5316.15 ft. to the N.W. corner thereof; thence S0°18'E along the West line of said Section 16, 3209.0 ft. to a stone monument; thence S45°23'E 614.0 ft. to a stone monument; thence S71°56'E 5143.2 ft. to a stone monument; said monument being N0°18'W. 40.7 ft. from the S.E. corner of said Section 16; thence N0°18'W along the east line of said Section 16, 5244.6 ft. to the place of beginning.

And said Corporation does further state that it is its intention to include the same and the whole thereof in the said plat of Twin Falls. And it does further hereby declare that in consideration of the filing of said plat by the County Recorder of Cassia County, Idaho, and the acceptance by the public of streets and alleys shown upon said plat, it does hereby give and grant to the public forever, in fee simple, such portions of the premises platted, as are on said plat set apart for streets, alleys, and public places for public use forever.

IN WITNESS WHEREOF I have hereunto set my hand this 13th day of December 1904.

In presence of

Witness

C.S. LOVELAND

M.B. DeLong
Secretary

CORPORATE SEAL

STATE OF IDAHO }
COUNTY OF CASSIA } S.S.

On this 13th day of December, in the year of Our Lord 1904, before me C.S. LOVELAND, a Notary Public, in and for said County & State personally appeared M.B. DELONG, known to me to be the Secretary of the TWIN FALLS TOWNSITE Company, and acknowledged to me that said Corporation executed the same

C.S. LOVELAND
Notary Public.

My commission expires MAY 27, 1908.

SEAL OF NOTARY PUBLIC

STATE OF IDAHO }
COUNTY OF CASSIA } S.S.

PAUL S.A. BICKEL, being duly sworn, says he has caused to be made a survey of the Town Site of TWIN FALLS for the Twin Falls Townsite Company.

That the accompanying plat accurately represents the same as marked out upon the ground. That said Townsite contains the following described land. Beginning at the NE Corner of Section 16 T10S. R17E B.M.: thence S89°52'W 5316.15 ft. to the N.W. corner thereof: thence S 0°18'E along the West line of said Section 16 3209.0 ft. to a stone monument: thence S45°23'E 614.0 ft. to a stone monument: thence S71°56'E 5143.2 ft. to a stone monument: said monument being N0°18'W 40.76 from the S.E. corner of said Section 16: thence N0°18'W along the east line of said Section 16 5244.6 ft. to the place of beginning.

Survey commenced May 1st 1904: completed Dec. 14, 1904.

This plat also shows the original blocks as shown in the Recorders Office, with corrected courses as taken by meridian observation instead of courses given by Government plats.

PAUL S.A. BICKEL

Subscribed and sworn before me this 13th day of December 1904 A.D.

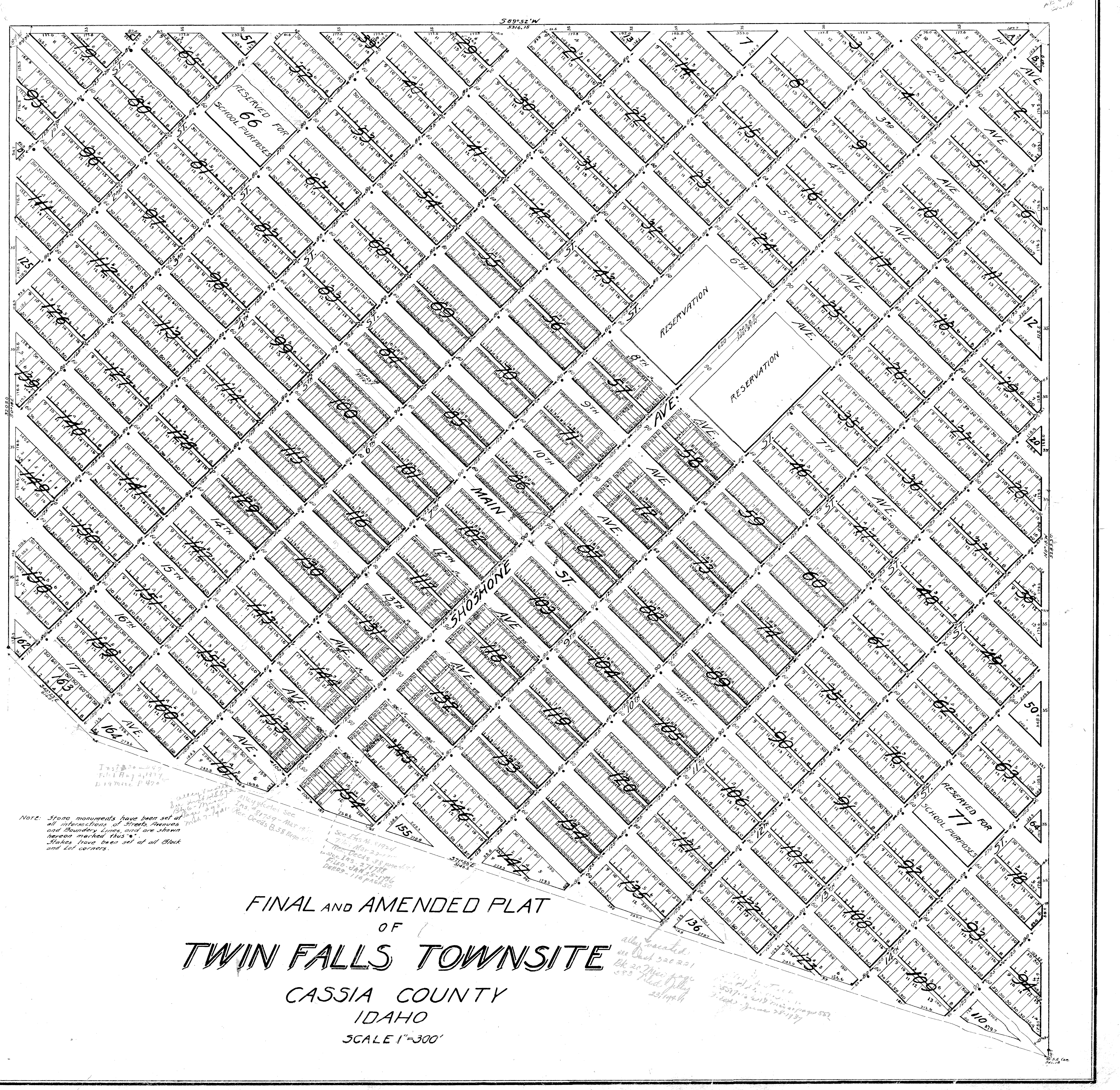
C.S. LOVELAND
Notary Public.

My commission expires MAY 27, 1908.

SEAL OF NOTARY PUBLIC

Filed at request of the TWIN FALLS TOWNSITE COMPANY at 10.10 A.M. December 16th 1904

JOS. Y. HAIGHT
County Recorder.



Note: Stone monuments have been set at all intersections of Streets, Avenues and Boundary Lines, and are shown hereon marked thus "•". Stakes have been set at all Block and Lot corners.

FINAL AND AMENDED PLAT OF TWIN FALLS TOWNSITE

CASSIA COUNTY IDAHO

SCALE 1" = 300'

Twin Falls County, Idaho
Recorded for:
TWIN FALLS TOWNSITE CO.
10:10:00 am Dec.16,1904
0000 - 000040

Twin Falls County Property Information Access

Begin New Parcel Search

Parcel ID Number: **RPT0001103025AA**

Owner Information	Legal Description
CITY OF TWIN FALLS P O BOX 1907 TWIN FALLS ID	Tax Code: 10007 Zip: 0 TWIN FALLS TOWNSITE FINAL & AMD LOT 25, EXC NW 1'; LOTS 26 THRU 32 BLOCK 103; LOTS 17 THRU 32 BLOCK 104 (16-10-17) (63-602A) PARKING LOT DOWNT...

Category Information			
Category	**Quantity**	**Unit**	**Value**
81 - EXEMPT PROP	1.719	AC	0

Property Information	Tax Information				
0 Year Built: 1940 Effective Year: 1940 Public or exempt land Impr.Type: PAVING Condition: AV # Levels: 000 Number Living Rooms: 0 Number Bedrooms: 0 Number Full Baths: 0 Half: 0 Number Family Rooms: 0 Number Dining Rooms: 0 Number Kitchens: 0 Other Rooms: 0 Number Fireplaces: 0 Sq Feet- Base: 0 Living: 0 Basement: 0 Main: 0 Second: 0 Attic: 0 Prim.Heat: Central Air: N Roof Covering:	Tax Year: **2017** Bill#: 10380 Market: 0 PTR: 0.00 H.O.: 0 Special: 0.00 Tax: 0.00 **First Half:** Cost: 0.00 Interest: 0.00 Penalty: 0.00 Paid: 0.00 Cancelled: 0.00 **Second Half:** Cost: 0.00 Interest: 0.00 Penalty: 0.00 Paid: 0.00 Cancelled: 0.00	Tax Year: **2018** Bill#: 10438 Market: 0 PTR: 0.00 H.O.: 0 Special: 0.00 Tax: 0.00 **First Half:** Cost: 0.00 Interest: 0.00 Penalty: 0.00 Paid: 0.00 Cancelled: 0.00 **Second Half:** Cost: 0.00 Interest: 0.00 Penalty: 0.00 Paid: 0.00 Cancelled: 0.00	Tax Year: **2019** Bill#: 10638 Market: 0 PTR: 0.00 H.O.: 0 Special: 0.00 Tax: 0.00 **First Half:** Cost: 0.00 Interest: 0.00 Penalty: 0.00 Paid: 0.00 Cancelled: 0.00 **Second Half:** Cost: 0.00 Interest: 0.00 Penalty: 0.00 Paid: 0.00 Cancelled: 0.00	Tax Year: **2020** Bill#: 10712 Market: 0 PTR: 0.00 H.O.: 0 Special: 0.00 Tax: 0.00 **First Half:** Cost: 0.00 Interest: 0.00 Penalty: 0.00 Paid: 0.00 Cancelled: 0.00 **Second Half:** Cost: 0.00 Interest: 0.00 Penalty: 0.00 Paid: 0.00 Cancelled: 0.00	Tax Year: **2021** Bill#: 10925 Market: 0 PTR: 0.00 H.O.: 0 Special: 0.00 Tax: 0.00 **First Half:** Cost: 0.00 Interest: 0.00 Penalty: 0.00 Paid: 0.00 Cancelled: 0.00 **Second Half:** Cost: 0.00 Interest: 0.00 Penalty: 0.00 Paid: 0.00 Cancelled: 0.00

Deed Reference Numbers: 2019001607 2018012400 28-3608 Last Change Date: 02-05-2019

Related Parcel Numbers:
(none)

Parcel Comments:
NOT ASSESSED; CITY;

Ownership History:
1994 - 2021 CITY OF TWIN FALLS

Scanned Worksheets:
1982 SUMMARY SHEET **for:** CITY OF TWIN FALLS
1984 SUMMARY SHEET **for:** CITY OF TWIN FALLS
1976 SUMMARY SHEET **for:** CITY OF TWIN FALLS
1970 SUMMARY SHEET **for:** CITY OF TWIN FALLS
1963 COMMERCIAL BUILDING #1 **for:** CITY OF TWIN FALLS
1988 APPRAISAL HOUSE #1 **for:** CITY OF TWIN FALLS
1992 APPRAISAL HOUSE #1 **for:** CITY OF TWIN FALLS
2000 APPRAISAL HOUSE #1 **for:** CITY OF TWIN FALLS
1964 SUMMARY SHEET **for:** DRURY, KENNETH

Additional Property Sheets:
(none)

Calculate taxes due- Interest as of date: (do not use hyphens, enter as mmddyyyy) Calculate

Tax Payment History											
Year/Type	**Date**	**Half**	**Batch/Tran#**	**Tax**	**Penalty**	**Interest**	**Total**	**Remark**	**Payor**	**User**	**PUP**
No Payment History Found											

Use the browser BACK button to return to search results.

Begin New Parcel Search

©2006 Developed by Stephenson Computer Consulting, Inc.

ATTACHMENT 6

Reuse Appraisal

[118 pages attached]

Valbridge
PROPERTY ADVISORS

Appraisal Report

2nd & Hansen Mixed-Use Project
NWC 2nd Ave. S. and Hansen St. S.
Twin Falls, ID 83301

June 10, 2022

FOR:
Ms. Amanda K. Schaus, Esq.
Elam & Burke Attorneys at Law
251 E. Front St., Suite 300
Boise, ID 83702

Valbridge Property Advisors | Mountain States
1459 Tyrell Ln., Suite B
Boise, ID 83706
208-336-1097 phone
208-345-1175 fax
valbridge.com

Valbridge Job No: ID02-21-0218-000

Valbridge PROPERTY ADVISORS

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

1459 Tyrell Lane, Suite B
Boise, Idaho 83706
208.336.1097 phone
208.345.1175 fax
valbridge.com

June 10, 2022

Ms. Amanda K. Schaus, Esq.
Elam & Burke Attorneys at Law
251 E. Front St., Suite 300
Boise, ID 83702

RE: Appraisal Report
2nd & Hansen Mixed-Use Project
142-176 Maurice St. N.
Twin Falls, ID 83301

Dear Ms. Schaus:

In accordance with your request, we have prepared a re-use appraisal of the above-referenced property. The subject property, which is described in greater detail in the attached report, currently consists of a ±25,000-square foot site in the downtown core of Twin Falls. Twin Falls, in south central Idaho, is the largest city and county seat in Twin Falls County, serving as a retail and medical hub for south central Idaho and northeastern Nevada. Under the ownership of the City of Twin Falls, it has historically been utilized as a parking lot, including downtown commons public parking for city hall. In addition to donating the site, the City of Twin Falls will reimburse the developer $2,000,000 for 100 parking spaces in the garage.

The site is proposed for a 5-story interior corridor apartment building with elevator access, and a 5.5-level podium parking garage with a subterranean level. The parking garage will be situated between the subject and a similar building to the north that will be jointly developed by the subject developer and the landowner, which is excluded from the analysis. The proposal includes 48 apartment units and a 1,106-square foot ground floor retail suite.

The property 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 Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); 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 appraisal report complies with the requirements set forth under Standards Rule 2-2(a) of USPAP. It presents a summarized discussion 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 appraisal problem is to provide an opinion of the fair re-use value for the subject property. The fair re-use value is the most probable sale price of a property 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

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proposed improvements via the Income Capitalization Approach, based on the hypothetical condition that the proposed development is complete.

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, and employment among others. *As such, highest and best use and market value are not considered in the appraisal or conclusions.*

Elam & Burke Attorneys at Law is the client in this assignment. 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 intended use of this appraisal is to provide a basis for negotiating a sale of the subject property site between the City of Twin Falls and the developer, Galena Opportunity Fund. The effective date of value is June 1, 2022.

The value opinions reported herein are subject to the definitions, assumptions and limiting conditions and certification contained in this report. Based on the analysis contained in the following report, our value conclusion(s) involving the subject property are summarized as follows:

Value Conclusion Summary			
Value Scenario	Interest Appraised	Date	Value
Fair Re-Use Value	Fee Simple	June 1, 2022	-$3,060,000

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 contingent upon any extraordinary assumptions or hypothetical conditions:

- *The subject is proposed and plans and specifications provided by the developer were relied upon in the valuation. The analysis is therefore subject to project completion substantially conforming to the provided plans and specifications. If changes occur, the value conclusions stated in this report may require re-examination.*

- *The estimated property value to derive the fair re-use value was based on the hypothetical condition that the proposed development was completed and operating at a stabilized level as of June 1, 2022.*

- *The estimated property value to derive the fair re-use value was based on the hypothetical condition that the subject site will be subdivided from its parent parcel, RPT0001103025A, creating an approximate site size of 25,000 square feet.*

This letter of transmittal is not considered valid if separated from this report, and must be accompanied by all sections of this report as outlined in the Table of Contents, in order for the value opinions set forth above to be valid.

Respectfully submitted,
Valbridge Property Advisors | Mountain States

Kevin Ritter, MAI
Senior Appraiser
State of Idaho Certificate No. CGA-2582
Certificate Expiration Date: 9/10/22
E-mail: kritter@valbridge.com

G. Joseph Corlett, MAI, SRA
Senior Managing Director
Idaho, Certification # CGA-7
Certificate Expires 03/11/23
E-mail: jcorlett@valbridge.com

Table of Contents

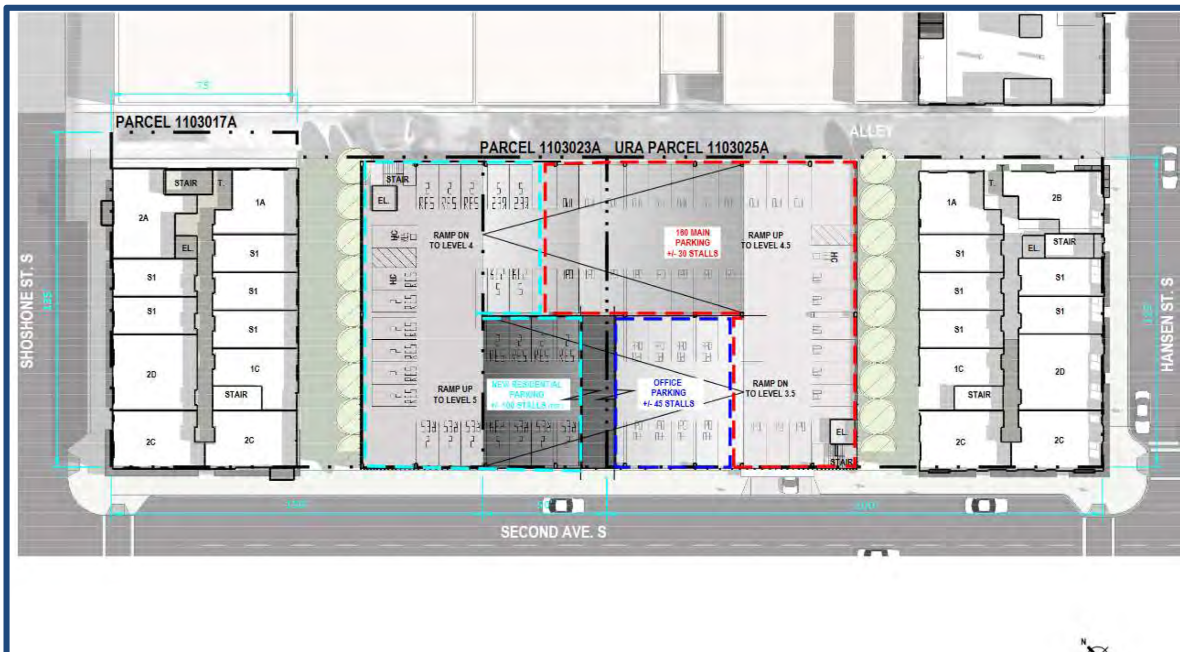
Summary of Salient Facts

Property Name:	2nd & Hansen Mixed-Use Project
Property Identification:	
Address:	NWC 2nd Ave. S. and Hansen St. S.
City, State, Zip Code:	Twin Falls, ID 83301
Assessor Parcel No(s).	RPT0001103025A (portion of)
Zoning:	CD (Commercial Central Business District)
Site Size:	0.57 acres; 25,000 square feet
Improvements:	
Property Type and Subtype:	Mixed-use; multi-family and ground floor commercial and multi-story parking garage
Design:	Interior corridor with elevator
No. Buildings:	2 buildings adjoined by parking garage
Construction Quality/Type:	Good
No Stories:	5; with 5.5-level parking structure with subterrean level
No. Commercial Suites:	One; 1,106 SF
No. Apartment Units:	48
Unit Style:	Flat
Unit Mix:	(20) studio, (12) 1BR/1BA, (8) 2BR/1BA, (8) 2BR/2BA
Gross Building Area:	41,874
Net Rentable Building Area (SF):	32,502
Average Unit Size:	654
Parking Garage Area (SF):	125,700 SF gross; 50% (62,850 SF) allocated to adjacent property to be developed jointly with subject development; net garage area is 62,850 SF
Year Built:	Proposed
Common Amenities:	Securitized lobby, bike storage, roof deck (not fully detailed yet), pedestrian courtyard
Extraordinary Assumptions:	See Page 3
Hypothetical Conditions:	See Page 3
Highest and Best Use:	
As Vacant:	Multi-family residential development
As Improved:	Continued use "as is"
Effective Date of Valuation:	June 1, 2022
Date of Report Preparation:	June 10, 2022
Valuation Indications:	
Cost Approach:	N/A
Income Capitalization Approach:	$10,060,000
Sales Comparison Approach:	$10,560,000
Hypothetical Market Value Upon Stabilization:	$10,210,000
Less:	
Stabilization Costs:	N/A; included in budget
Costs of Sale (5%):	-$511,000
Development Costs (incl. 5% profit, stabilization costs):	-$12,008,000
Additional Developer Entrepreneurial Profit:	-$600,000
Additional Land Cost for Portion of Parking Garage Area ($12/SF x 12,500 SF):	-$150,000
Fair Re-Use Value Conclusion	**-$3,060,000**

Exterior Elevations and Typical Building Floor Plan

EXTERIOR ELEVATIONS

TYPICAL UPPER BUILDING FLOOR PLAN



Introduction

Client and Other Intended User(s) of the Appraisal

Elam & Burke Attorneys at Law is the client in this assignment. 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.

Intended Use of the Appraisal

The intended use of this appraisal is to provide a basis for negotiating a sale of the subject property site between the City of Twin Falls and the developer, Galena Opportunity Fund.

Real Estate Identification

The subject site is located along 2nd Ave. S. between Shoshone St. S. and Hansen St. S., Twin Falls, ID 83301. The subject is also identified by parcel number RPT0001103025AA.

Legal Description

The following description obtained from Twin Falls County Assessor records pertains to the subject's parent parcel.

> Lot 25 excluding Northwesterly one foot of Lot 25 lying contiguous to the line between Lots 24 and 25, Block 103, Lots 26 through 32, Block 103, Lots 17-32, Block 104, Twin Falls Townsite, Twin Falls County, Idaho, according to the final and amended plat thereof recorded in Book 1 of Plats, Page 7, records of Twin Falls County, Idaho.

Real Property Interest Appraised

The subject apartment units will be encumbered by short-term or month-to-month lease agreements, and the two commercial suites will be encumbered by multiple year leases. Given that the subject is proposed, and no leases exist, the concluded value represent the fee simple interest in the subject property. Please refer to the Glossary in the Addenda section for the definition.

Type and Definition of Value

We developed an opinion of the fair re-use value of the subject property. The fair re-use value is the most probable sale price of a property prior to 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, and employment among others. As such, highest and best use and market value are not considered in the appraisal or conclusions.

We researched and analyzed general market area data and property-specific data on the subject, including building plans, development budget. The market was researched for data on comparable land sales, rents, improved sales, capitalization rates and operating expenses. We observed surrounding land use trends, supply and demand, and relative legal limitations in concluding a highest and best use. We then valued the subject based on the highest and best use conclusion, relying on the Cost, Income Capitalization and Sales Comparison Approaches to value.

The re-use appraisal encompasses a review of the developer's proposal, including preliminary estimates of development costs and cash flow considerations. The reconciled data was then submitted to a valuation process, relying on the Income Capitalization and Sales Comparison Approaches to yield a hypothetical market value estimate as if completed and stabilized. The process compares development costs to the value estimate, with the difference representing value for the subject property prior to development. The conclusion is termed Fair Re-Use Value. Significant assumptions to the process are outlined within the report.

Effective Date(s) of Value

The subject site was inspected on January 28, 2022. Market data was updated in early June 2022. The effective date of valuation is June 1, 2022.

Date of Report

The date of this report is June 10, 2022, the date of the letter of transmittal. Our conclusions are reflective of market conditions as of the effective date of value.

Scope of Work

The scope of work includes all steps taken in the development of the appraisal. This includes 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, and the type of appraisal report prepared.

The subject was legally identified via Twin Falls County assessor information, a title report and site plans provided by the developer. The subject was physically identified via an inspection performed by Kevin Ritter, MAI. Joe Corlett, MAI, SRA did not perform an inspection. We researched and analyzed general market area data and property-specific data on the subject, including an operating pro-forma, building plans and development budget provided by the developer. The market was researched for data on comparable rents, operating expenses and capitalization rates. We observed surrounding land use trends, supply and demand, and relative legal limitations. We then valued the subject considering the proposed re-use, relying on the Income Capitalization Approach to value. Direct and indirect costs, including an allowance for developer profit, were then deducted from the estimate of market value resulting in a residual value prior to development, also termed fair re-use value.

This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). It presents a summarized discussion 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.

Ownership and Sales History

The subject parcel, RPT0001103025AA, is owned by the City of Twin Falls (Twin Falls Urban Renewal Agency). The city will be donating a ±25,000 square foot portion to the subject developer, Galena Opportunity, Inc. to accommodate the proposed development The city will all reimburse the developer $2,000,000 ($20,000/space) for 100 parking spaces in the parking garage. County records do not indicate any sales, options or listings occurring within the past three years.

List of Items Requested but Not Provided

None.

Extraordinary Assumptions

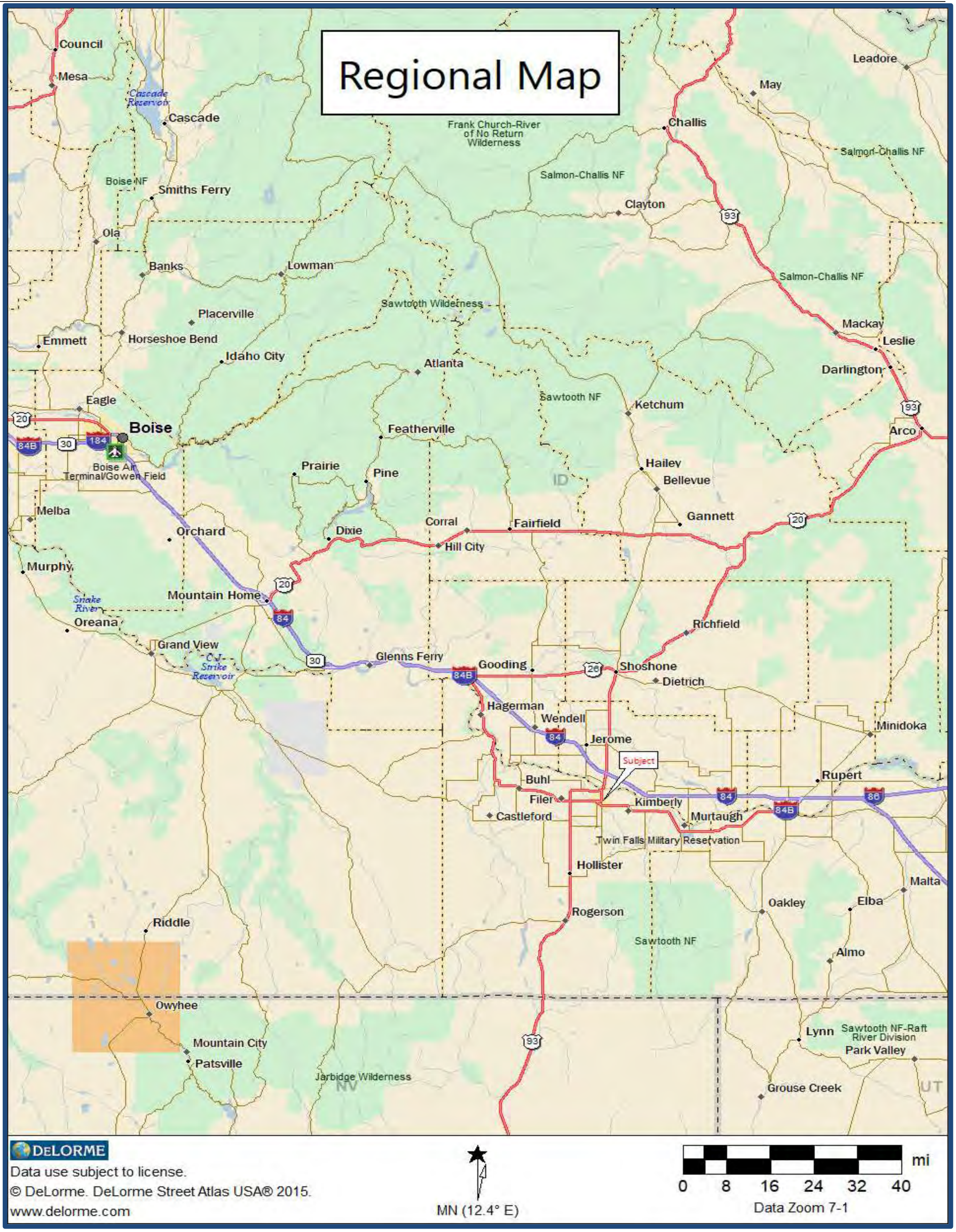
The subject is proposed and plans and specifications provided by the developer were relied upon in the valuation. The analysis is therefore subject to project completion substantially conforming to the provided plans and specifications. If changes occur, the value conclusions stated in this report may require re-examination.

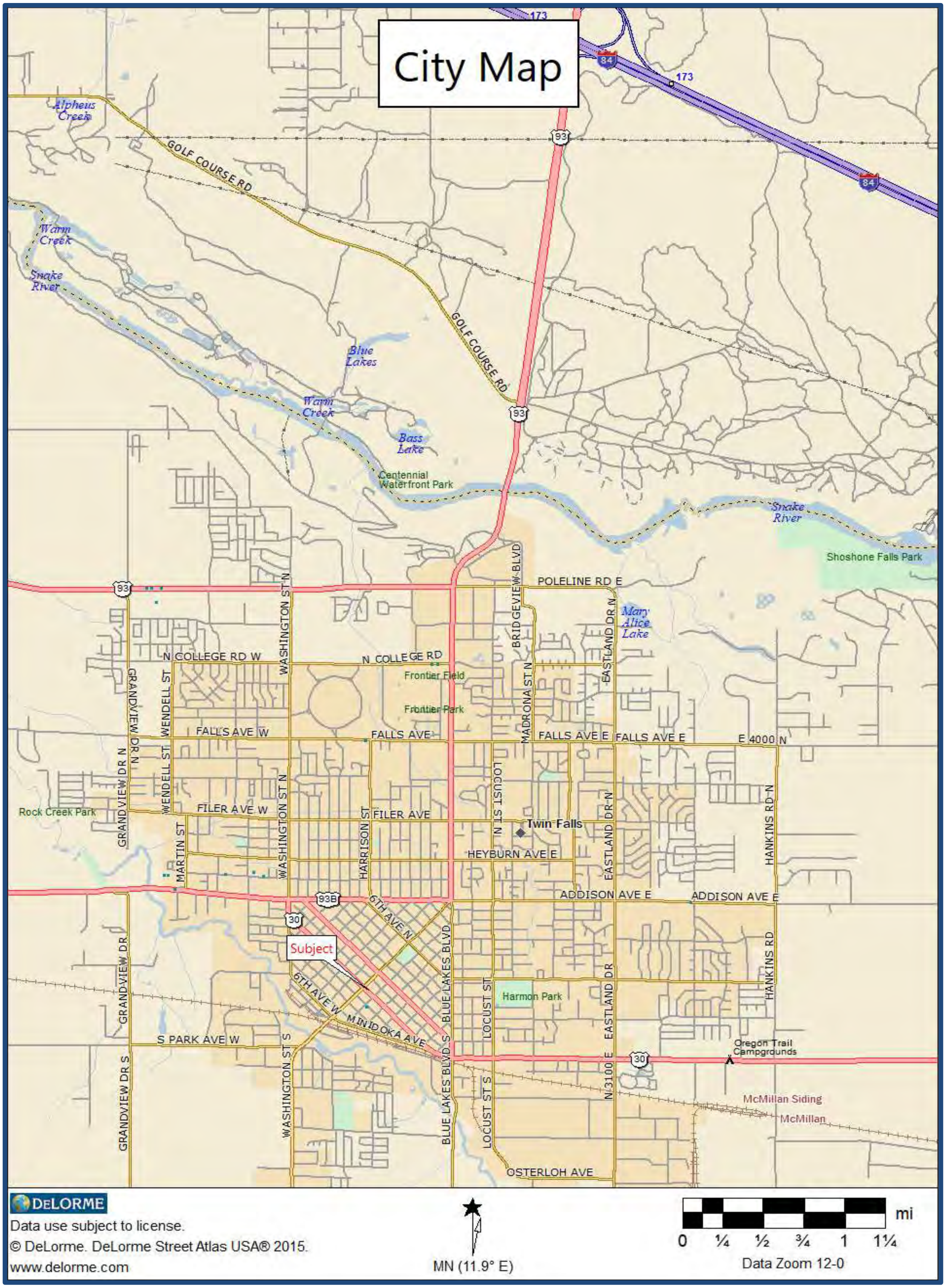
Hypothetical Conditions

The estimated property value to derive the fair re-use value was based on the hypothetical condition that the proposed development was completed and operating at a stabilized level as of June 1, 2022.

The estimated property value to derive the fair re-use value was based on the hypothetical condition that the subject site will be subdivided from its parent parcel, RPT0001103025A, creating an approximate site size of 25,000 square feet.

Neighborhood Description




City Map
Subject
Twin Falls
Snake River
Shoshone Falls Park
Centennial Waterfront Park
Blue Lakes
Bass Lake
Warm Creek
Alpheus Creek
Mary Alice Lake
Rock Creek Park
Frontier Field
Frontier Park
Harmon Park
Oregon Trail Campgrounds
McMillan Siding
McMillan
GOLF COURSE RD
POLELINE RD E
N COLLEGE RD W
N COLLEGE RD
FALLS AVE W
FALLS AVE
FALLS AVE E
E 4000 N
FILER AVE W
FILER AVE
HEYBURN AVE E
ADDISON AVE E
6TH AVE N
6TH AVE W
MINIDOKA AVE
S PARK AVE W
OSTERLOH AVE
WASHINGTON ST N
WASHINGTON ST S
GRANDVIEW DR N
GRANDVIEW DR S
WENDELL ST
MARTIN ST
HARRISON ST
BLUE LAKES BLVD S
LOCUST ST N
LOCUST ST S
MADRONA ST N
BRIDGEVIEW BLVD
EASTLAND DR N
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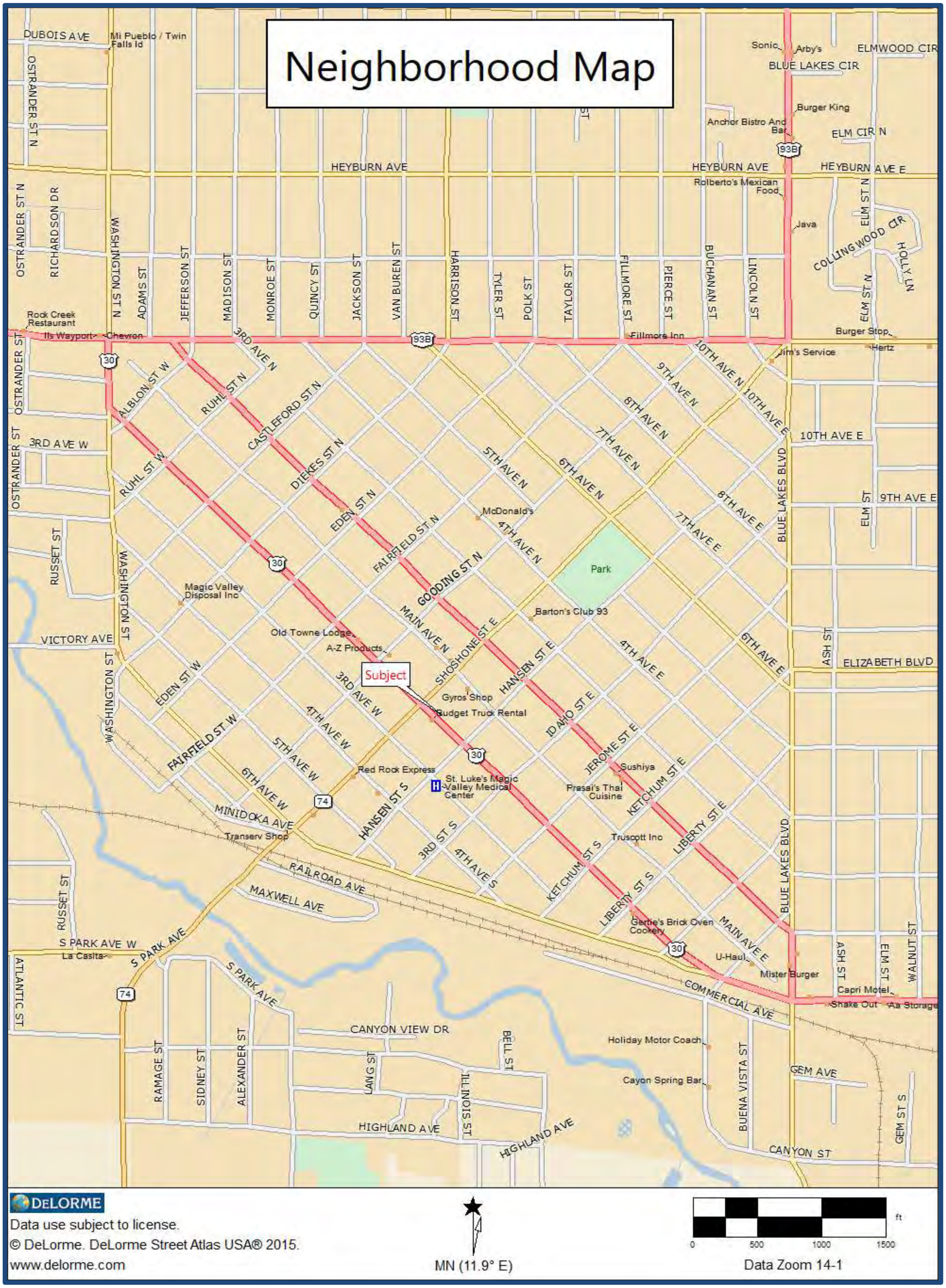
Neighborhood Map
Subject
HEYBURN AVE
BLUE LAKES BLVD
MAIN AVE N
SHOSHONE ST E
HANSEN ST E
HANSEN ST S
2ND AVE
3RD AVE W
4TH AVE W
5TH AVE W
6TH AVE W
Park
St. Luke's Magic Valley Medical Center
Old Towne Lodge
A-Z Products
Gyros Shop
Budget Truck Rental
Red Rock Express
McDonald's
Barton's Club 93
COMMERCIAL AVE
RAILROAD AVE
MAXWELL AVE
MINIDOKA AVE
CANYON VIEW DR
HIGHLAND AVE
CANYON ST
ELIZABETH BLVD
VICTORY AVE
WASHINGTON ST
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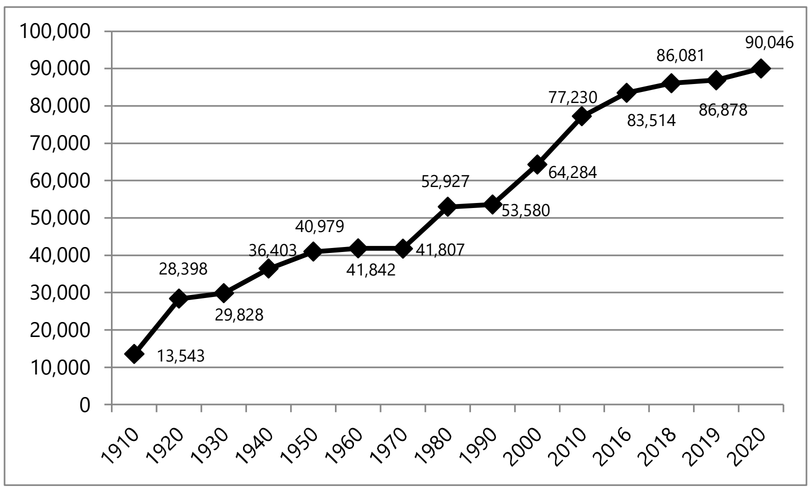
City Overview

Twin Falls is the county seat and largest city in Twin Falls County. It is located 130 miles southeast of Boise, the state's capital and largest city. As the largest city within a 100-mile radius, it serves as a regional commercial center for both south-central Idaho and northeastern Nevada. Twin Falls is home to the College of Southern Idaho. The city is served by several major highways including U.S. Route 30 and U.S. Route 93; access to Interstate 84 is five miles north via U.S. Route 93. The area also offers an abundance of natural resources and recreational opportunities. The Snake River Canyon forms the city's northern limits and includes three waterfalls near Twin Falls. The Perrine Bridge, which spans the Snake River Canyon immediately north of the city, is one of only a handful of artificial structures worldwide where BASE jumping is legal.

Major Private Employers
Amalgamated Sugar
St. Luke's Magic Valley Regional Medical Center
Bridgeview Estates
Collge of Southern Idaho
Chobani
Henningsen Cold Storage
Independent Meat
Personnel Plus
Transystems
ConAgra
Costco
Walmart
Jayco
Glanbia NA
Seneca
C3 Customer Contact Channels

Population

Per the U.S. Census Bureau, Twin Falls County is the 6th most populous county in the State of Idaho. As of 2021, it had a population of 90,046, which reflects a 19% increase since 2010, and a 44% increase since 2000. Historical population of Twin Falls County is summarized in the chart below.



Twin Falls is the largest city of Idaho's Magic Valley region. Per the U.S. Census Bureau, the population as of 2021 (most recent available) was 53,213, which reflects a 3% increase since 2020 and a 21% increase since 2010. The city contains over ½ of the county's total population.

Economy

Though reliant on agriculture, the Twin Falls County economy has become more diversified over the past 10-15 years. Community partnerships brought in Dell customer service jobs in 2002 and replaced them with jobs at C3 Customer Contact Channels in 2010. Manufacturing jobs with Jayco RV have brought in feeder companies. Chobani Yogurt's manufacturing plant, which opened in late 2012, brought in over 600 jobs to the area. In 2016, a 300,000-square foot Cliff Bar baking facility was completed. Major employers are summarized in the table to the right.

The city of Twin Falls has experienced strong growth in retail and service jobs as many big box national retailers entered the market. A 5.5-mile bypass linking U.S. Highway 93 and Highway 30 west of Twin Falls was completed in the northwest portion of Twin Falls, spurred significant commercial growth in the northwest portion of the city, including a new high school, Wal-Mart, Walgreens, hotels and a St. Luke's Magic Valley Medical Center, which relocated from an older facility in the southwest quadrant of the city in 2011. The College of Southern Idaho, located in Twin Falls, continues to expand, with a new Health and Human Sciences building and a renewable energy building having been completed since 2010.

As of year-end 2019, the average unemployment rate was 2.8%. Between 2010 and 2019, the average annual unemployment rate has trended downward, while the labor force increased 13% during the same period.

Stage Four (current) – View the Stage 4 Stay Healthy Guidelines here

INDIVIDUAL	EMPLOYER	SPECIFIC TYPE EMPLOYER
COVID-19 vaccine encouraged for all eligible individuals.	All individuals, businesses, and governmental entities should adhere to physical distancing and sanitation guidelines.	Face coverings required at long-term care facilities.
No recommended limitations on gathering sizes. Gatherings, both public and private, should adhere to physical distancing and sanitation guidelines.	Businesses and governmental agencies continue operations at physical locations.	
Face coverings strongly recommended per guidance from CDC.	All open businesses continue to follow plans.	

Business Protocols for Opening — Businesses opening their doors in various stages of the Idaho Rebound plan should have operational plans in place to mitigate the risk of spreading COVID-19. For business protocols available, click here.

In March 2020, the global outbreak of a "novel coronavirus" (known as COVID-19) was officially declared a pandemic by the World Health Organization (WHO). On March 25, 2020, the State of Idaho issued an emergency declaration, which included a stay-at-home order through April 30, 2020. According to the Idaho Department of Labor, there were 131,101 new claims for unemployment benefits during the first eight weeks since the state of emergency was declared. The total is more than double of initial claims filed in the entire year of 2019. Workers of all ages have been affected. Initial claims from laid-off employees for the accommodations and food services, health care and social assistance and retail trade represented nearly half of all claims. Approximately 55% of businesses in Idaho were considered essential under the stay-at-home order, which has since ended. Many of those businesses have been hiring, including grocery stores and drug stores, though the increase is nominal relative to the total job losses. The county also benefits from profits generated by local agriculture and food-related manufacturing.

Idaho commenced plans to lift stay-at-home restrictions to "reopen" the economy from the shutdown beginning on May 1, 2021. Stage 1 (May 1-15) included re-opening places of worship and daycares. Stage 2, which extended from May 16 to May 29, included the opening of restaurants, salons and gyms. The state entered Stage 3 on May 30, 2021, which included re-opening nearly all remaining businesses with protocols for operational plans to mitigate the risk of spreading COVID-19. Between June 13 and October 27, 2020, Idaho was in Stage 4 of the re-opening plan. On October 1, 2020, the governor announced the 8th continuation of the final Stage 4 plan, which is essentially a modified version of Stage 3.

With rapidly worsening conditions related to COVID-19, Governor Brad Little announced on October 26, 2020, that the state would revert from the more-permissive Stage 4 to a modified Stage 3, imposing limits on indoor and outdoor gatherings and requiring social distancing and other measures. On November 13, 2021, the governor moved Idaho back to Stage 2 as COVID-19 cases swelled across the state and mobilized the Idaho National Guard to aid in the state's response.

Due to multiple weeks of declining case counts and hospitalizations, the state returned back to Stage 3 in early February 2021. And with continued improving conditions, Idaho then moved to Stage 4 on May 11, 2021. Despite a recent increase in cases, the state remains in Stage 4. The protocol for Stage 4 is summarized in the above exhibit.

The unemployment rate in Twin Falls County spike to 11.3% in April 2020, which represented the peak. The unemployment rate has since exhibited a general downward monthly trend, reaching 3.8% in December 2020. The average 2020 unemployment rate (4.9%) reflected an absolute 2.1% increase from 2019 (2.8%). The downward trend continued in 2021 and 2022. The 2021 average unemployment rate dropped by an absolute 2.3% in 2020, and was only 0.2% above pre-COVID 2019. Historical Through Mar-22, the unemployment rate had fully recovered to 2019 levels, with a 5.9% increase in the labor force. Historical annual and monthly data is summarized in the following table:

Twin Falls County Labor Force Summary

Year	2017	2018	2019	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	2020 Average	2021 Average	Mar-22
Civilian Labor Force	41,351	40,746	41,372	41,282	41,290	41,265	40,863	41,070	41,054	40,991	41,117	41,733	41,574	41,369	41,400	41,250	41,237	43,794
Unemployment	1,195	1,096	1,154	1,029	1,042	1,125	4,616	3,572	2,823	2,314	1,870	2,371	1,932	1,726	1,574	2,167	1,245	1,205
% Unemployed	**2.9%**	**2.7%**	**2.8%**	**2.5%**	**2.5%**	**2.7%**	**11.3%**	**8.7%**	**6.9%**	**5.6%**	**4.5%**	**5.7%**	**4.6%**	**4.2%**	**3.8%**	**5.3%**	**3.0%**	**2.8%**
Employment	40,156	39,650	40,218	40,253	40,248	40,140	36,247	37,498	38,231	38,677	39,247	39,362	39,642	39,643	39,826	39,083	39,992	42,589

Transportation

Although Twin Falls has the distinction of being the largest Idaho city not directly on the Interstate Highway System, the city is served by multiple major highways including U.S. Route 30 and U.S. Route 93. Access to Interstate 84 is afforded by a junction with U.S. Route 93 located ±5 miles north of the city in Jerome County. Idaho State Highway 74 provides direct access from downtown Twin Falls to southbound locations on U.S. Route 93, including Hollister, Rogerson, and Jackpot, Nevada. Twin Falls includes a regional airport.

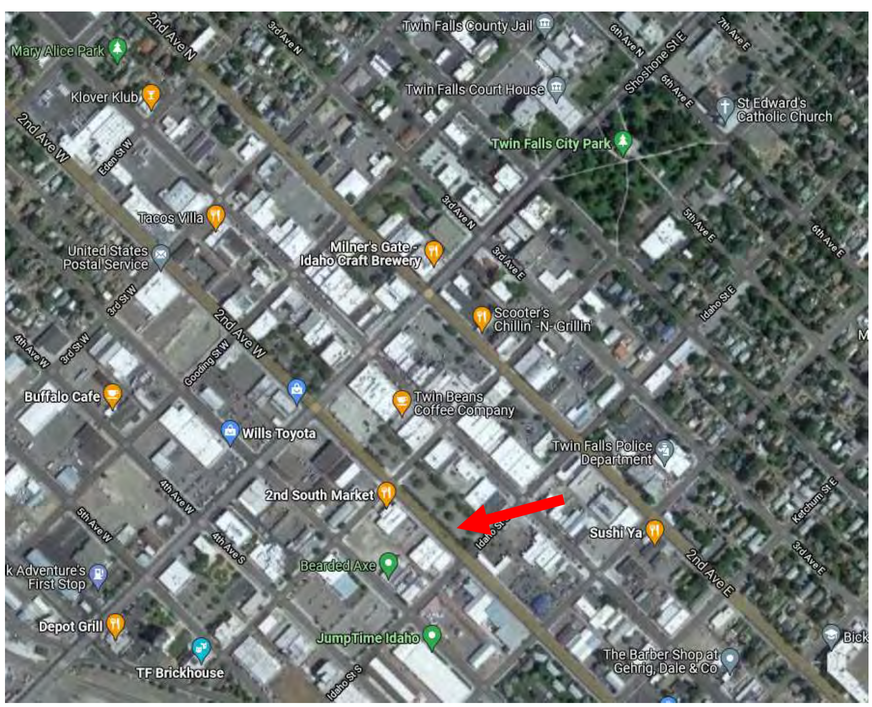
Recreation

The region has four distinct seasons permitting a variety of outdoor activities such as golf, tennis, horseback riding, hiking, skiing, fishing, hunting, and backpacking. The Snake River Canyon forms the city's northern limits and includes three waterfalls near Twin Falls. The Perrine Bridge, which spans the Snake River Canyon immediately north of the city, is one of only a handful of artificial structures worldwide where BASE jumping is legal.

Immediate Neighborhood

The subject is centrally located in the historic downtown core of Twin Falls. It fronts Shoshone St. S., which runs northeasterly and southwesterly, and bisects the core.

The core was primarily built-out between the early to mid-1900’s. It is nearly 100% built-out, with very few vacant sites remaining. Rather, new development has primarily occurred through redevelopment of older existing properties.



Developments range widely from 1-story storefront buildings to mid-rise office buildings. Commercial uses include banks, government offices, retail, restaurants, breweries, pay public parking lots and fringe automotive-service facilities. Notable uses in proximity include Columbia Bank, U.S. Bank, First Federal Corporate Offices, Wills Toyota dealership, Twin Falls County Jail, Twin Falls Fire Department, Twin Falls Police Department, Twin Falls County Courthouse, Twin Falls Public Library, City Hall and Twin Falls City Park.

Portions of the corridor, including Main St. (1/2 block away) and Hansen St. E. have undergone recent gentrification including new streetscape, new public commons areas. City Hall recently underwent a major renovation. Further renovations of older historic buildings are planned for the downtown core. A 5-story mixed-use building with apartments and retail/office space is currently under construction to the immediate southeast, to be completed in July 2022.

The subject is located ¾ miles southeast of Blue Lakes Blvd. N., which intersects Shoshone St. Blue Lakes Blvd. is the primary north-south arterial serving the city. Neighborhood services, including an Albertson's-anchored shopping center, are located within a ¾-mile radius. Interstate 84 is accessible ±6 miles to the north via Blue Lakes Blvd. N. (U.S. Highway 93).

Conclusion

The long-term economic outlook for Twin Falls County appears positive. The economy continues to grow and diversify and has historically exhibited unemployment below the state average. The county contains the city of Twin Falls, which is the largest city in Idaho's Magic Valley region, and also the largest city in a 100-mile radius, serving as a regional commercial center for both south central Idaho and northeastern Nevada, with a consumer base of more than 250,000.

Site Description

The following description is based on our property inspection, assessor records, and information provided by the client, owner, property manager, and/or broker.

General Data

Street Address:	The subject site is vacant and has historically utilized as a pay parking lot by the owner, the City of Twin Falls. It has yet to be assigned a street address. The site is located at the northwest corner of 2nd Ave. S. and Hansen St. S., Twin Falls, ID 83301.
Assessor Parcel Number(s):	RPT0001103025AA (portion of)
Comments:	The parent parcel comprises two non-contiguous parcels totaling 1.72 acres. The analysis is based on the hypothetical condition that the northernmost portion, to the north of Hansen St. S., will be subdivided.

Adjacent Land Uses

Northwest:	Pay parking lot fronting Shoshone St. S.; parcel to be developed jointly with subject development, including parking garage
Southwest:	Commercial buildings and parking lot with Wells Fargo ATM (across 2nd Ave. S.)
Northeast:	Alley, commercial buildings fronting Main Ave. E. and Main Avenue Lofts, a mixed-use project nearing completion and developed by subject developer
Southeast:	Parking lot

Physical Characteristics

Site Area:	Based on data obtained from the developer, the subject site will comprise approximately 25,000 square feet (0.57 acres).
Shape:	Rectangular; functional
Topography:	Mostly flat and at street grade
Parcel Location:	The site is at the northwest corner of 2nd Ave. S. and Hansen St. S. An alley forms the northeast elevation.
View:	Typical

Primary Access/Exposure

Street Name:	2nd Ave. S., Hansen St. S.
Street Type:	Primary arterial (2nd Ave. S.); secondary arterial (Hansen St. S.)
At Signalized Intersection:	No
Access:	Access is rated above average. The site plan depicts southbound vehicular access from 2nd Ave. S., and an alley that forms the northeast elevation and links Shoshone St. S. and Hansen St. S.
Exposure:	Above average

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Site Improvements

Off-Site Improvements:	2nd Ave. S. is a fully improved 1-way, 3-lane street. Hansen St. is a fully improved 2-way, 2-lane street.
Utilities:	All utilities including municipal water and sewer, electricity, natural gas and telephone service have been installed.
On-Site Improvements:	The site is currently improved with asphalt paving, concrete sidewalks and curbs, and mature trees, and has historically been utilized as a daily and hourly paid parking lot. The site plan depicts a multi-story concrete parking structure between the two buildings; streetscaping along the north, south and east elevations; concrete curbs and sidewalks; large 2nd floor patio area, roof deck (not fully detailed yet), pedestrian courtyard (north elevation).

Flood Zone Data

Flood Map Panel/Date:	16083C1386C; 09/26/08
Flood Zone:	X
Comments:	Outside 500-year flood plain; flood insurance not required

Other Site Conditions

Soils:	Based on our own observations, subsoil and drainage appear adequate to support the existing use.
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:	A title report was not provided in connection with this assignment. Based on the appraisers' 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.
Overall Site Rating:	Above average

Zoning Designation

Zoning Code:	CD (Commercial Central Business District)
Zoning Jurisdiction:	City of Twin Falls
Zoning Comments:	The CD district is "intended to provide for commercial activities of various sizes from large retail stores to small specialty shops with residential opportunities for persons wishing to work and live in a unified environment." As such a broad range of commercial, mixed-use, and special purpose uses are permitted. The maximum building height is 50' and no property line setbacks exist.

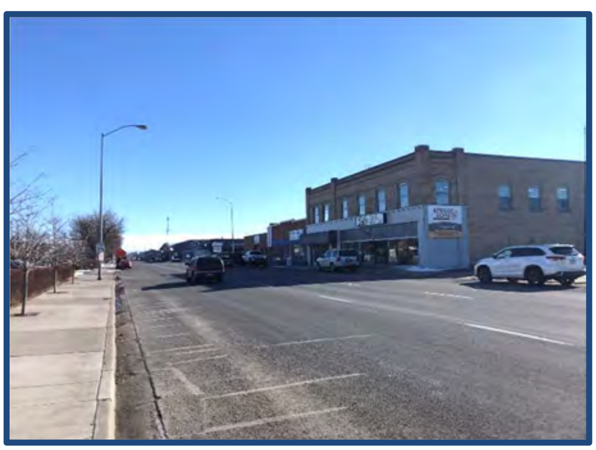
Subject Site Photographs

Looking northwest from south elevation

Looking southeast from north elevation

Looking south from northwest elevation

Street scene: looking northwest on 2nd Ave. S.



Street scene: looking southeast on 2nd Ave. S.

Street scene: looking northeast on Hansen St. S.

Assessor Parcel Overlay

Aerial Photograph

Improvements Description

The following description is based on our analysis of building/floor/site plans and elevations and information provided by the developer. Exhibits taken from the provided building plans and representative improvement photographs are provided after the description. It is noted that details regarding construction components and interior finishes were very limited.

General Data

Property Type and Subtype:	Mixed-use; multi-family residential, ground floor commercial, parking structure
No. of Apartment Units:	48
No. of Commercial Suites:	1
Number of Buildings:	1
Type of Building:	Interior corridor with elevator and stairwells
No. of Stories:	5
Apartment Unit Style:	Stacked flats
Parking Ratio (spaces/GBA)	The subject will include a 5.5-story parking garage with subterranean level. It will be developed in conjunction with a similar mixed-use building at the northwest elevation of the parking garage. The total parking count is 325 units. Excluding 100 spaces that will be allocated to the Twin Falls Urban Renewal Agency based on a reimbursement price of $20,000/space ($2,000,000 total), the subtotal is 225 spaces. Allocating 50% of the subtotal to the proposed adjacent development at Shoshone St. S. and 2nd Ave. S., which will be jointly developed by the subject developer and the landowner, and share the parking garage between it and the subject, the net parking space count is 113 spaces, as summarized below:

Parking Garage Summary	
Type	No.
Total Spaces	325
Less Spaces Allocated to TFURA	100
Less Spaces Allocated to Proposed Development at Shoshone and 2nd St. (50%)	113
Net # Spaces	113

Comments:	Upper floors accessible via interior stairwell and elevator.

Building Areas & Ratios

Gross Building Area (GBA):	41,874 square feet; per data provided by developer; excludes 125,700 SF parking garage
Net Rentable Area (NRA):	32,502 square feet (31,396 SF apartments + 1,106 SF commercial suite); per building plans
Apartment Unit Mix/Average Unit Size:	

Unit Mix Summary		
Type	No.	Size (SF)
Studio	20	482
1BR/1BA	4	614
1BR/1BA	4	713
1BR/1BA	4	800
2BR/1BA	8	765
2BR/2BA	8	891
Subtotal/Avg	48	654

Commercial Suite:	The commercial suite will contain 1,106 square feet
Load Factor:	78%; reasonable considering limited common amenities
Density:	83.62 apartment units/acre
Surplus/Excess Land:	The proposed improvements will fully utilize the site. There will be no surplus/excess land upon completion.

Age / Life Analysis

Year Built:	Proposed
Actual Age:	Proposed
Effective Age:	0 years
Typical Economic Life:	65 years
Remaining Economic Life:	65 years

Exterior

Appraiser Comments:	Limited detail was provided regarding construction components. The following items are assumed based on design and current building norms for similar buildings in the region.
Construction Quality:	It is anticipated that the subject will be constructed to a good level of quality.
Foundation:	Reinforced concrete, subterranean parking garage
Building Frame:	Wood frame or structural steel frame columns and beams with steel joists, girders, decking
Exterior Wall Finish:	Unknown; we assume modern finishes such as EIFS and/or brick veneer, storefront glass on ground floor
Roof:	Flat steel truss system with membrane cover and rooftop deck (assumed)

Interior

Appraiser Comments:	Limited detail was provided regarding interior finishes. The following items are assumed based on current building norms for similar buildings in the region.
Floors:	Carpet, vinyl plank (assumed)
Walls:	Painted drywall (assumed)
Ceilings:	Painted drywall (assumed)
Lighting:	Hanging or recessed incandescent fixtures (assumed)
Doors:	Consistent with current building norms, we assume insulated hollow metal or solid wood (unit entry); hollow core raised panel interior; vinyl with glass panel (Juliet balcony doors)
Windows:	Double-pane glass slider in aluminum frame
Elevators:	Two

Stairwells:	Two; enclosed

Unit Amenities/Features

Appliances:	Full appliance package with refrigerator, oven/range with hood fan and microwave, dishwasher; garbage disposal
Washer/Dryer:	We assume each unit will include a washer/dryer set.
Patio/balcony:	None depicted in building plans
Storage Closets:	Unknown
Electricity/gas:	The units will be separately metered for electricity.

Common Amenities

Common Amenities:	The ground floor will include a securitized lobby, bike storage, mail room (assumed) large 2nd floor patio (southernmost building), rooftop deck (not fully detailed yet), pedestrian courtyard (northernmost building)

Mechanical Systems

Electrical:	Typical wiring and power; assumed adequate
Plumbing:	Typical system and fixtures; assumed adequate
Heating/Cooling:	No detail provided. Based on design and current building norms in the region, we assume that heating and cooling in the apartment units will be provided by high efficiency ductless mini-split wall-mounted systems. We assume the ground floor lobbies/enclosed common areas and commercial space will be served by ducted individual furnaces and refrigerated air conditioning units.
Fire Protection:	Wet sprinkler system, fire alarm, smoke detectors; required by building code

Improvement Ratings

Quality:	Good
Condition:	Good (new upon completion)
Functional Utility:	The proposed design is consistent with other mid-rise mixed-use/apartment projects with a downtown core location developed in the subject market and nearest MSA (Boise) in the recent past. It is noted that the developer, Galena Opportunity, Inc., is developing a similar building that borders the subject to the northeast. No functional inadequacies or super-adequacies were noted through an analysis of the building plans and inspection of the adjacent property. It is concluded that the subject units and overall development with have good functional utility.
Deferred Maintenance:	N/A; upon completion, the subject will be in new condition
Overall Rating:	Very good

Compliance

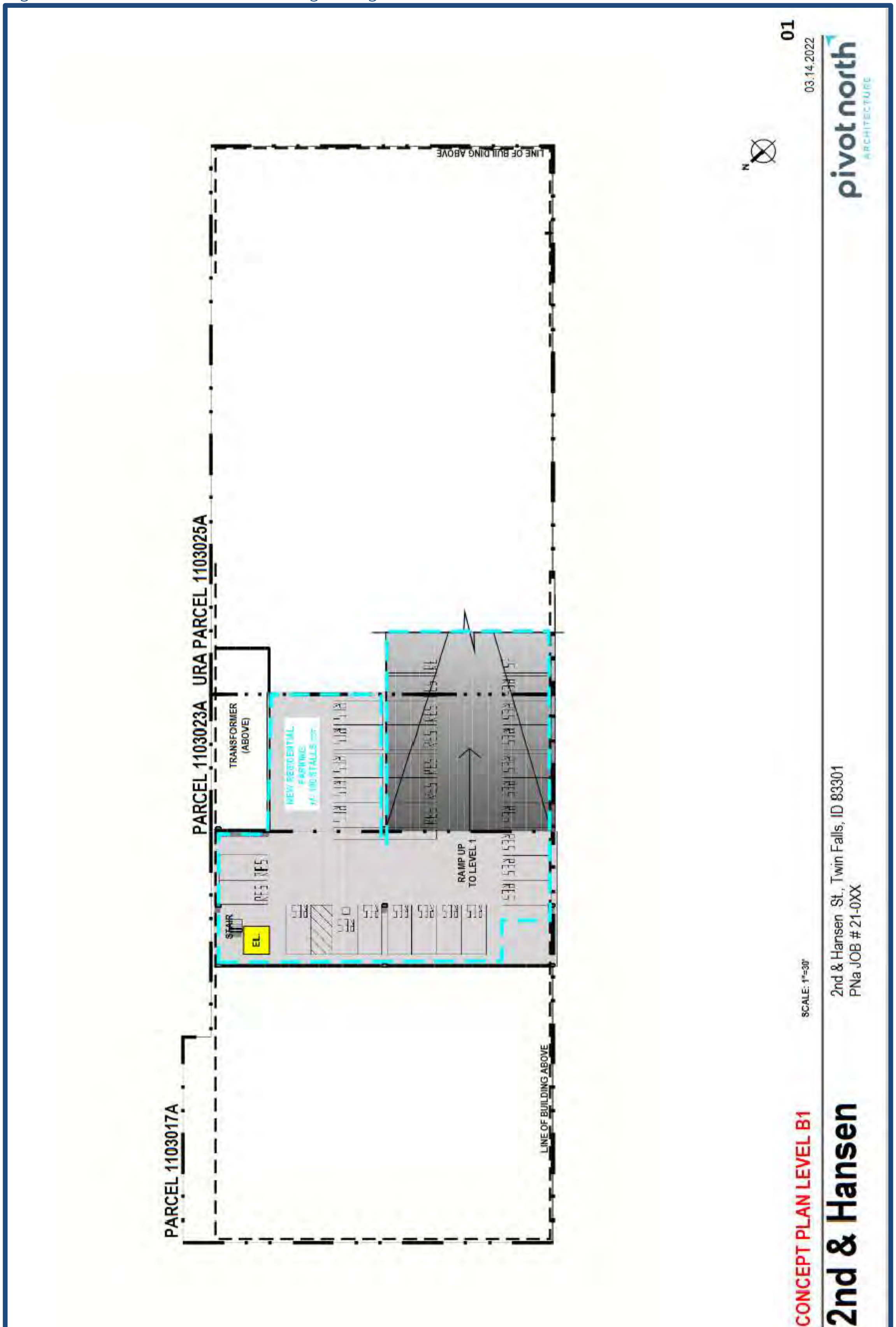
ADA:	We are not qualified to determine if the subject is in complete compliance with the Americans with Disabilities Act (ADA). Please refer to the Assumptions and Limiting Conditions for the full disclaimer.

Fair Housing Amendments Act Compliance	We are not qualified to determine if the subject is in complete compliance with the Fair Housing Amendments Act. Please refer to the Assumptions and Limiting Conditions for the full disclaimer.

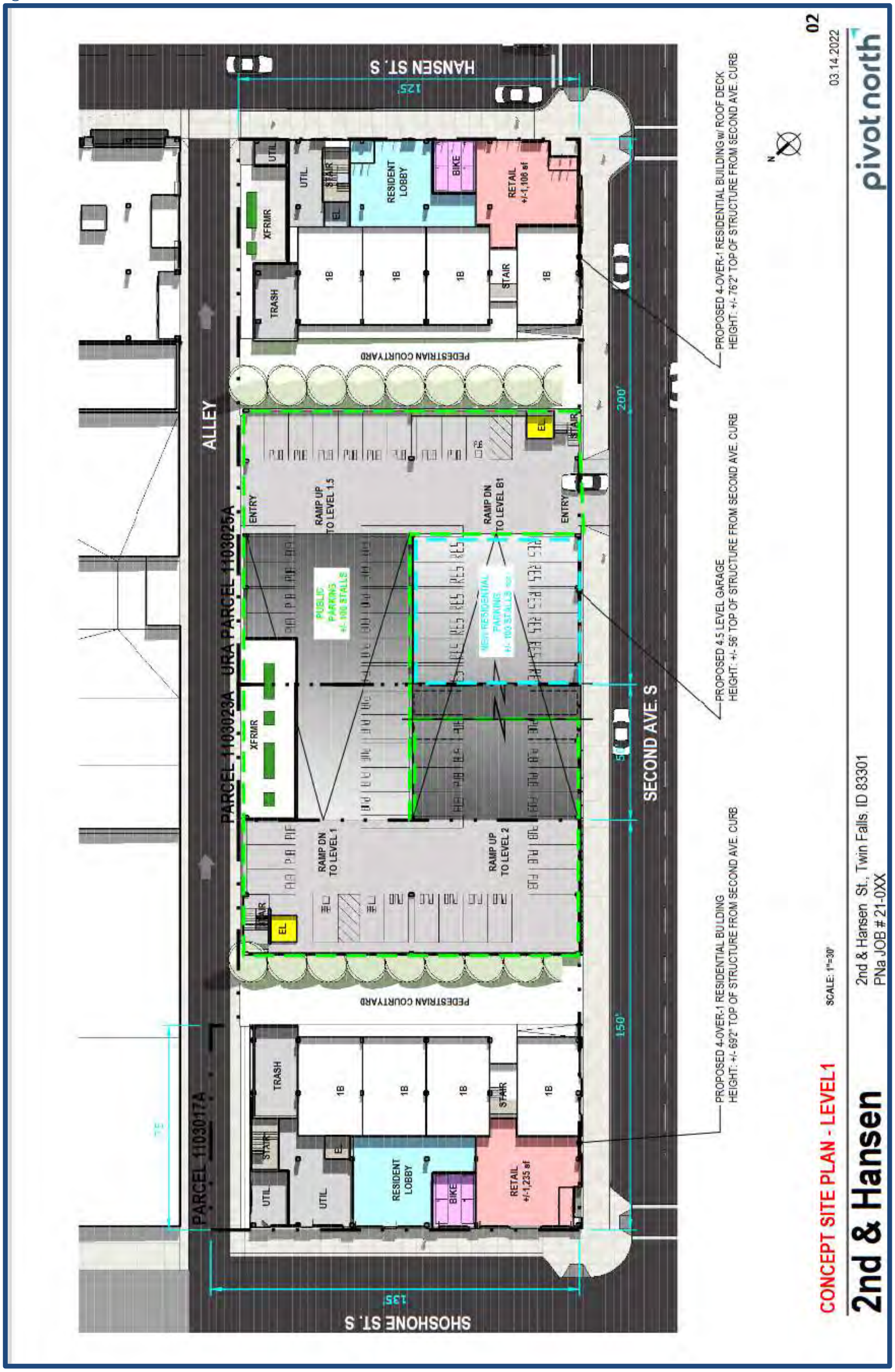
FF&E (Furniture, Fixtures & Equipment)

Overview:	Personal property will consist of kitchen appliances, blinds/curtains in the apartment units, and furnishings and equipment in the common areas such as lobby and fitness center. These items are of intrinsic value to the operation of the subject property and are typically not separated from the real estate value. This is consistent with the comparable sales utilized in the Sales Comparison Approach section.

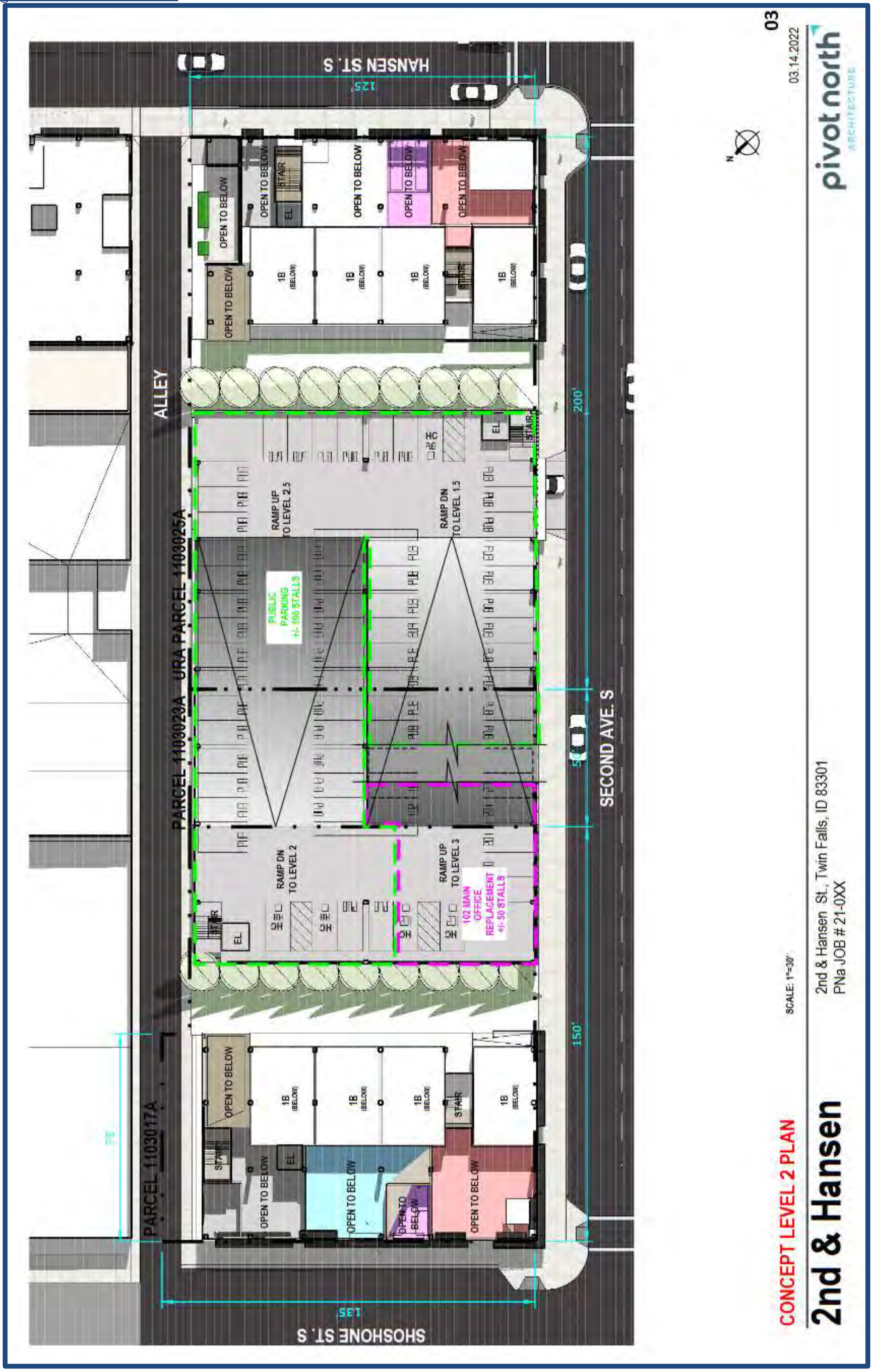
Building Floor Plan, Subterranean Parking Garage



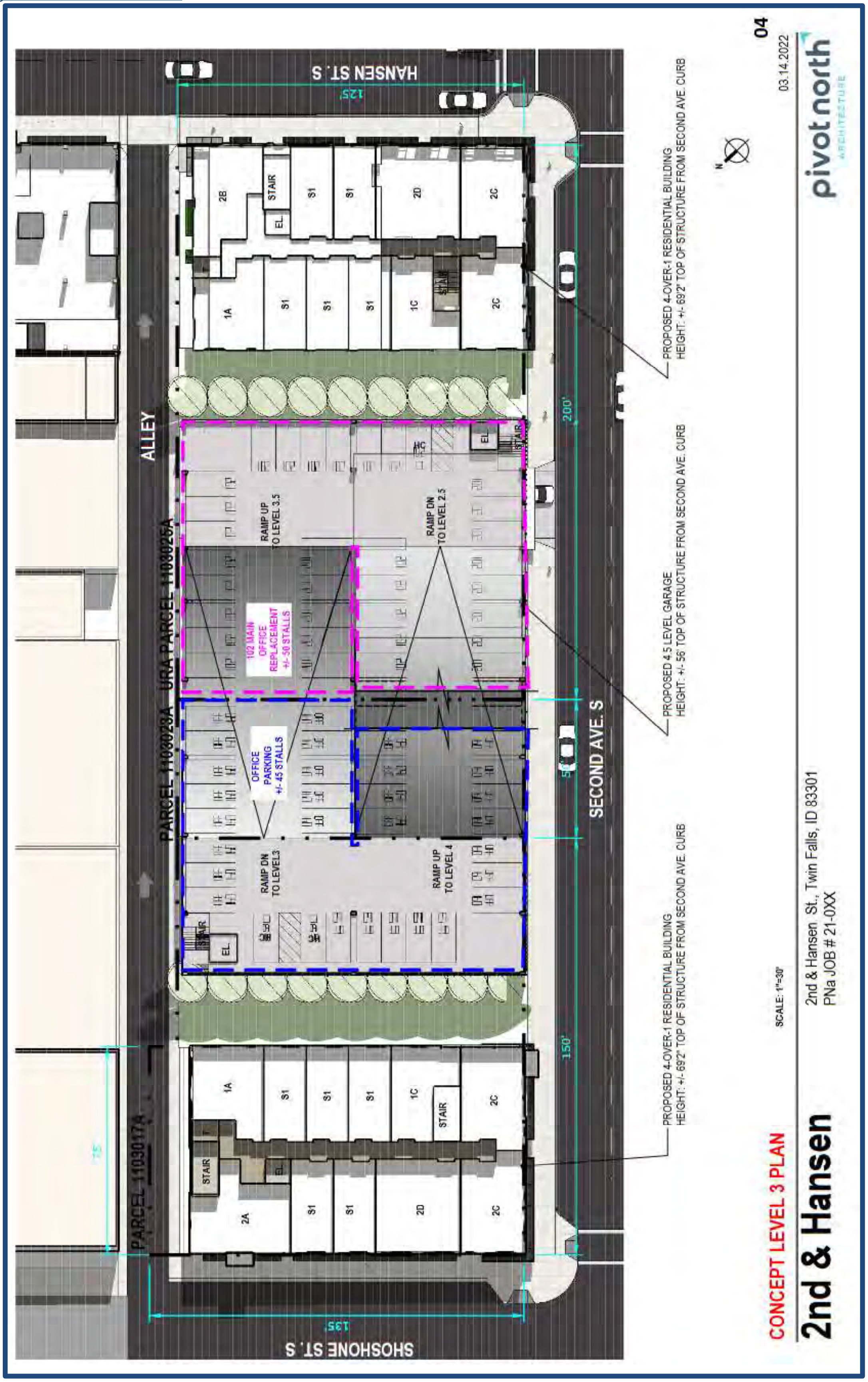
Building Floor Plan, Floor 1



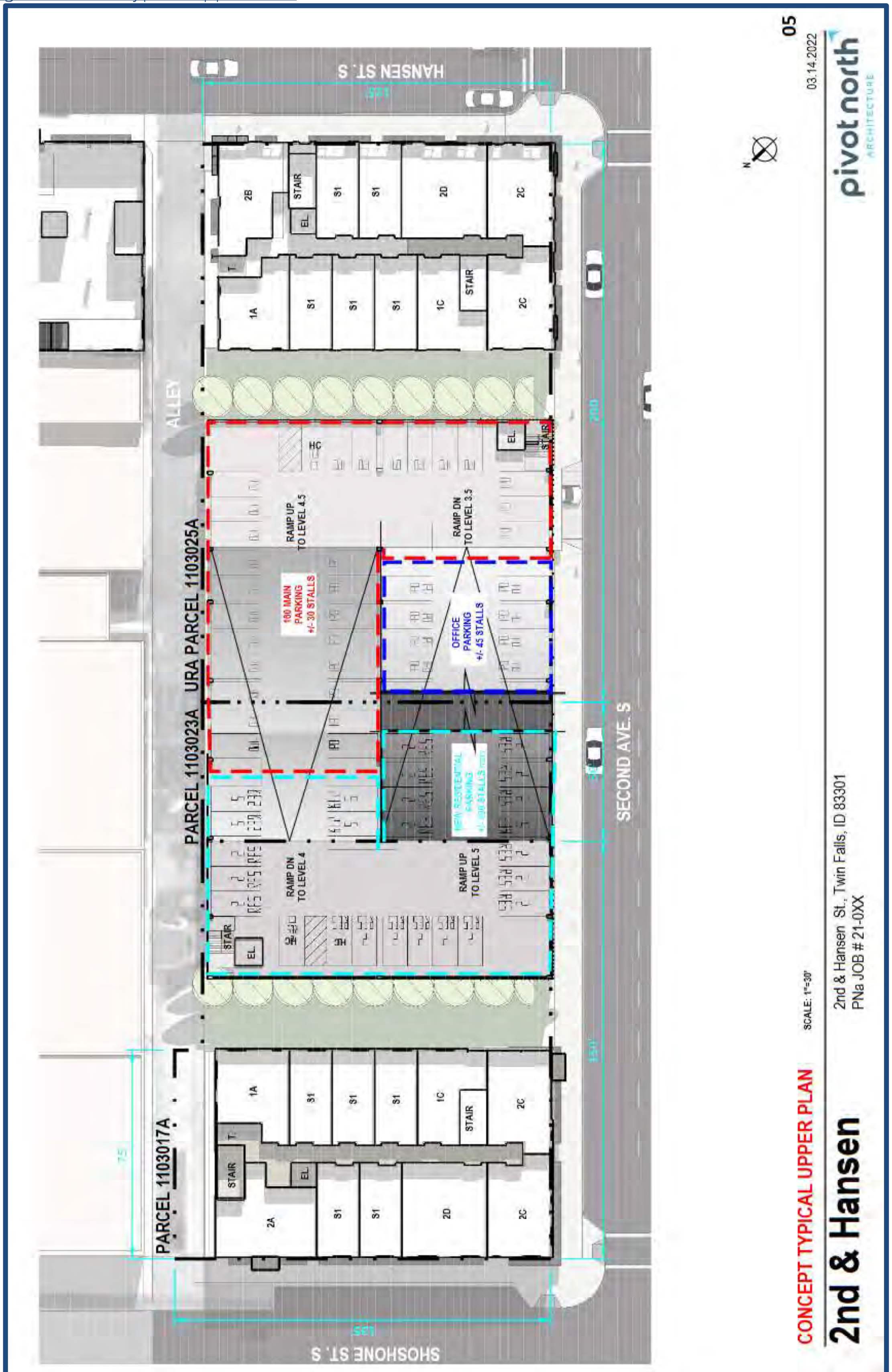
Building Floor Plan, Floor 2



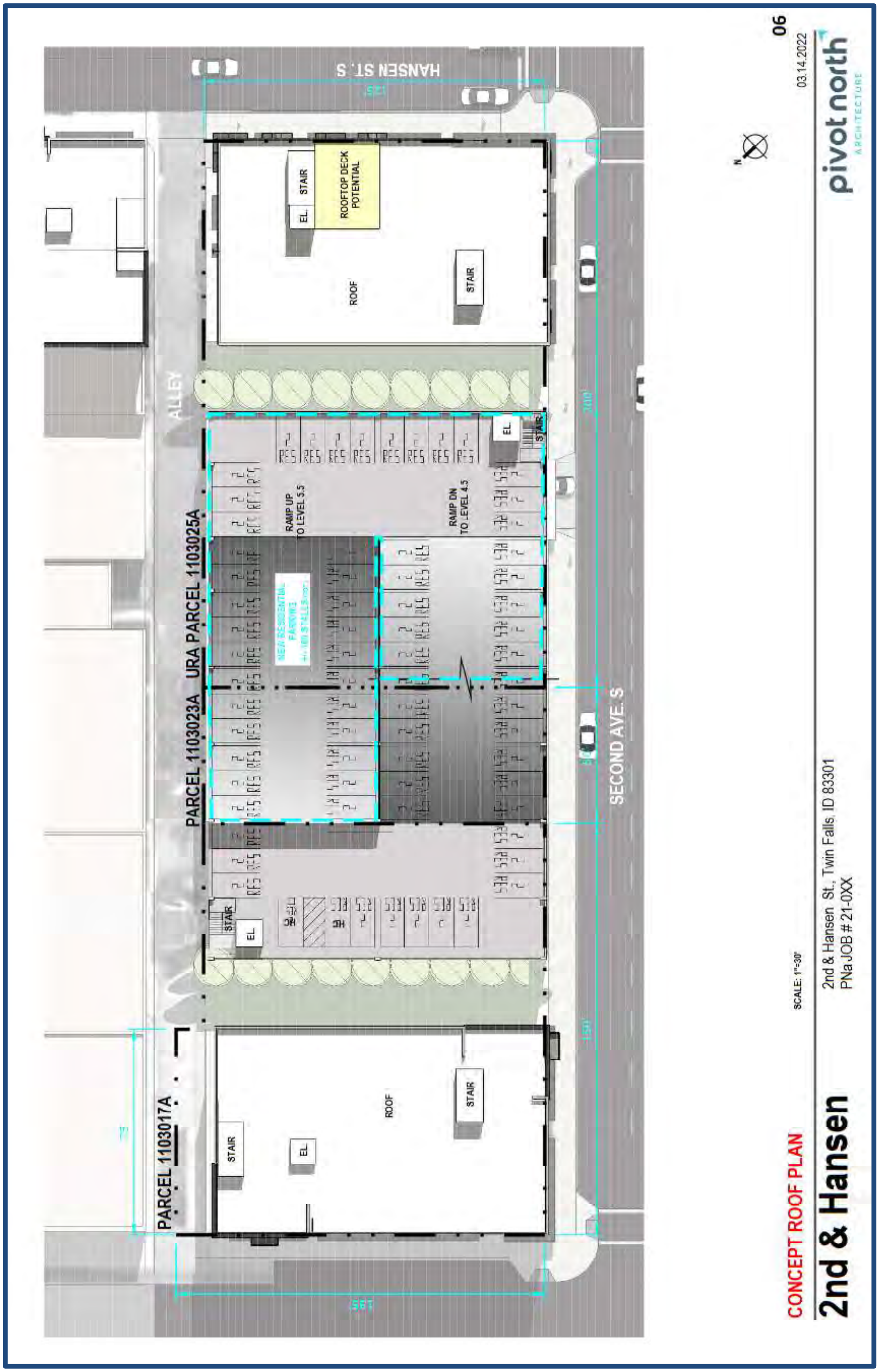
Building Floor Plans, Floor 3



Building Floor Plan, Typical Upper Floor

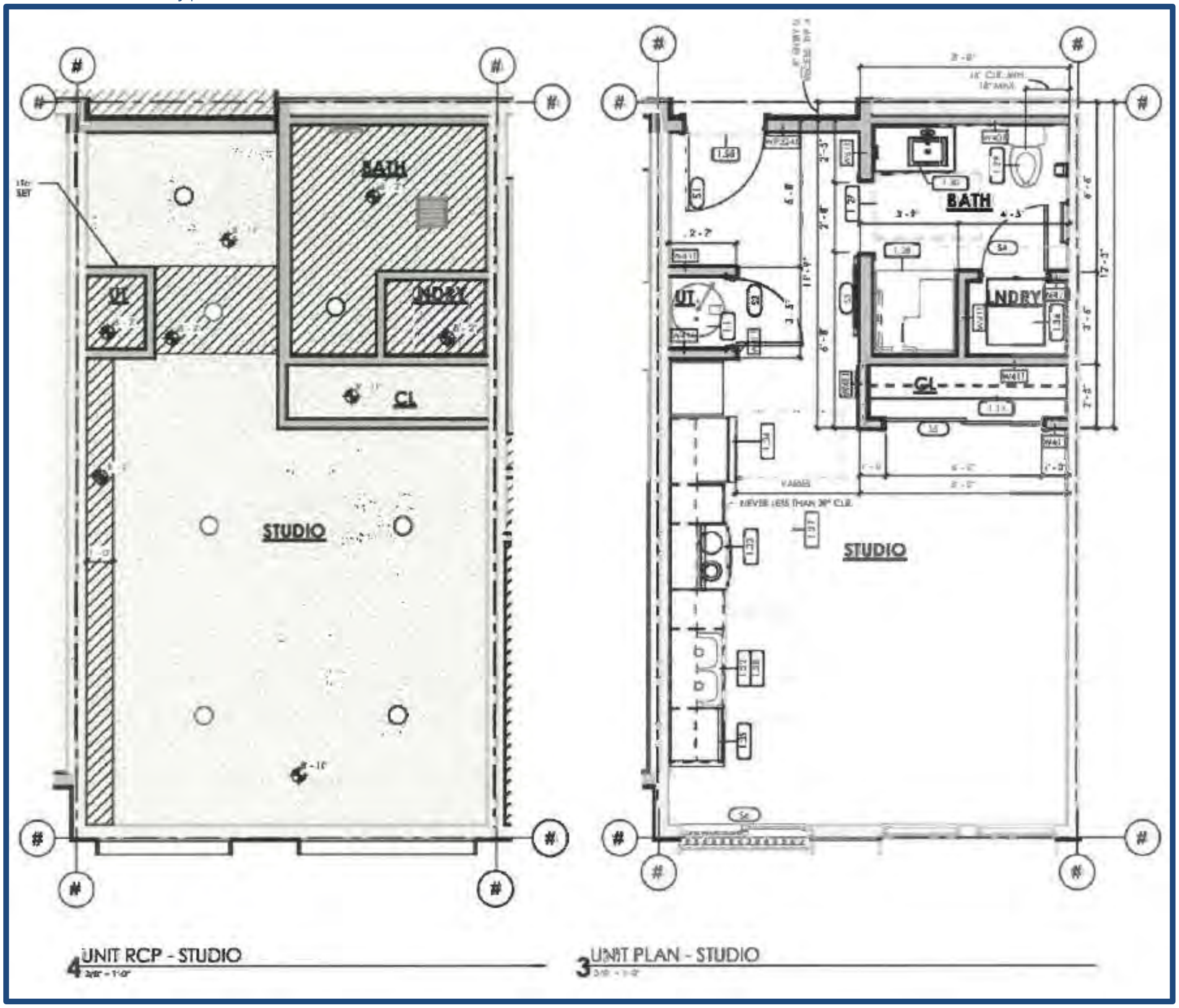


Building Floor Plan, Roof

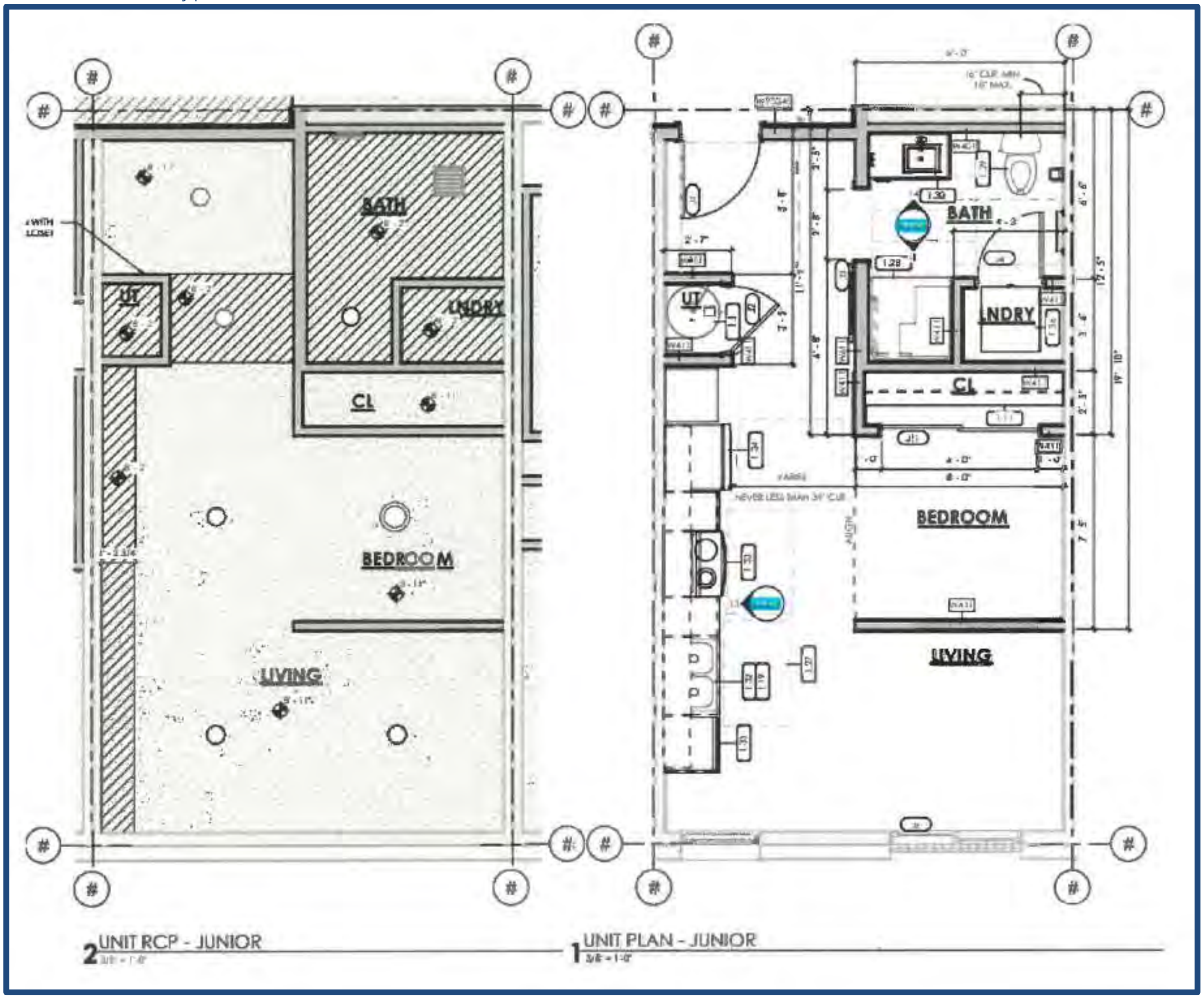


Exterior Elevations, South, West Elevation

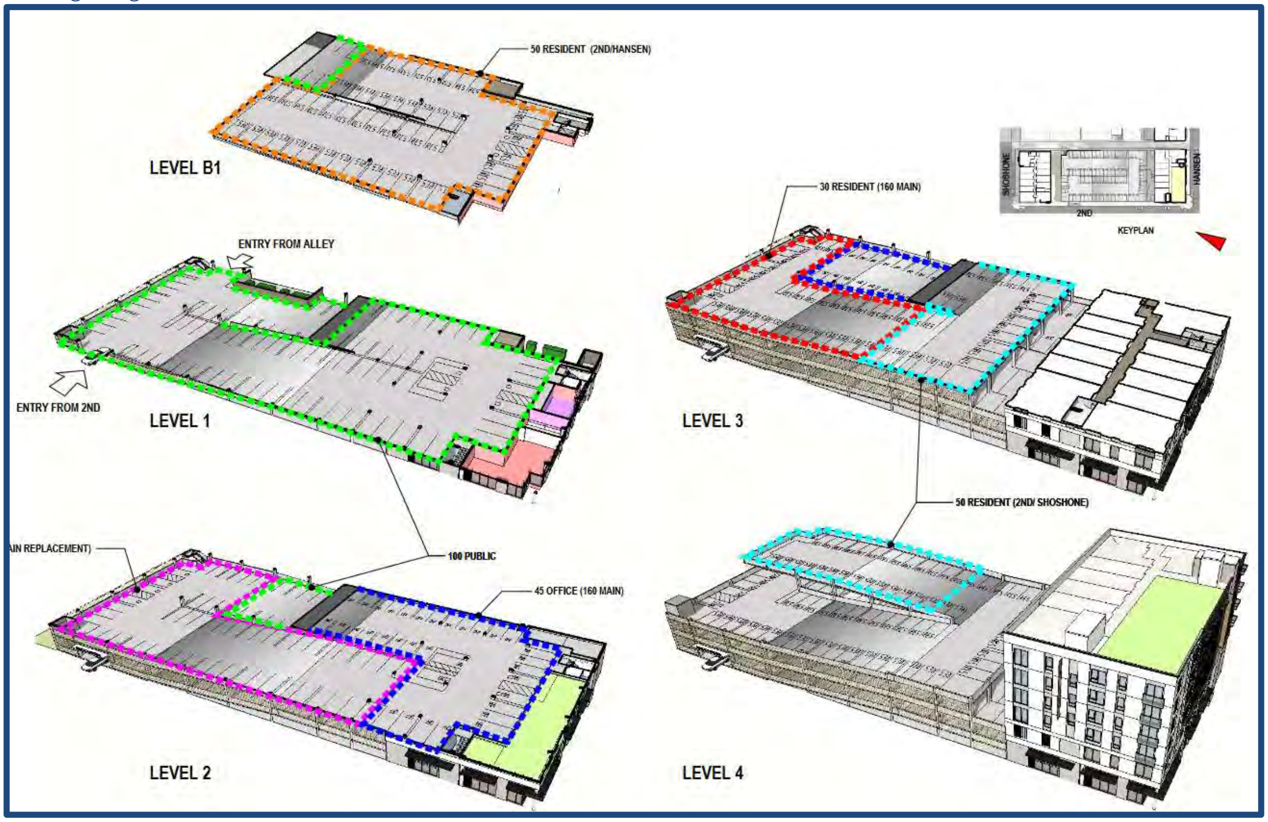
Unit Floor Plan, Typical Studio



Unit Floor Plan, Typical 1BR



Parking Diagram



Assessment & Tax Data

Assessment Methodology

In Twin Falls County, real property is assessed at current market value with actual physical re-appraisals on a five-year cycle, and trending during the interim. The total assessed value does not reflect past sales of a property. As such, if the subject were sold, the sale price would not affect the assessed value.

Assessed Values and Property Taxes

The subject parcel, RPT0001103025A, is owned by the City of Twin Falls and has historically not been assessed. The 2021 levy rate is 1.5256%.

Assessment Comparables

To estimate the subject's property taxes upon completion of the proposed improvements, the following assessment comparables were considered. Emphasis was placed on the newest apartment developments in the subject market of Twin Falls.

2021 Assessment Comparables

Project Name	Location	Year Built	# Units	Avg Unit Size	Assessed Value	Assessed Value/Unit
Subject Property	**2nd Ave. S. and Hansen St. S.**	**Proposed**	**48**	**654**	--	--
Cedar Park	205 Meadowview Ln., Twin Falls, ID	2020	112	920	$13,219,552	**$118,032**
Addison Springs	210 Carriage Ln. N., Twin Falls, ID	2020	96	920	$9,360,217	**$97,502**
Canyon Falls Townhomes	1835 Harrison St. N., Twin Falls, ID	2018	80	920	$9,342,561	**$116,782**
Creekside Townhomes	1450 Creekside Way, Twin Falls, ID	2020	38	947	$5,947,574	**$156,515**
Elizabeth Estates	1854 Elizabeth Blvd., Twin Falls, ID	2019-2021	64	1,264	$8,320,958	**$130,015**
Minimum						**$97,502**
Maximum						**$156,515**
Average						**$123,769**
Median						**$118,032**

Despite being new construction (built 2018-2021), the comparables exhibit a wide relatively range in assessed value per unit. Per a representative of the Twin Falls County Assessor, older properties are primarily assessed based on the Cost Approach as opposed to comparable sales, which are limited.

Conclusion

Based on the subject downtown core location and physical characteristics such as design, unit mix, relatively small average unit size, density and presence of parking garage and commercial space, an assessed value at the lower mid-range of the assessment comparables is reasonable. The estimate of property tax upon completion is summarized below:

Subject Property Tax Estimate

Value/Unit	# Units	Assessed Value	2021 Levy Rate	Taxes
$115,000	48	$5,520,000	1.5256%	**$84,000**

Market Analysis

Introduction

In this section, market conditions which influence the subject property are analyzed. The major factors requiring analysis are multi-family supply and demand conditions in the subject market, including both the conventional and restricted segments. The following sources were relied upon in presenting the data and developing the conclusions herein:

- Interviews with local property managers, owners
- City of Twin Falls and County of Twin Falls Planning/Building Departments
- Twin Falls County Assessor
- Site To Do Business (www.stdb.com)
- Idaho Department of Labor
- U.S. Census Bureau

The analysis begins with a discussion of the impact of COVID-19.

Impact of COVID-19

Based on our experience in the local market and several market participant interviews, there is no evidence that the local apartment market has been adversely impacted since COVID-19 was declared a pandemic in March 2020. Our observations pertaining to the impact in the local market over the past ±2 years are summarized below:

- Regarding transactions, most stated deals that were pending to close between March 2020 to May 2020 were delayed but did close without price changes. In the 2nd half of 2020, prices for apartment transactions remained strong with buyers accepting moderately stronger lender requirements. Investor interest in the region appears to remain strong, and there are few properties available for sale.

- There has been no adverse impact on vacancy in the subject market. The exception is that new lease signings initially slowed due to the "stay-at-home" order in March and April 2020, but absorption rates than quickly returned to pre-pandemic levels. Vacancy remains very low.

- Rents briefly flattened in the 2nd Quarter or 2020 but have since exhibited an increasing trend, through 2022.

- There was no evidence in price declines. Investor interest in the regional apartment market did not slow and is apparently increasing, and there are few properties available for sale.

Local Supply

Existing – Published market statistics regarding supply and demand were not available. Per the U.S. Census Bureau, the total housing supply in Twin Falls was 19,387 as of 2019 (most recent available), as summarized below:

Housing Composition, City of Twin Falls		
# Units	#	% of Total
Single	14,591	69.0%
Multi-Family		
2-4	2,136	3.7%
5-9	904	7.3%
10-19	410	3.2%
20+	645	3.7%
Subtotal	4,095	17.9%
Other	701	13.1%
Total	19,387	100.0%

The U.S. Census data is inclusive of all forms of rental housing, including single-family homes, mobile homes, etc. The large majority (69%) of housing units consist of single-family homes. The current number of multi-family units (4,095) represents 18% of total supply, but the data excludes recent additions in 2019-2021 (estimated at 394 units in five new projects).

The total also includes 902 restricted units (e.g., LIHTC, USDA RD, HUD), including seven LIHTC projects (469 units), five USDA RD/HUD projects (237 units), and an additional 156 HUD units in multiple projects controlled by the Twin Falls Housing Authority. Among the conventional multi-family housing units, the majority consist of smaller 2–4-unit developments. **In summary, the total number of conventional apartment units is estimated at ±3,600 units (4,095 total – 902 restricted + 358 new units built in 2019-2021; rounded).**

The American Community Survey indicates that 34% of the housing units in Twin Falls were constructed prior to 1970, followed by 15% in the 1970's, 10% in the 1980's and 12% in the 1990's. Twin Falls experience significant new development between 2000-2009, with 4,299 new units added (22% of total). New development significant slowed in the latter part of the last decade due to the recession. More recently, due to favorable economic conditions, the trend has reversed itself, with 8% (1,445 units) developed between 2010 and 2019. The age composition of housing units in Twin Falls is summarized in the following table:

Year Structures Built		
Time Period	# Units	% of Total
2014-2019	750	4%
2010-2013	695	4%
2000-2009	4,299	22%
1990-1999	2,231	12%
1980-1989	1,896	10%
1970-1979	2,897	15%
1960-1969	1,353	7%
1950-1959	2,045	11%
1940-1949	1,030	5%
1939-earlier	2,191	11%
	19,387	100%

The supply of multi-family units has not kept pace with the population, which increased 38% between 2000 and 2019. Speculative conventional construction was historically discouraged by prevailing market rents being marginally low, and a sewer moratorium, which has since been removed. More recently, due to increasing rent levels and strong demand, the trend has reversed.

With the exception of some smaller 2-4-unit complexes and the aforementioned conventional projects, the majority of new construction in the 1990's through the 2010's were subsidized with low-income housing tax credits (LIHTC). LIHTC development began in the early 1990's with Fawnbrook, a 160-unit family project. In the late 1990's, two other projects (Twin Falls Gardens, Gleneagles) were developed, along with the first phase of Carriage Lane, or a total of approximately 106 units. In 2004, the second phase of Carriage Lane (approx. 35 units) was developed. This was followed by Devon Apartments, a 48-unit senior project and Timber Lake Village, a 67-unit family project, both of which were developed in 2009. Restricted supply was stable from 2009 until 2016, until Field Stream, a 60-unit family project was completed.

Canyon Falls Townhomes, completed in 2018, was the first conventional apartment project developed since 2014. It was followed by the development of five new projects totaling 394 units between 2019 and 2021, mostly 4-plex developments. The new projects include the subject property (Elizabeth Estates), Creekside Townhomes, Cedar Park, Addison Spring and Valencia Park.

Prior to the completion of Canyon Falls in 2018, the newest conventional project was a 24-unit 4-plex development located in the far southern portion of the city in 2014. It was preceded by Eagle View, a 40-unit student housing complex was built in 2013. Rivercrest, a large-scale (180 units), good quality project was built in phases between 2004 and 2007. Another student housing project, Campus Park, was completed in 2006; it includes 72 non-student units. Prior to the development of Rivercrest, Saratoga Apartments was developed in 1996 and 2002. Overall, conventional supply has increased ±14% since 2018, but has not kept pace with increasing population/demand.

Proposed and Potential Supply – An interview of a representative of the City of Twin Falls planning department and local developers revealed five apartment projects totaling 409 units either proposed or under construction. The recent increase in construction activity is a result of improving apartment market conditions over the past ±5 years, including low vacancy and increasing rents that are currently at historical highs. The projects are summarized below:

City of Twin Falls Proposed/Under Construction Supply Conventional		
Project Name/ID	# Units	Comments
Rivercrest Phase 4	113	Nearing completion; first units to be delivered Summer 2022
Scenic West	126	NW quadrant of city, W of Grandview, N of Falls Ave.; 2BR/2BA townhomes in duplex, 4-plex, 6-plex buildings; under construction
TBD, W. Cheney Dr.	78	Preliminary proposal; developer seeking approval
Main Ave. Lofts	44	Mixed-use project in downtown Twin Falls; units located on Floors 3-5 in mixed-use building; nearing completion
2nd & Hansen	48	Subject development
Total	**409**	

Upon completion and full build-out of the seven projects, conventional supply would increase by ±11%.

Demand

Demand is best illustrated through an analysis of vacancy, rent and absorption levels.

Vacancy – We conducted an extensive vacancy survey in Twin Falls in May 2022. The survey included 1,789 units, which comprises ±50% of the total supply of conventional multi-family housing. The data is sufficient to conclude overall market vacancy with high level of confidence. The data is summarized in the following table:

Twin Falls Conventional Multi-Family Vacancy Survey; May-22					
Project Name	Location	Year Built	# Units	# Vacant Units	**Vacancy Rate**
Elizabeth Estates (subject property)	1854 Elizabeth Blvd.	2019	64	1	**1.6%**
Saratoga	651 Saratoga Dr.	1996	112	3	**2.7%**
Rivercrest (Phases 1-3)	2005 Rivercrest	2004-2007	180	0	**0.0%**
Canyon Falls	1835 Harrison St. N.	2018	80	0	**0.0%**
Creekside Townhomes	1450 Creekside Way	2020	38	0	**0.0%**
Cedar Park Townhomes	205 Meadowview Ln. N.	2020	112	0	**0.0%**
Valencia Park Townhomes	1683 Valencia St.	2019-2020	84	0	**0.0%**
Addison Springs	210 Carriage Ln. N.	2020	96	0	**0.0%**
Laurel Park	176 Maurice St.	1972	64	3	**4.7%**
Courtyard	833 Shoshone St. N.	1921; updated	33	1	**3.0%**
Honey Locust	734 Honey Locust	1995	40	0	**0.0%**
Thomas Apartments	596 Monroe St.	1992	12	0	**0.0%**
Maple Grove Apartments	357 Blue Lakes Blvd. N	1984; 2007	18	0	**0.0%**
Rose Park	590 Caswell	1990's	24	0	**0.0%**
Bracken Park	354 Bracken St. N	1995	20	0	**0.0%**
The Falls	864 Quincy St.	1972	60	0	**0.0%**
Pheasant View Townhouses	259 Pheasant Rd. W	1978	22	0	**0.0%**
Unity Heights	674-698 Quincy St.	1994	16	0	**0.0%**
Evergreen	NWC Lois St. & Park Ave.	2014	24	0	**0.0%**
Campus Park (non-student units)	152 Falls Ave. W	2006	72	0	**0.0%**
Real Property Management	Varies	Varies	300	5	**1.7%**
Canyonside Property Management Portfolio	Varies	Varies	318	1	**0.3%**
Total/Average			**1,789**	**14**	**0.8%**

The average vacancy rate among the surveyed units was very low at 0.8%. Practically, the current market wide conventional vacancy rate is estimated to be no greater than 1%-2%. The survey results indicate that the conventional market is undersupplied. Due to the significant level of new conventional construction anticipated to be completed within the next +1 year, vacancy may trend moderately upward. However, it is anticipated that the increase will be partially offset by continued gains in population and employment, as well as pent-up demand. And remain below the estimated stabilized, long-term rate (5%).

Rent Levels –Valbridge Property Advisors/Mountain States has periodically surveyed the Twin Falls market for the past ±15 years. Generally, rent levels exhibited a stable or moderately increasing trend. With the surge in economic activity in 2004-2006, rents spiked upward short-term. The economy lagged the downturn during the last recession that was experienced throughout the nation and most other portions of the state, and the region did not begin experiencing job losses until the 4th Quarter 2008, with the unemployment rate peaking in 2010. Commensurate with job losses, rents trended downward. Rental rates later recovered and have exhibited a general upward trend since 2013.

Within the past ±1.5 years (since Nov-20), rent levels have significantly increased and are at historical high levels. We examined changes in rent levels among the rent comparables utilized in the Income Capitalization Approach section. Comparable 1 exhibited increases of 16%-25% depending on unit type, Comparable 2 increased 46%-47% and Comparable 2 increased 38%. Additionally, concessions are extremely rare. Near-term, rents are anticipated to continue to increase.

Absorption Rates – We have historically surveyed absorption rates at recently completed projects located in the subject market and region of south Idaho. Absorption data is summarized in the following table. The data indicates strong absorption rates ranging from 10 to 29 units, with an average and median of 18 units and 17 units, respectively.

Regional Apartment Unit Absorption Comparables				
Project	**Location**	**# Units**	**Monthly Rate**	**Comments**
Regency at River Valley, Phase 1	Meridian, ID	240	**17**	Completed in 2014; pre-leasing began in March 2013 and reached stabilized occupancy in May 2014 over a 14.5-month period
Red Tail	Meridian, ID	220	**18**	constructed in phases; first buildings completed in June 2014; reached stabilized occupancy in June 2015; phased construction schedule allowed for an extended pre-leasing period with the utilization of model units
Heron Village	Meridian, ID	108	**10**	Completed in Phases in 2014 and 2015, and final certificates of occupancy issued in August 2015; leasing began with the first issued certificates of occupancy in February 2015; it reached stabilized occupancy in November 2015; initial lease-up was slowed by winter conditions
Linder Springs	Meridian, ID	96	**15**	Completed in 2015; pre-leasing began in February 2015 and reached stabilized occupancy in September 2015 over an approximate 6.5-month period.
The Fields at Gramercy	Meridian, ID	276	**11**	Nearly completed in December 2015; since leasing began in July 2014, +180 units had been absorbed; initially absorption was stronger; the developer responded by offering move-in concessions, which were later terminated
High Point on Overland	Meridian, ID	190	**17**	Reached final build-out in August 2016; first occupancy taken at end of October 2015; on-site manager reported 84% occupancy (160 units) as of August 2016 (11 months)
Falling Brook Townhomes, Phase 2	Boise, ID		**100% pre-leased**	Consists of 28 3BR/2.5BA townhouse-style units with an attached garage; completed in August 2016; desirable NE Boise location
The Franklin at Ten Mile, Phase 1	Meridian, ID	128	**18**	Pre-leasing in early 2016; reached stabilized occupancy by August 2016; 30% pre-leased by 1st certificate of occupancy issuance
The Legacy at 50th Street	Garden City, ID	108	**12**	Located in bedroom community to Boise; completed November 2016
Canyon Falls	Twin Falls, ID	80	**13**	First buildings were completed in August 2018; reached stabilized level of occupancy in January 2019 (6 months)
Boulder Heights	Burley, ID	120	**100% pre-leased**	Completed in 2018; located 45 miles east in Burley
Regency at River Valley, Phase 2	Meridian, ID	96	**100% pre-leased**	Completed in early June 2019
Ridgecrest Commons, Phase II	Nampa, ID	72	**29**	Completed in Summer 2019. On-site property manager reported absorption rate of 12-16 units per month (3-4 per week). Apartments were leased as individual buildings were completed.
The Prelude at Paramount	Meridian, ID	280	**20-28**	Phased delivery in 2018 and late 2019; reported a current (May-20) average absorption rate of 5-7 units per week (or 20-28/month); initial lease-up of Phase 2 hindered by turnover in Phase 1
The Lakes at Eagle	Eagle, ID	250	**19-25**	Staged unit delivery and 130 units completed through August 2019 with absorption of 25 units/month (and 35 applications); more recently as of March 2020, the manager reported a lower absorption rate of 19 units/month
The Lofts at Meridian	Meridian, ID	240	**17**	Pre-leasing began in May 2019; reached stabilized occupancy in July 2020; included 20 pre-leased units
Brickyard Townhomes, Phases 1-2	Meridian, ID	215	**14**	Comprised of 3BR/2.5BA townhouse units with staged delivery; first building was completed in May 2019, with the last in February 2020; on-site manager reported occupancy rate of 78% (168 units) as of May 2020
The Clara, Phase 1	Eagle, ID	44 (277 at full build-out)	**14**	1st phase completed in late Jul-20; 14 units leased through late Aug-20
Indigo Apartments	Meridian, ID	72 (336 at full build-out)	**29**	First three buildings (72 units) began leasing in July 2020; approx. 58 units leased through early Sep-20; absorption rate is relatively high and may include pre-leased units
Creekside Townhomes (subject)	Twin Falls, ID	38	**19**	**Completed in June 2020; nearly fully leased in 2 months**
Village East	Boise, ID	88 (272 at full build-out)	**100% pre-leased**	272-unit project under construction; three buildings (88 units) and clubhouse completed thus far; full-build-out expected in Spring 2021; pre-leasing began in March 2020; buildings fully leased by completion
Silver Ridge	Meridian, ID	112	**22**	Recently completed; 44 units leased in approx. 2 months (as of early 2021)
Minimum			**10**	
Maximum			**29**	
Average			**18**	
Median			**17**	

Summary

Our survey of vacancy/rental rates indicates that the conventional market of Twin Falls is undersupplied, a result of supply that has not kept pace with the increasing population (38% between 2000 and 2019). Speculative conventional construction was historically discouraged by prevailing market rents being marginally low, and a sewer moratorium, which has since been removed. Rather, most of the new development that occurred prior to 2018 was subsidized with low-income housing tax credits. More recently, due to increasing rent levels and demand, the trend has reversed. The market is experiencing very low vacancy (±1%-2%) and increasing rental rates, which have notably spiked in the past ±1.5 years, and at historically highs. The favorable conditions have precipitated significant new conventional apartment development. Six new projects totaling 474 units completed since 2018, a ±15% increase in conventional supply. Also, there are six projects with 409 units either proposed or under construction. With continued new construction, vacancy may eventually trend moderately upward, and rents may flatten. Investor interest remains strong due in part to lower pricing versus the Boise MSA. The impact of COVID-19 on vacancy and rental rates has been non-existent.

Hypothetical Market Value As Completed and Stabilized
Income Capitalization Approach

Approaches to Value

The Income Capitalization Approach is based on the principle of anticipation, or the assumption that value is created by the expectation of benefits to be derived in the future, such as expected future income flows including the reversion, or future resale of the property appraised. Its premise is that a prudent investor will pay no more for the property than he or she would for another investment of similar risk and cash flow characteristics.

Methodology

The Income Capitalization Approach is typically 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, also known as discounted cash flow (DCF) analysis. In this analysis, we use only direct capitalization because investors in this property type most often rely on this method. The steps taken to apply the approach are:

1. Estimate potential gross income of the property (i.e., market rent, ancillary income)
2. Apply an appropriate factor for vacancy and collection loss to calculate effective gross income.
3. Estimate operating expenses.
4. Calculate net operating income by deducting operating expenses from effective gross income.
5. Apply the most appropriate capitalization methods to convert anticipated net income to an indication of value. In this analysis, we use only direct capitalization because investors in this property type most often rely on this method.

Potential Gross Income

The first step is to estimate the subject's potential gross income, (PGI) which is derived by comparing the subject property with similar rental properties.

Comparable Selection - The subject will include four unit types and six floor plans as summarized below:

Unit Mix Summary		
Type	No.	Size (SF)
Studio	**20**	**482**
1BR/1BA	**4**	**614**
1BR/1BA	4	713
1BR/1BA	4	800
2BR/1BA	**8**	**765**
2BR/2BA	**8**	**891**
Total	48	31,396

The four highlighted floor plans have been selected as "base" comparison units. The base plans will first be subjected to adjustments based on quantitative analysis, and then will be used as a basis for estimating market rent for the remaining floor plans, with further adjustments applied for size and/or bathroom/bedroom count applied when necessary.

In researching rental comparables for the subject property, an effort was made to locate complexes of similar location, age, construction quality, size and amenities. Emphasis was placed on new developments and/or projects with similar unit types. There are no directly comparable properties in the downtown core of Twin Falls. The developer is constructing a similar building which borders to the northeast. It is nearing completion, but marketing/leasing has yet to commence.

Five comparable properties were selected for comparative analysis. The comparables are in the Twin Falls market, within a 4-mile radius, including three within a 1-mile radius. They range in size from 64 to 293 units and were constructed between 1972 and 2022. Comparables 1, 2 and 5 represent the newest apartment projects in Twin Falls, built between 2019-2022.

It is noted that the inventory of apartment unit types in Twin Falls is dominated by 2BR and 3BR units, and studio and 1BR units are limited. Thus, cross comparison was necessary in some cases.
limited.

Comparable data sheets are provided on the following pages, followed by a location map:

RENT COMPARABLE 1

Identification

Name	Rivercrest Apartments, Phases 1-4
Address	2005 Rivercrest Dr.
City, State, Zip	Twin Falls, ID 83301
Distance From Subject	3.7 mi. N/NW

Physical Characteristics

Type	Exterior corridor walk-up
# Stories	3
# Units	180
Unit Type	Flat
Year Built	2004-2007; Phase 4 nearing completion
Quality/Unit Finishes	Good
Effective Age/Condition	Good
Site size (acres)	8.53

Features/Amenities

Concessions	None	**Storage Closet**	Yes
Utilities Included	None	**Washer/Dryer**	No; hook-ups only
Balcony/Patio	Yes	**Clubhouse**	Yes
Parking	Open	**Fitness Center**	Yes
Kitchen Appliances	All standard	**Pool/spa**	Yes/yes
Fireplace in Unit	No	**Playground**	Yes
Heating/Cooling	Forced-air/central	**Landscaped areas**	Yes

Unit Mix/Rents

Type	#	SF	Rent
Studio (Phase 4)	Unk	386	$911
1BR/1BA (Phase 1-3)	Unk	803-912	$1,251-$1,316
1BR/1BA (Phase 4)	Unk	757	$1,399
2BR/1BA (Phase 1-3)	Unk	1,170	$1,410
2BR/2BA (Phase 1-3)	Unk	1,120-1,346	$1,440-$1,520
2BR/2BA (Phase 4)	Unk	960-1,007	$1,622-$1,639
2BR/2.5BA TH (Phase 4)	Unk	1,231	$1,741
3BR/2BA (Phase 1-3)	Unk	1,395	$1,727
3BR/2.5BA (Phase 4)	Unk	1,536	$1,932

Confirmation

On-site manager, 208.944.9481; confirmed by Kevin Ritter; May-22.

Comments

Located in in high-profile mixed-use development situated on Snake River Canyon. Phase 4 with 113 units is nearing completion. Leasing commenced in late May, with six leases signed in one week. Phases 1-3 100% occupied. Garages and carports rent separately at $125 and $25, respectively.

RENT COMPARABLE 2

Identification

Name	Addison Springs
Address	210 Carriage Ln. N
City, State, Zip	Twin Falls, ID 83301
Distance From Subject	1.7 mi. NE

Physical Characteristics

Type	Attached townhouses
# Stories	2
# Units	96
Unit Type	Townhouse
Year Built	2020
Quality/Unit Finishes	Good
Effective Age/Condition	Good
Site size (acres)	5.39
Density	17.81

Features/Amenities

Concessions	None	**Storage Closet**	No
Utilities Included	None	**Washer/Dryer**	Yes
Balcony/Patio	Yes	**Clubhouse**	No
Parking	Open	**Fitness Center**	No
Kitchen Appliances	All standard	**Pool/spa**	No/no
Fireplace in Unit	No	**Playground**	No
Heating/Cooling	Forced-air/central	**Landscaped areas**	Some

Unit Mix/Rents

Type	#	SF	Rent
2BR/2.5BA	Unk	1,060	$1,600
3BR/2.5BA	Unk	1,178	$1,700-$1,750

Confirmation

Manager, 208.501.8192; confirmed by Kevin Ritter; May-22.

Comments

Located in southeast Twin Falls near multiple newer apartment developments, just north of Addison Avenue. 100% occupied.

RENT COMPARABLE 3

Identification

Name	Laurel Park
Address	142-176 Maurice St. N.
City, State, Zip	Twin Falls, ID 83301
Distance From Subject	0.6 mi. NE

Physical Characteristics

Type	Interior corridor walk-up
# Stories	2
# Units	64
Unit Type	Flat
Year Built	1972
Quality/Unit Finishes	Average
Effective Age/Condition	Average
Site size (acres)	6.52

Features/Amenities

Concessions	None	**Storage Closet**	Yes
Utilities Included	None	**Washer/Dryer**	No; common laundry room
Balcony/Patio	2BR only	**Clubhouse**	No
Parking	Open	**Fitness Center**	No
Kitchen Appliances	All standard	**Pool/spa**	Yes/no
Fireplace in Unit	No	**Playground**	No
Heating/Cooling	Elect. Bsbd/through-wall	**Landscaped areas**	Yes

Unit Mix/Rents

Type	#	SF	Rent
1BR/1BA	20	679	$1,055
2BR/2BA	44	910	$1,225

Confirmation

On-site manager, 208.734.4195; confirmed by Kevin Ritter; May-22.

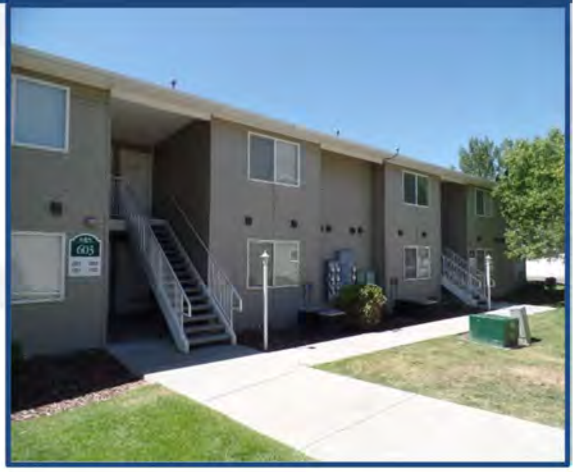
Comments

Comprised of four 2-story interior corridor walk-up buildings. Historically well-maintained with maintenance/upgrade program. Between 2017 and 2020, the owner performed significant improvements, including new floor coverings, roofing, vinyl windows, slider doors, exterior doors, appliances, and through-wall air conditioning units, as well as improvements to the common areas (parking lot, swimming pool, landscaping). Sold late 2021. New owner implemented significant rent increases.

RENT COMPARABLE 4

Identification

Name	Saratoga Apartments
Address	651 Saratoga Dr.
City, State, Zip	Twin Falls, ID 83301
Distance From Subject	2.5 mi. NW



Physical Characteristics

Type	Exterior corridor walk-up
# Stories	2
# Units	112
Unit Type	Flat
Year Built	1996
Quality/Unit Finishes	Average
Effective Age/Condition	Average
Site size (acres)	7.24

Features/Amenities

Concessions	None	**Storage Closet**	Yes
Utilities Included	None	**Washer/Dryer**	Yes
Balcony/Patio	Yes	**Clubhouse**	Yes
Parking	Carport, open, garages	**Fitness Center**	Yes
Kitchen Appliances	All standard	**Pool/spa**	Yes/no
Fireplace in Unit	No	**Playground**	Yes
Heating/Cooling	Forced-air/central	**Landscaped areas**	Yes

Unit Mix/Rents

Type	#	SF	Rent
1BR/1BA	40	791	$1,095
2BR/1BA	32	975	$1,195
2BR/2BA	32	1,016	$1,345
3BR/2BA	8	1,145	$1,495

Confirmation

On-site manager, 208.735.1600; confirmed by Kevin Ritter; May-22.

Comments

Located in west central Twin Falls. Management reported a 100% occupancy rate. Garages rent separately at $55-$85.

RENT COMPARABLE 5

Identification

Comp #	5
Name	Elizabeth Estates
Address	1854 Elizabeth Blvd.
City, State, Zip	Twin Falls, ID 83301
Distance From Subject	1.0 mi. SE

Physical Characteristics

Type	4-Plexes
# Stories	2
# Units	64
Unit Type	Flat
Year Built	2019-2020
Quality/Unit Finishes	Good
Effective Age/Condition	Good
Site size (acres)	4.37

Features/Amenities

Concessions	None	**Storage Closet**	Yes (interior)
Utilities Included	None	**Washer/Dryer**	Hook-ups only
Balcony/Patio	Yes	**Clubhouse**	No
Parking	Open	**Fitness Center**	No
Kitchen Appliances	All standard	**Pool/spa**	No/no
Fireplace in Unit	No	**Playground**	No
Heating/Cooling	Forced-air/central	**Landscaped areas**	Minimal

Unit Mix/Rents

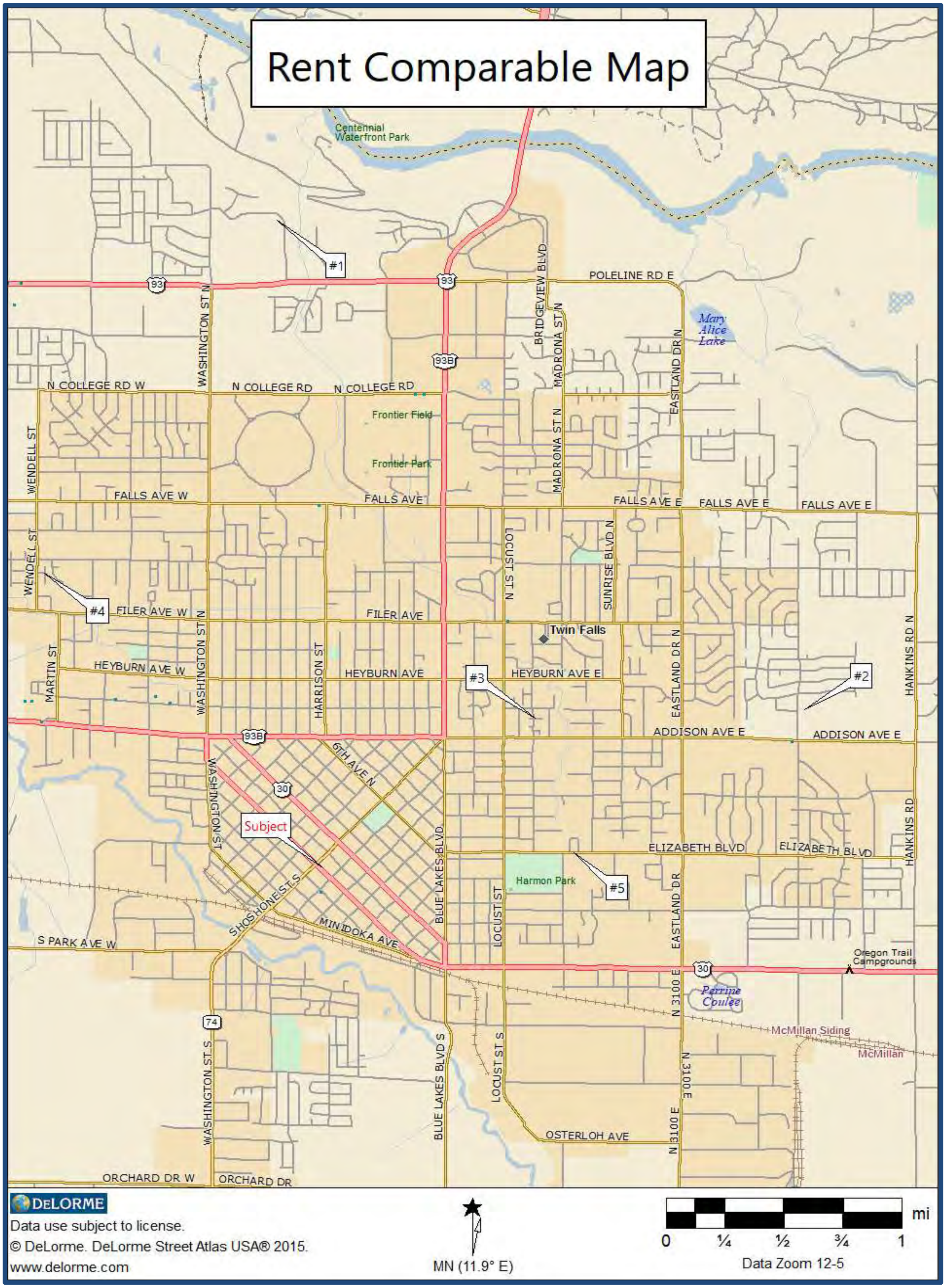
Type	#	SF	Rent
1BR/1BA	1	992	$1,225
2BR/2BA	24	1,194	$1,000-$1,475
3BR/2BA	40	1,311	$1,100-$1,625

Confirmation

Rent roll/manager, 208.324.1258; confirmed by Kevin Ritter; May-22

Comments

4-Plex development located in south Twin Falls. Forty-four units completed through Nov-20. Final build-out (20 units) to be in January 2021. Most recent rents at high-end of ranges.


Rent Comparable Map
Centennial Waterfront Park
#1
POLELINE RD E
BRIDGEVIEW BLVD
MADRONA ST N
Mary Alice Lake
EASTLAND DR N
WASHINGTON ST N
N COLLEGE RD W
N COLLEGE RD
Frontier Field
Frontier Park
WENDELL ST
FALLS AVE W
FALLS AVE
FALLS AVE E
LOCUST ST N
SUNRISE BLVD N
#4
FILER AVE W
FILER AVE
Twin Falls
MARTIN ST
HEYBURN AVE W
HARRISON ST
HEYBURN AVE
#3
HEYBURN AVE E
#2
HANKINS RD N
ADDISON AVE E
6TH AVE N
Subject
WASHINGTON ST
BLUE LAKES BLVD
ELIZABETH BLVD
Harmon Park
#5
EASTLAND DR
LOCUST ST
SHOSHONE ST S
MINIDOKA AVE
S PARK AVE W
Oregon Trail Campgrounds
N 3100 E
Perrine Coulee
McMillan Siding
McMillan
WASHINGTON ST S
BLUE LAKES BLVD S
LOCUST ST S
OSTERLOH AVE
ORCHARD DR W
ORCHARD DR
DELORME
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Data Zoom 12-5

Quantitative Adjustments - Quantitative adjustments are applied for differences in location and physical characteristics (e.g., condition, size, bathroom/bedroom count, amenities). The adjustments are based on paired property analysis, owner/management responses and the appraisers' experience in the local and regional apartment markets. Note that in some cases it was necessary to utilize data from the nearest major metropolitan area (Boise City-Nampa MSA) for paired analysis due to a lack of available data in the local market. Only those items requiring adjustment are discussed.

Neighborhood Location – This category accounts for property value/rent differences associated with location qualities and desirability, and also considers such factors as exposure, access and linkage to schools and neighborhood services. The comparables are located in Twin Falls, within a 3.5-mile radius of the subject. It is noted that very few apartment projects exist in the downtown core. Courtyard Apartments, in the northern portion of downtown, was considered but excluded due to very low rent levels and age (built in 1921, later updated).

Comparable 1 is located four miles north in north Twin Falls, where the majority of new development has occurred. It is in River Vista, a high-profile mixed-use development situated on the rim of the Snake River Canyon, which includes the Twin Falls Center for the Arts, Canyon Crest Dining Event Center and a high-end restaurant (Elevation 486); a -$50 adjustment is applied. Comparables 2, 3 and 4 are in central Twin Falls within a 2.5-mile radius in neighborhoods with reasonably similar appeal and proximity to neighborhood services, transportation routes and schools. Comparable 5 is located one mile east in south Twin Falls; no adjustment warranted.

Type of Project/Design - The subject designed as a mid-rise interior corridor complex with elevator service. The design is unique for the local market, which primarily consists of exterior corridor walk-up or townhouses. Comparables 1, 3, 4 and 5 are walk-up buildings, which is rated inferior versus an interior corridor complex with elevator. Based on the appraisers' experience with projects of similar design, adjustments of +$15-$25 are warranted. No adjustment warranted for Comparables 2 and 5 (1BR only), which features attached townhouse or flat units with direct access from the ground floor.

Quality/Condition/Appeal – This category accounts for differences in both quality and effective age/condition/appeal. The subject is a proposed good quality apartment building. The comparables were selected in part based on age. They were built between 1972 and 2020, including three of the newest projects in the local market. Comparable 3 (1972) has an effective age lower than actual due to periodic updating.

Typically, there is a positive correlation between these factors and rent. That is, the newer and/or greater the quality the property, the higher the rent on a per SF basis. Appropriate adjustments are based upon paired analysis (obtained from Boise MSA), including 1) rent premiums for renovated interiors (i.e., new carpet, paint, window coverings, appliances) versus standard original finishes within the same complex, and 2) reasonably similar projects where the only significant variance is age. The paired analysis is summarized in the following table. When necessary, minor adjustments for size and/or bathroom count are warranted.

Age/Condition Paired Analysis					
Project Name	Location	Year Built	Unit Type	SF	Premium
River Pointe	6200 N. River Pointe Dr., Boise, ID	1998-1999	Varies	Varies	
"	"	Updated Interior	"	"	$150-$200
Cherry Lane	302-388 Gruber Ave., Meridian, ID	1991	2BR/1BA	894	
"	"	Updated Interior	"	"	$50
Boulder Creek	5713 N. Garrett St., Garden City, ID	1971	1BR/1BA	560	
"	"	Updated Interior	"	"	$100
Chateau Park	305 S. Elm St., Boise, ID	1973; 2008	Varies	Varies	
"	"	Updated Interior	"	"	$150
Aspen Hills	300 E. James Court Dr., Meridian, ID	1996	2BR/2BA	1,007	
Heron Village	51 E. Blue Heron Ln., Meridian, ID	2015	"	1,003	$75
Riverside Apartments	1001 S. Leadville, Boise, ID	1971	Varies	Varies	
"	"	Updated Interior	"	"	$100
Somerset Hills	390 W. Crestline, Boise, ID	1948	2BR/1BA	800	
"	"	Updated Interior	"	"	$210
Carriage Crossing	2401 S. Apple St., Boise, ID	1991	Varies	Varies	
"	"	Updated Interior	Varies	Varies	$60
Aspen Hills	300 E. James Court Dr., Meridian, ID	1996	2BR/2BA	1,007	
"	"	Updated Interior	"	"	$70
North River	792 N. 30th St., Boise, ID	1971	2BR/1BA	860	
"	"	Updated Interior	"	"	$50
Aria on the River	737 Stilson Rd., Boise, ID	1990	Varies	Varies	
#	"	Updated Interior	Varies	Varies	$100-$150
Silver Bay	3504 N. Whistler Ln., Boise, ID	Updated Interior	Varies	Varies	$200-$250
Maple Grove	9130 W. Irving St., Boise, ID	Updated Interior	2BR/1.5BA	952	$400
Roosevelt Manor	4100 W. Libby Ln., Boise, ID	1974	2BR/1.5BA	774	
"	"	Updated Interior	"	"	$145
Minimum					**$50**
Maximum					**$400**
Average					**$138**
Median					**$113**

Comparable 3 is an older, average quality project (built in 1972), with an effective age lower than actual due to updating of unit interiors. An adjustment at the upper mid-range is applied. Comparable 4, built in phases in 1996 and 2002, is an average quality project with inferior effective age/condition, warranting an adjustment at the upper mid-range. No other adjustments warranted.

Average Unit Size – Unit size appears to have an impact on rent. Our paired property analysis presented in the following table illustrates rent differences ranging from 20% to 54% (of base rent/SF), with an average and median of 34% and 30%, respectively. For units of the same type, the rent difference for increases in unit size tends to increase at a marginally diminishing rate. Additionally, larger units/older projects typically trend to the lower end of the adjustment range, and vice versa. Given the physical characteristics of the subject, an adjustment rate at the lower mid-range of the paired analysis is most appropriate, or **30%** (of base rent/SF). On average, the adjustment is equivalent to **±$20 for each 50 SF difference**. Note adjustments are not applied to those rent comparable units exhibiting a nominal difference in size relative to the subject, as tenants do not typically recognize such differences.

Average Unit Size Paired Analysis

Project Name	Location	Year Built	Unit Type	Size (SF	Rent	Rent/SF	Size Difference	Rent Difference	Marginal Rent/SF	% of Base Rent/SF
High Point on Overland	1495 S. Tech Ln., Meridian, ID	2016	1BR/1BA	732	$1,035	$1.41	156	$120	$0.77	54%
			1BR/1BA	888	$1,155	$1.30				
The Franklin at Ten Mile, Phase 1	3800 W. Perugia St., Meridian, ID	2016-2017	1BR/1BA	561	$1,099	$1.96	176	$106	$0.60	31%
			1BR/1BA	737	$1,205	$1.64				
The Retreat at Union Square	1461 S. Goldking Way, Boise, ID	2013-2014	1BR/1BA	624	$925	$1.48	183	$75	$0.41	28%
			1BR/1BA	807	$1,000	$1.24				
Liberty Lake	1105 N. Liberty St., Boise, ID	2001	1BR/1BA	550	$839	$1.53	115	$41	$0.36	23%
			1BR/1BA	665	$880	$1.32				
Rock Pointe	663 E. State St., Eagle, ID	1995	2BR/1BA	764	$800	$1.05	75	$40	$0.53	51%
			2BR/1BA	839	$840	$1.00				
The Springs of Royal Oaks	1800 N. Cole Rd., Boise, ID	1987	1BR/1BA	604	$710	$1.18	162	$50	$0.31	26%
			1BR/1BA	766	$760	$0.99				
Carriage Crossing	2401 S. Apple St., Boise, ID	1991	1BR/1BA	591	$750	$1.27	132	$80	$0.61	48%
			1BR/1BA	723	$830	$1.15				
Huntington	173 Mallard Dr., Boise, ID	1991	1BR/1BA	622	$1,050	$1.69	100	$50	$0.50	30%
			1BR/1BA	722	$1,100	$1.52				
Lodge at Maple Grove	985 N. Maple Grove Rd., Boise, ID	2001	1BR/1BA	560	$907	$1.62	202	$66	$0.33	20%
			1BR/1BA	762	$973	$1.28				
Liberty Lake	6200 N. River Pointe Dr., Boise, ID	1998-1999	1BR/1BA	740	$862	$1.16	70	$28	$0.40	34%
			1BR/1BA	810	$890	$1.10				
Minimum										**20%**
Maximum										**54%**
Average										**35%**
Median										**30%**

Bedroom Count – The adjustment is based on a premium of **$125 per bedroom difference**, It is only applicable to Comparable 2 in the 1BR analysis. The premium was derived from paired data summarized in the following table. Note the size adjustment net out the bedroom at 150 SF to avoid double counting.

Bedroom Count Paired Analysis							
Project Name	Location	Unit Type	SF	Avg. Rent	Size Difference	Size Adj.	Premium
Phillippi Plaza	5453 W. Franklin Rd., Boise, ID	1BR/1BA	579	$875			
		2BR/2BA	856	$1,050	277	-$47	$128
Colby Court	158 N. Colby Ln., Boise, ID	1BR/1BA	579	$875			
		2BR/2BA	856	$1,050	277	-$47	$128
Heron Village	51 E. Blue Heron Ln., Meridian, ID	2BR/2BA	1,003	$950			
		3BR/2BA	1,225	$1,100	222	-$19	$131
Linder Springs	1465 W. Deer Crest St., Meridian, ID	2BR/2.5BA	1,050	$985			
		3BR/2.5BA	1,178	$1,145	128	$6	$166
Benchmark	7225 W. Colonial St., Boise, ID	1BR/1BA	725	$1,275			
		2BR/1BA	950	$1,375	225	-$33	$67
Gramercy Villas	2543-2549 E. Blue Tick St., Meridian, ID	2BR/2BA	1,059	$935			
		3BR/2BA	1,161	$1,035	102	$13	$113
Leisure Villa	3003 N. Overlook St., Boise, ID	1BR/1BA	768	$575			
		2BR/1BA	864	$650	96	$12	$87
Alderbury Cove	242 N. Allumbaugh St., Boise, ID	1BR/1BA	772	$1,150			
		2BR/1BA	932	$1,295	160	-$4	$141
Hilton Street	1078 S. Hilton St., Boise, ID	1BR/1BA	570	$670			
		2BR/1BA	737	$775	167	-$5	$100
River Walk	1689 W. Shoreline Dr., Boise, ID	1BR/1BA	711	$1,185			
		2BR/1BA	961	$1,350	250	-$42	$123
Park River	737 Stilson Rd., Boise, ID	1BR/1BA	614	$765			
		2BR/1BA	766	$850	152	-$1	$84
Colby Court	158 N. Colby Ln., Boise, ID	2BR/1.5BA	968	$1,345			
		3BR/1.5BA	1,109	$1,445	141	$4	$104
The Retreat at Union Square	1461 S. Goldking Way, Boise, ID	1BR/1BA	807	$1,000			
		2BR/1BA	907	$1,100	100	$18	$118
The Retreat at Union Square	1461 S. Goldking Way, Boise, ID	2BR/2BA	1,063	$1,200			
		3BR/2BA	1,185	$1,350	122	$10	$160
River Quarry	1618 S. Loggers Pond Pl., Boise, ID	2BR/2BA	1,040	$1,300			
		3BR/2BA	1,230	$1,450	190	-$14	$136
Carriage Crossing	2401 S. Apple St., Boise, ID	2BR/2BA	938	$950			
		3BR/2BA	1,124	$1,060	186	-$10	$100
Village at Columbia	2500 E. Red Cedar Ln., Boise, ID	2BR/2BA	1,033	$1,934			
		3BR/2BA	1,150	$2,050	117	$18	$134
Mean							$118
Median							$118
Minimum							$67
Maximum							$166

Bathroom Count – Based on the following paired data, the derived adjustment rate is **$40 per full bathroom difference** ($20 per ½ bath difference). Support is based on regional paired data presented in the following table. Note the size adjustment nets out 50 SF for the 2nd bathroom to avoid double counting.

Bathroom Count Paired Analysis							
Project Name	Location	Unit Type	SF	Avg. Rent	Size Diff. (SF)	Size Adj.	Premium
Heron Village	51 E. Blue Heron Ln., Meridian, ID	2BR/1BA	989	$895			
		2BR/2BA	1,003	$925	14	$10	$40
The Retreat at Union Square	1461 S. Goldking Way, Boise, ID	2BR/1BA	907	$1,100			
		2BR/2BA	1,050	$1,175	143	-$34	$41
Creekside Arbour, Phase 2	1425 E. 5th Ave., Meridian, ID	2BR/1.5BA	1,200	$1,075			
		2BR/2.5BA	1,200	$1,095	0	$13	$33
Depot Lofts	406 S. Victoria Dr., Boise, ID	2BR/1BA	900	$1,050			
		2BR/2BA	990	$1,100	90	-$14	$36
Aspen Creek	6152-6242 Birch Ln., Nampa, ID	2BR/1BA	989	$845			
		2BR/2BA	1,003	$895	14	$9	$59
Aspen Hills	250 E. James Court Dr., Meridian, ID	2BR/1BA	950	$1,060			
		2BR/2BA	1,007	$1,100	57	-$2	$38
Mean							$41
Median							$39
Minimum							$33
Maximum							$59

Number of Floors – No adjustments warranted for flat units versus townhouse-style units as it is deemed to be primarily a matter of preference.

Base Utilities – Consistent with market leasing norms, it is assumed that the subject tenants will reimburse for a pro-rata share of cold water, sewer and trash charges. The rent structure is consistent with all comparables. No adjustments warranted.

To estimate utility reimbursement income later in this section, data obtained from the City of Twin Falls Utility Services Department and actual reimbursement rates reported at local comparables. The derived reimbursement rates are $30-$50, depending on unit type.

Utility Reimbursement Rate Comparables

Project ID	Canyon Falls Townhomes	Creekside Townhomes	Harper Ridge	Ridgecrest Commons	The District at Parkcenter	River Quarry	Red Tail	Whitewater Park	Skyline	Franklin at Ten Mile
Location	1835 Harrison St. N. Twin Falls, ID	1450 Creekside Way Twin Falls, ID	3805 E. Copper Point Dr. Meridian, ID	6223 Birch Ln. Nampa, ID	501 E. Parkcenter Blvd. Boise, ID	1618 S. Loggers Pond Pl. Boise, ID	121 E. Victory Rd. Meridian, ID	365 N. Whitewater Park Boise, ID	2001 S. Hudson Ave. Boise, ID	3800 W. Perugia St. Meridian, ID
1BR/1BA	--	--	$30	$30	$40	$22	$30-$40	$25-$35	$25	$30
2BR/2BA	$50	$50	$50	$40	$40	$35	$35-$45	$35-$45	$35	$40
3BR/2BA	--	--	$60	$50	--	$48-$57	$45-$60	$55-$65	$35	$50

Patio/Balcony – Due to its design, the subject units will not include a balcony. Comparables 1-4 include a patio/balcony, warranting adjustments of **-$20**. The adjustment is based on the appraisers' significant experience in the local market and interviews of local market participants.

Parking – The market rent analysis assumes that each subject unit will include one dedicated parking space in the attached parking garage. Comparables 1 and 4 include carports, and Comparables 2, 3 and 5 offer surface parking only. Based on the parking comparable data, we estimate a premium of $45 for garage parking, and $15 for a carport. For those comparables with a carport, the net adjustment is +$30. Local/regional parking comparable data is summarized in the following table:

Parking Comparables			
Project	Location	Carport	Garage
Rivercrest	2005 Rivercrest Dr., Twin Falls, ID	$25	$125
Saratoga	651 Saratoga Dr., Twin Falls, ID	--	$85
Prelude at Paramount	4909 N. Elsinore Ave., Meridian, ID	$25-$50	$95
Whitewater Park	365 N. Whitewater Park Blvd., Boise, ID	$25	$85
Gramercy Villas	2543-2549 E. Blue Tick St., Meridian, ID	$15	--
The Fields at Gramercy	2020 S. Luxury Ln., Meridian, ID	$30	$80
Heron Village	51 E. Blue Heron Ln., Meridian, ID	--	$90
River Walk	1689 W. Shoreline Dr., Boise, ID	$20	--
The Pines	7501 W. Florence Ln., Boise, ID	--	$65
Silver Bay	5445 Pierce Park Ln., Boise, ID	$15	--
Selway	2552 W. Selway Rapids Ln., Meridian, ID	$10	$85
Gekeler Farms	3210 S. Gekeler Ln., Boise, ID	--	$75
High Point on Overland	1495 S. Tech Ln., Meridian, ID	$25	$100
The Retreat at Silver Cloud	8448 W. Limelight St., Boise, ID	--	$100
The Lofts at Ten Mile	2940 W. Cobalt Dr., Meridian, ID	$25	$125
Red Tail	121 E. Victory Rd., Meridian, ID	--	$95
Regency at River Valley	3400 River Valley, Meridian, ID	$25	$100-$125
River Pointe	6200 River Pointe Dr., Boise, ID	--	$100
The Lakes at Eagle	985 N. Maple Grove Rd., Boise, ID	$25	$100
Kensington at North Pointe	1436 N. Cormorant Pl., Boise, ID	$25	$100-$125
The Retreat at Union Square	1461 S. Goldking Way, Boise, ID	$25	$120
Min		$10	$65
Max		$30	$125

Kitchen Appliances – No adjustments warranted.

Exterior Storage Closet – The subject units will not include an exterior storage closet. It is unknown if storage closets will be available for rent on the ground floor/common areas. An appraiser estimated premium for an exterior storage closet is **$15**, applicable to Comparables 1 and 4.

Heating/Cooling – It is assumed that the subject units will include either 1) forced-air heat and central air conditioning, or 2) mini-split ductless system. Comparable 3, an older project, includes inferior systems (i.e., electric baseboard heating and through-wall air conditioning unit. A **+$25** adjustment is warranted. No other adjustments necessary.

In-Suite Washer/Dryer –It is assumed that the subject apartment units will include an in-suite washer/dryer set. A **+$40** adjustment is applied to Comparables 1 and 3, which lack this amenity in base rent. Support for the adjustment is provided in the following table:

Washer/Dryer Set Rent Comparables		
Project Name	Location	Rent
Regency at River Valley	3400 E. River Valley St., Meridian, ID	$40
Arbor Crossing	5122 W. Stoker Ln., Boise, ID	$60
Monterra Townhomes	3906 S. Federal Way, Boise, ID	$50
Fairview Crossing	8519 Fairview Ave., Boise, ID	$39
Spring Creek	685 E. Holly St., Boise, ID	$50
Creekside Arbour	1304 E. 5th Ave., Meridian, ID	$30

Common Amenities – This category accounts for differences in common amenities. The subject will be developed to a relative high density. Common use amenities/features include securitized ground floor with entrance lobby, bike storage, pedestrian courtyard and rooftop deck (not fully detailed yet). Comparables 1 and 4 are full-amenity complexes with clubhouse, fitness center, swimming pool/spa and open landscaped areas; adjustments of **-$50** are applied. The presence of a pool and landscaped areas at Comparable 3 offsets the subject's amenities; no adjustment. Comparables 2 and 5 lack any notable amenities, warranting adjustments of **+$25**. The estimated rent premiums are based on the appraisers' significant experience in the local market and interviews of local market participants.

Presentation - Following the rent comparable summation table/adjustment grid, location map and photographs (following pages) is our analysis and conclusions of market rent for each unit type.

RENT COMPARABLE ADJUSTMENT GRID
482 SF Studio

	Subject	Comp #1		Comp #3		Comp #4		Comp #5	
	Data	Data	Adjust	Data	Adjust	Data	Adjust	Data	Adjust
LOCATION									
Project Name	**2nd & Hansen Mixed-Use Project**	**Rivercrest Apartments**		**Laurel Park Apartments**		**The Saratoga Apartments**		**Elizabeth Estates**	
Address	**2nd Ave. S. and Hansen St. S.**	2005 Rivercrest Dr.		142-176 Maurice St. N.		651 Saratoga Dr.		1854 Elizabeth Blvd.	
Town/City	**Twin Falls, ID 83301**	Twin Falls, ID 83301		Twin Falls, ID 83301		Twin Falls, ID 83301		Twin Falls, ID 83301	
General Location	**Average; Downtown Twin Falls**	Good; North Twin Falls	($50)	Central Twin Falls; average		Average; West Twin Falls		Average; South Twin Falls	
PHYSICAL CHARACTERISTICS									
Type of Project	**Interior corridor w/ elevator**	Exterior walk-up	$25	Interior corridor walk-up	$15	Exterior corridor walk-up	$25	Ground floor access in 4-Plex	
# of Stories	**5-6 over parking garage**	3-4		2		2		2	
Project Size	**50**	293 (113 in new phase)		64		112		64	
Data Source	**Building plans/pro-forma**	Manager; 208.944.9481		Manager: 208.734.4195		Building plans/owner		Manager; 208.324.1258	
Confirmation	**Kevin Ritter; May-22**	Kevin Ritter; May-22		Kevin Ritter; May-22		Kevin Ritter; May-22		Kevin Ritter; May-22	
Year Built	**Proposed**	2022 (Phase 4 nearing completion)		1972		1996; 2002		2019-2020	
Quality/Effective Age/Condition	**Good**	Good (new)		Average	$100	Average	$100	Good	
Apartment Size (SF)	**482**	386	$55	670	($20)	791	($65)	992	($135)
Number of Bedrooms	**0**	0		1	($125)	1	($125)	1	($125)
Number of Baths	**1**	1		1		1		1	
Number of Floors	**1**	1		1		1		1	
FEATURES/AMENITIES									
Concessions	**No**	No		No		No		No	
Base Utilities Included In Rent	**None**	None		None		None		None	
Cable TV/Internet Included	**No**	No		No		No		No	
Balcony/Patio	**No**	No		Yes	($20)	Yes	($20)	No	
Parking	**1 space in parking garage (assumed)**	Open	$45	Open	$45	Carport	$30	Open	$45
Kitchen Appliances	**All standard**	All standard		All standard		All standard		All standard	
Storage Closet	**No**	No		No		Yes	($15)	No	
Heating/Cooling	**Ductless mini-split system or forced-air heat/central a/c**	Forced-air heat/central a/c		Electric baseboard/through-wall	$25	Forced-air heat/central a/c		Forced-air heat/central a/c	
In-Unit Washer/Dryer	**Yes**	No; hook-ups only	$40	No	$40	Yes		Yes	
Fireplace	**No**	No		No		2nd floor units only		No	
View	**None**	None		None		None		None	
Project Amenities	**Securitized lobby, bike storage, rooftop deck**	Clubhouse, pool/spa, fitness center, playground, landscaped areas (overall superior quality)	($50)	Pool, laundry facility, landscaped areas		Clubhouse, fitness center, swimming pool, playground and landscaped areas	($50)	Landscaped areas	$25
Rent Range		$911		$1,055		$1,095		$1,225	
Standard Rent @ Turnover		$911		$1,055		$1,095		$1,225	
Rent/SF		$2.36		$1.57		$1.38		$1.23	
Net Adjustments			$65		$60		($120)		($190)
Adjusted Market Rent		**$976**		**$1,115**		**$975**		**$1,035**	

RENT COMPARABLE ADJUSTMENT GRID
614 SF 1BR/1BA

	Subject	Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
	Data	Data	Adjust	Data	Adjust	Data	Adjust	Data	Adjust	Data	Adjust
LOCATION											
Project Name	**2nd & Hansen Mixed-Use Project**	**Rivercrest Apartments**		**Addison Springs**		**Laurel Park Apartments**		**The Saratoga Apartments**		**Elizabeth Estates**	
Address	**2nd Ave. S. and Hansen St. S.**	2005 Rivercrest Dr.		210 Carriage Ln. N.		142-176 Maurice St. N.		651 Saratoga Dr.		1854 Elizabeth Blvd.	
Town/City	**Twin Falls, ID 83301**	Twin Falls, ID 83301		Twin Falls, ID 83301		Twin Falls, ID 83301		Twin Falls, ID 83301		Twin Falls, ID 83301	
General Location	**Average; Downtown Twin Falls**	Good; North Twin Falls	($50)	Average; South Twin Falls		Central Twin Falls; average		Average; West Twin Falls		Average; South Twin Falls	
PHYSICAL CHARACTERISTICS											
Type of Project	**Interior corridor w/ elevator**	Exterior walk-up	$25	4-Plex Townhouses		Interior corridor walk-up	$15	Exterior corridor walk-up	$25	Ground floor access in 4-Plex	
# of Stories	**5-6 over parking garage**	3-4		2		2		2		2	
Project Size	**50**	293 (113 in new phase)		96		64		112		64	
Data Source	**Building plans/pro-forma**	Manager; 208.944.9481		Manager; 208.501.8192		Manager: 208.734.4195		Building plans/owner		Manager; 208.324.1258	
Confirmation	**Kevin Ritter; May-22**	Kevin Ritter; May-22		Kevin Ritter; May-22		Kevin Ritter; May-22		Kevin Ritter; May-22		Kevin Ritter; May-22	
Year Built	**Proposed**	2022 (Phase 4 nearing completion)		2020		1972		1996; 2002		2019-2020	
Quality/Effective Age/Condition	**Good**	Good (new)		Good		Average	$125	Average	$125	Good	
Apartment Size (SF)	**614**	757	($70)	1,060	($125)	670	($25)	791	($75)	992	($140)
Number of Bedrooms	**1**	1		2	($125)	1		1		1	
Number of Baths	**1**	1		2.5	($75)	1		1		1	
Number of Floors	**1**	1		2		1		1		1	
FEATURES/AMENITIES											
Concessions	**No**	No		No		No		No		No	
Base Utilities Included In Rent	**None**	None		None		None		None		None	
Cable TV/Internet Included	**No**	No		No		No		No		No	
Balcony/Patio	**No**	No		Yes	($20)	Yes	($20)	Yes	($20)	No	
Parking	**1 space in parking garage (assumed)**	Open	$45	Open	$45	Open	$45	Carport	$30	Open	$45
Kitchen Appliances	**All standard**	All standard		All standard		All standard		All standard		All standard	
Storage Closet	**No**	No		Yes	($15)	No		Yes	($15)	No	
Heating/Cooling	**Ductless mini-split system or forced-air heat/central a/c**	Forced-air heat/central a/c		Forced-air heat/central a/c		Electric baseboard/through-wall	$25	Forced-air heat/central a/c		Forced-air heat/central a/c	
In-Unit Washer/Dryer	**Yes**	No; hook-ups only	$40	Yes		No	$40	Yes		Yes	
Fireplace	**No**	No		No		No		2nd floor units only		No	
View	**None**	None		None		None		None		None	
Project Amenities	**Securitized lobby, bike storage, rooftop deck**	Clubhouse, pool/spa, fitness center, playground, landscaped areas (overall superior quality)	($50)	Landscaped areas	$25	Pool, laundry facility, landscaped areas		Clubhouse, fitness center, swimming pool, playground and landscaped areas	($50)	Landscaped areas	$25
Rent Range		$1,399-$1,492		$1,600		$1,055		$1,095		$1,225	
Standard Rent @ Turnover		$1,400		$1,600		$1,055		$1,095		$1,225	
Rent/SF		$1.85		$1.51		$1.57		$1.38		$1.23	
Net Adjustments			($60)		($290)		$205		$20		($70)
Adjusted Market Rent		**$1,340**		**$1,310**		**$1,260**		**$1,115**		**$1,155**	

RENT COMPARABLE ADJUSTMENT GRID
765 SF 2BR/1BA

	Subject	Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
	Data	Data	Adjust	Data	Adjust	Data	Adjust	Data	Adjust	Data	Adjust
LOCATION											
Project Name	**2nd & Hansen Mixed-Use Project**	**Rivercrest Apartments, Phase 4**		**Addison Springs**		**Laurel Park Apartments**		**The Saratoga Apartments**		**Elizabeth Estates**	
Address	**2nd Ave. S. and Hansen St. S.**	2005 Rivercrest Dr.		210 Carriage Ln. N.		142-176 Maurice St. N.		651 Saratoga Dr.		1854 Elizabeth Blvd.	
Town/City	**Twin Falls, ID 83301**	Twin Falls, ID 83301		Twin Falls, ID 83301		Twin Falls, ID 83301		Twin Falls, ID 83301		Twin Falls, ID 83301	
General Location	**Average; Downtown Twin Falls**	Good; North Twin Falls	($50)	Average; South Twin Falls		Central Twin Falls; average		Average; West Twin Falls		Average; South Twin Falls	
PHYSICAL CHARACTERISTICS											
Type of Project	**Interior corridor w/ elevator**	Exterior walk-up	$25	4-Plex townhouses		Interior corridor walk-up	$15	Exterior corridor walk-up	$25	Ground floor access in 4-Plex	
# of Stories	**5**	3-4		2		2		2		2	
Project Size	**50**	293 (113 in new phase)		96		64		112		64	
Data Source	**Building plans/pro-forma**	Manager; 208.944.9481		Manager; 208.501.8192		Manager: 208.734.4195		Building plans/owner		Manager; 208.324.1258	
Confirmation	**Kevin Ritter; May-22**	Kevin Ritter; May-22		Kevin Ritter; May-22		Kevin Ritter; May-22		Kevin Ritter; May-22		Kevin Ritter; May-22	
Year Built	**Proposed**	2022 (Phase 4 nearing completion)		2020		1972; updated		1996 & 2002		2019-2020	
Quality/Effective Age/Condition	**Good (new)**	Good (new)		Good		Average	$150	Average	$150	Good	
Apartment Size (SF)	**765**	960	($100)	1,060	($135)	910	($60)	975	($80)	1,194	($160)
Number of Bedrooms	**2**	2		2		2		2		2	
Number of Baths	**1**	2	($40)	2.5	($60)	1		1		2	($40)
Number of Floors	**1**	1		2		1		1		1	
FEATURES/AMENITIES											
Concessions	**No**	No		No		No		No		No	
Base Utilities Included In Rent	**None**	None		None		None		None		None	
Cable TV/Internet Included	**No**	No		No		No		No		No	
Balcony/Patio	**No**	No		Yes	($20)	Yes	($20)	Yes	($20)	No	
Parking	**1 space in parking garage (assumed)**	Open	$45	Open	$45	Open	$45	Carport	$30	Open	$45
Kitchen Appliances	**All standard**	All standard		All standard		All standard		All standard		All standard	
Storage Closet	**No**	No		Yes	($15)	No		Yes	($15)	No	
Heating/Cooling	**Ductless mini-split system or forced-air heat/central a/c**	Forced-air heat/central a/c		Forced-air heat/central a/c		Electric baseboard/through-wall	$25	Forced-air heat/central a/c		Forced-air heat/central a/c	
In-Unit Washer/Dryer	**Yes**	No; hook-ups only	$40	Yes		No	$40	Yes		Yes	
Fireplace	**No**	No		No		No		2nd floor units only		No	
View	**None**	None		None		None		None		None	
Project Amenities	**Securitized lobby, bike storage, rooftop deck**	Clubhouse, pool/spa, fitness center, playground, landscaped areas	($50)	Landscaped areas	$25	Pool, laundry facility, landscaped areas		Clubhouse, fitness center, swimming pool, playground and landscaped areas	($50)	Landscaped areas	$25
Rent Range		$1,622-$1,679		$1,600		$1,255		$1,195		$1,475	
Standard Rent @ Turnover		$1,622		$1,600		$1,255		$1,195		$1,475	
Rent/SF		$1.69		$1.51		$1.38		$1.23		$1.24	
Net Adjustments			($130)		($160)		$195		$40		($130)
Adjusted Market Rent		**$1,492**		**$1,440**		**$1,450**		**$1,235**		**$1,345**	

RENT COMPARABLE ADJUSTMENT GRID
891 SF 2BR/2BA

	Subject	Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
	Data	Data	Adjust	Data	Adjust	Data	Adjust	Data	Adjust	Data	Adjust
LOCATION											
Project Name	**2nd & Hansen Mixed-Use Project**	**Rivercrest Apartments, Phase 4**		**Addison Springs**		**Laurel Park Apartments**		**The Saratoga Apartments**		**Elizabeth Estates**	
Address	**2nd Ave. S. and Hansen St. S.**	2005 Rivercrest Dr.		210 Carriage Ln. N.		142-176 Maurice St. N.		651 Saratoga Dr.		1854 Elizabeth Blvd.	
Town/City	**Twin Falls, ID 83301**	Twin Falls, ID 83301		Twin Falls, ID 83301		Twin Falls, ID 83301		Twin Falls, ID 83301		Twin Falls, ID 83301	
General Location	**Average; Downtown Twin Falls**	Good; North Twin Falls	($50)	Average; South Twin Falls		Central Twin Falls; average		Average; West Twin Falls		Average; South Twin Falls	
PHYSICAL CHARACTERISTICS											
Type of Project	**Interior corridor w/ elevator**	Exterior walk-up	$25	4-Plex townhouses		Interior corridor walk-up	$15	Exterior corridor walk-up	$25	Ground floor access in 4-Plex	
# of Stories	**5**	3-4		2		2		2		2	
Project Size	**50**	293 (113 in new phase)		96		64		112		64	
Data Source	**Building plans/pro-forma**	Manager; 208.944.9481		Manager; 208.501.8192		Manager: 208.734.4195		Building plans/owner		Manager; 208.324.1258	
Confirmation	**Kevin Ritter; May-22**	Kevin Ritter; May-22		Kevin Ritter; May-22		Kevin Ritter; May-22		Kevin Ritter; May-22		Kevin Ritter; May-22	
Year Built	**Proposed**	2022 (Phase 4 nearing completion)		2020		1972; updated		1996 & 2002		2019-2020	
Quality/Effective Age/Condition	**Good (new)**	Good (new)		Good		Average	$150	Average	$150	Good	
Apartment Size (SF)	**891**	960	($35)	1,060	($75)	910	($10)	1,016	($50)	1,194	($30)
Number of Bedrooms	**2**	2		2		2		2		2	
Number of Baths	**2**	2		2.5	($20)	1	$40	2		2	
Number of Floors	**1**	1		2		1		1		1	
FEATURES/AMENITIES											
Concessions	**No**	No		No		No		No		No	
Base Utilities Included In Rent	**None**	None		None		None		None		None	
Cable TV/Internet Included	**No**	No		No		No		No		No	
Balcony/Patio	**No**	No		Yes	($20)	Yes	($20)	Yes	($20)	No	
Parking	**1 space in parking garage (assumed)**	Open	$45	Open	$45	Open	$45	Carport	$30	Open	$45
Kitchen Appliances	**All standard**	All standard		All standard		All standard		All standard		All standard	
Storage Closet	**No**	No		Yes	($15)	No		Yes	($15)	No	
Heating/Cooling	**Ductless mini-split system or forced-air heat/central a/c**	Forced-air heat/central a/c		Forced-air heat/central a/c		Electric baseboard/through-wall	$25	Forced-air heat/central a/c		Forced-air heat/central a/c	
In-Unit Washer/Dryer	**Yes**	No; hook-ups only	$40	Yes		No	$40	Yes		Yes	
Fireplace	**No**	No		No		No		2nd floor units only		No	
View	**None**	None		None		None		None		None	
Project Amenities	**Securitized lobby, bike storage, rooftop deck**	Clubhouse, pool/spa, fitness center, playground, landscaped areas	($50)	Landscaped areas	$25	Pool, laundry facility, landscaped areas		Clubhouse, fitness center, swimming pool, playground and landscaped areas	($50)	Landscaped areas	$25
Rent Range		$1,622-$1,679		$1,600		$1,255		$1,345		$1,475	
Standard Rent @ Turnover		$1,622		$1,600		$1,255		$1,345		$1,475	
Rent/SF		$1.69		$1.51		$1.38		$1.32		$1.24	
Net Adjustments			($25)		($60)		$285		$70		$40
Adjusted Market Rent		**$1,597**		**$1,540**		**$1,540**		**$1,415**		**$1,515**	

Market Rent Conclusions - The following table summarizes the adjusted market rents of the comparables:

Adjusted Base Rent Comparable Summary				
Unit Type	Low	High	Average	Median
482 SF Studio	$975	$1,115	$1,025	$1,006
614 SF 1BR/1BA	$1,115	$1,340	$1,236	$1,260
765 SF 2BR/1BA	$1,235	$1,492	$1,392	$1,440
891 SF 2BR/2BA	$1,415	$1,597	$1,521	$1,540

482 SF Studio (Base Floor Plan) - The subject will contain (20) 482 SF studio flats, which are rare for the local market. After applying quantitative adjustments, the comparables bracket a supportable range from $975 to $1,115. Excluding the high outlier renders a narrower range from $975 to $1,035, with a median of $976.. Comparable 1 is the only comparable with studio units, with the balance required an adjustment for bedroom count. With primary weight applied to Comparable 1, we conclude an average rent at the low-end of the comparable range or **$975**.

614 SF 1BR/1BA (Base Floor Plan) - The subject will contain (4) 614 SF 1BR/1BA units. After applying quantitative adjustments, the comparables bracket a supportable range from $1,115 to $1,340. We conclude an average rent of **$1,250**, near the adjusted comparable median ($1,260).

713 SF 1BR/1BA - The subject will include (4) 713 SF 1BR/1BA flat units. The only significant difference from the base 1BR floor plan is that it is 99 SF larger. Based on the preceding quantitative adjustment analysis, the adjustment rate for size difference is +$50, resulting in a market rent of **$1,300**, as summarized below:

713 SF 1BR/1BA Adjusted Market Rent Calculation			
# Units	Base Rent	Size Adj.	Adj Rent.
4	$1,250	$50	$1,300

800 SF 1BR/1BA - The subject will include (4) 800 SF 1BR/1BA flat units. The only significant difference from the base 1BR floor plan is that it is 186 SF larger. Based on the preceding quantitative adjustment analysis, the adjustment rate for size difference is +$100, resulting in a market rent of **$1,350**, as summarized below:

800 SF 1BR/1BA Adjusted Market Rent Calculation			
# Units	Base Rent	Size Adj.	Adj Rent.
4	$1,250	$100	$1,350

765 SF 2BR/1BA (Base Floor Plan) - The subject will contain (8) 765 SF 2BR/1BA units. After applying quantitative adjustments, the comparables bracket a supportable range from $1,235 to $1,492. We conclude an average rent of **$1,450**, near the adjusted comparable median ($1,440).

891 SF 2BR/2BA (Base Floor Plan) - The subject will contain (8) 891 SF 2BR/2BA units. After applying quantitative adjustments, the comparables bracket a supportable range from $1,415 to $1,597. We conclude an average rent of **$1,550**, near the adjusted comparable median ($1,540).

Market Rent Conclusion Summary – The market rent conclusions are summarized in the following table.

Market Rent Conclusion Summary					
Unit Type	No.	Size (SF)	Developer Pro-Forma	**Market Rent Conclusion**	Annual Income
Studio	20	482	$1,025	**$975**	$234,000
1BR/1BA	4	614	$1,195	**$1,250**	$60,000
1BR/1BA	4	713	$1,325	**$1,300**	$62,400
1BR/1BA	4	800	$1,495	**$1,350**	$64,800
2BR/1BA	8	765	$1,395	**$1,450**	$139,200
2BR/2BA	8	891	$1,595	**$1,550**	$148,800
Total/Average	48	654		**$1,231**	$709,200

Ancillary Income, Utility Reimbursements – As previously discussed, the estimated market rents assume that the tenants will reimburse for their pro-rata share of cold water, sewer and trash charges. Utility reimbursement income is summarized below:

Utility Reimbursement Income Estimate			
Unit Type	# Units	Mo. Rate	Annual Income
Studio	20	$30	$7,200
1BR/1BA	12	$35	$5,040
2BR/1BA	8	$45	$4,320
2BR/2BA	8	$50	$4,800
Total/Avg	48	$36	$21,000

The reimbursement income comprises 47% of the estimated utility expense discussed later in this section. The low ratio is due to the subject's design as a mid-rise interior corridor complex with multi-level parking garage.

Utility Reimbursable Ratio Comparables										
Project ID	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Location	Boise, ID	Boise, ID	Boise, ID	Boise, ID	Boise, ID	Boise, ID	Boise, ID	Meridian, ID	Twin Falls, ID	Meridian, ID
Size (# units)	192	80	62	80	300	324	128	240	112	171
Size (# units)	150-200	75-100	50-75	50-100	250-300	300+	100-150	200-250	100-150	150-200
Year	TTM (Jul-20 to Jun-21)	2019	2019	2019	Jun-16 to May-17	2015	2016	2016	2019	2015
Utility Reimbursement Income	$56,216	$19,793	$17,489	$34,393	$147,602	$103,000	$52,514	$125,050	$38,446	$78,107
Utility Expense	$67,191	$31,189	$25,505	$42,119	$202,670	$163,637	$82,068	$153,497	$63,162	$104,929
Reimbursement Ratio	84%	63%	69%	82%	73%	63%	64%	81%	61%	74%
Minimum										61%
Maximum										84%
Average										71%
Median										71%

Ancillary Income, Miscellaneous – This includes income from the common laundry rooms, reimbursements for tenant damages, forfeited security deposits, pet fees application fees and late charges/NSF fees. Miscellaneous income reported at local and regional complexes is summarized below:

Miscellaneous Income Comparables									
Project	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Location	Twin Falls, ID	Twin Falls, ID	Twin Falls, ID	Twin Falls, ID	Pocatello, ID	Boise, ID	Boise, ID	Boise, ID	Middleton, ID
Income Year	2019	Mar-19 to Feb-20	2018	2020	2020	2020	2019	2019	2018
# Units	100-150	50-100	50-100	50-75	150-200	0-25	50-75	75-100	0-50
Other Income	34277	$7,360	$16,546	$8,874	$79,027	$7,176	$16,893	$12,038	$8,500
Per Unit/Year	**$306**	**$92**	**$259**	**$148**	**$395**	**$299**	**$272**	**$150**	**$250**
Minimum									**$92**
Maximum									**$395**
Average									**$241**
Median									**$254**

We conclude at the lower mid-range or $250/unit, or **$15,000** ($250/unit x 48 units). Near the comparable average/median.

Ancillary Income, Retail Suite Rent – The subject will include a 1,106 SF ground floor retail suite. Consistent with market norms, we assume a triple net lease structure, in which the tenant will either directly pay or reimburse the landlord for all operating expenses, except for reserves for replacement.

To estimate market rent, we surveyed the entire market of Twin Falls. The three comparables are newer retail strip centers. All three are located in north Twin Falls, where the majority of new commercial development has occurred. No adjustments are warranted for other lease factors such as escalations, concessions or tenant improvement allowances. The only applicable adjustment is for market conditions based on an annual rate of 3%/year.

A rent comparable summation table is provided below, followed by a location map and photographs. An analysis of the comparables and conclusion of market rent for the subject follows the photographs.

Retail Rent Comparable Summation Table				
Identification	**Subject**	**#1**	**#2**	**#3**
Name	**2nd & Hansen Mixed-Use Project**	Retail Strip Center	Riverhawk Retail I	Riverhawk Retail II
Address	**2nd Ave. S. and Hansen St. S.**	148 W. Cheney Dr.	163 W. Cheney Dr.	213 W. Cheney Dr.
City & State	**Twin Falls, ID 83301**	Twin Falls, ID 83301	Twin Falls, ID 83301	Twin Falls, ID 83301
Location quality	**Downtown core; average**	North Twin Falls; good	North Twin Falls; good	North Twin Falls; good
Property Description				
Building type	**Mixed-use (apartments w/ ground floor retail)**	Retail strip center	Retail strip center	Retail strip center
Gross building area (sf)	**41,874**	9,000	12,777	6,806
Tenant size (rsf)	**1,106**	1,200	1,500	1,556
Construction type & quality	**Good**	Good	Good	Good
Year built	**Proposed**	2020	2018	2018
Condition	**Good (new) at completion**	Good	Good	Good
Parking ratio (Spaces per 1,000 rsf)	**Parking garage**	4.00	4.00	4.00
Lease Description				
Data source		Listing agent: TOK	Listing agent: Cushman & Wakefield	Listing agent: TOK
Lessee		Duck Donuts	Jersey Mike's	Sips & Sweets Treats
Lease start date	**Effective as of Jun-22**	Jan-22	Apr-19	Feb-20
Lease type		Triple net	Triple net	Triple net
Lease term (years)		10	5	5
Escalations		3%/year	Unk	Unk
Renewal options		(2) 5-year	Unk	Unk
Concessions		None	Unk	Unk
Tenant improvement allowance		$55/SF	Unk	Unk
Comments		Rental rate relatively high due to $55/SF TI allowance		
Financial Indicators				
Rent/SF/Year		**$25.00**	**$16.00**	**$20.00**
Adjustments				
Lease Type		0%	0%	0%
Escalations		0%	0%	0%
Concessions		0%	0%	0%
Tenant Improvement Allowances		0%	0%	0%
Market Conditions		4%	9%	7%
Net Adjustment		*4%*	*9%*	*7%*
Adjusted Rent/SF/Yr.		**$26.00**	**$17.44**	**$21.40**

Retail Rent Comparable Photographs

Comparable 1 – 148 W. Cheney Dr., Twin Falls, ID

2 – 163 W. Cheney Dr., Twin Falls, ID

3 – 148 W. Cheney Dr., Twin Falls, ID

The commercial rent comparables exhibit a rent range from $17.44/SF to $26.00/SF, with an average of $21.61/SF and median of $21.40/SF. Comparable 1 ($26.00/SF) is relatively high, as the rate was influenced by a negotiated $55/SF tenant improvement allowance. Comparables 2 and 3 exhibit a range from $17.44/SF to $21.40/SF. A representative of the developer reported preliminary negotiation with a retail/bodega tenant at $18.00/SF for a 10-year lease. Given the subject's locational and physical characteristics, we conclude at the lower mid-range of the comparables or $18.00/SF. The 1st year annual market rent is $19,908 (1,106 SF x $18/SF).

Ancillary Income, Parking Garage Income – As previously discussed, the subject will include a 5.5-story parking garage with subterranean level. It will be developed in conjunction with the proposed subject development. The total parking count is 325 units. Excluding 100 spaces that will be allocated to the Twin Falls Urban Renewal Agency based on a reimbursement price of $20,000/space ($2,000,000 total), the subtotal is 225 spaces. Allocating 50% of the subtotal to the proposed adjacent development at Shoshone St. S. and 2nd Ave. S., which will be jointly developed by the subject developer and land owner, the net parking space count is 113 spaces, as summarized below:

Parking Garage Summary	
Type	No.
Total Spaces	325
Less Spaces Allocated to TFURA	100
Subtotal	225
Less Spaces Allocated to Proposed Development at Shoshone and 2nd St. (50%)	113
Net # Spaces Available for Rent	**113**

Excluding 48 spaces dedicated to the apartment units, 65 units will be available for rent to the tenants as well as the public. The developer reported a monthly rate of $45, which is within market norms. Public parking will be free for the 1st 1.5 hours. Due to a lack of proven operation and historical parking income, we have incorporated the monthly rate of $45. Income generated from the parking garage is estimated at **$35,000** (65 spaces x $45/mo. x 12 months; rounded).

Potential Gross Income Conclusion - With the previous conclusions, potential gross income is projected at **$797,108**.

Estimated Vacancy and Collection Loss

The vacancy and credit loss reflects the estimate of lost rent versus scheduled rent. This includes lost revenue due to vacancies as well as credit loss (non-payment by tenants). The estimate of vacancy and collection loss is over the economic life of the property, and is not over a short-term period. It also includes "vacancy lag", which is the time necessary to release space after a vacancy occurs. The subject's stabilized occupancy level over the long term will likely mirror market averages. This is attributable to normal tenant turnover and shifts in supply and demand.

Based on information presented in the Market Analysis section, a long-term, stabilized vacancy rate of **5%** is estimated. Note this includes collection loss. The rate is also applied to ancillary income, except for income generated from the parking garage. A higher rate of **10%** is warranted due to the lack of historical income and recognition that on-street parking is available for free.

Estimated Effective Gross Income

Applying a blended vacancy factor of 5.2% to the estimated potential gross income results in an effective gross income of **$755,503**.

Operating Expenses

To estimate operating expenses, the developer's pro-forma was considered. It has been reconstructed in the following table. The actual statement is provided in the Addenda. The analysis is supplemented with six expense comparables. In selection of the comparables, emphasis was placed on projects of reasonably similar location and/or design (i.e., interior corridor with elevator). Comparables 1-3 are 4-plex or walk-up complexes located in the subject market. Comparables 4-6 are located in the Boise City-Nampa MSA (120 mi. NW) but similar in design. The comparables are followed by an analysis and conclusion for each expense category.

Developer Pro-Forma			
INCOME	Total	Per Unit	% EGI
Apartment Rent	$725,760	$15,120	82.6%
Commercial Rent	$17,696	$369	2.0%
Miscellaneous	$135,000	$2,813	15.4%
Potential Gross Income	$878,456	$18,301	100.0%
Less Vacancy (appraiser estimate)	-$43,923	-$915	-5.0%
Effective Gross Income	$834,533	$17,386	95.0%
OPERATING EXPENSES	Total	Per Unit	% EGI
Real Estate Taxes	$65,000	$1,354	7.4%
Insurance	$22,000	$458	2.5%
Utilities	$61,500	$1,281	7.0%
Repair & Maintenance	$25,250	$526	2.9%
Payroll (On-site mgmt)	$0	$0	0.0%
Professional Management	$29,000	$604	3.3%
Advertising	$10,500	$219	1.2%
General/Administrative	$38,000	$792	4.3%
Replacement Reserves	$10,350	$216	1.2%
Total Expenses	$261,600	$5,450	29.8%
NOI	**$572,933**	**$11,936**	**68.7%**

OPERATING EXPENSE ANALYSIS & CONCLUSIONS

Real Estate Taxes

	Ranges/Conclusion			Analysis
Developer Pro-Forma	$1,354			As previously discussed in the Assessment and Tax Data section, the subject property taxes are based on the 2021 levy rate and an estimated assessed per unit value of $115,000 based on assessment comparables. The per unit conclusion is at near the expense comparable median.
Expense Comparable Range	$1,337	to	$2,401	
Per Unit Conclusion	**$1,750**			
Annual Conclusion	**$84,000**			

Insurance

	Ranges/Conclusion			Analysis
Developer Pro-Forma	$458			This category includes both building and liablity insurance expenses. The developer pro-forma is above the comparable range. Recognizing the subject's physical characteristics, high development costs and general trend of increasing construction costs/insurance rates, reliance is placed on the pro-forma.
Expense Comparable Range	$117	to	$245	
Per Unit Conclusion	**$460**			
Annual Conclusion	**$22,080**			

Utilities

	Ranges/Conclusion			Analysis
Developer Pro-Forma	$1,281			This category includes electricity for the common areas and 50% of the parking garage, and water, sewer and trash for the entire complex. The developer pro-forma is significantly higher than the comparable range, likely due to enclosed common areas and parking garage. We have tempered the concusion between the pro-forma and the median of the expense comparable range.
Expense Comparable Range	$508	to	$795	
Per Unit Conclusion	**$925**			
Annual Conclusion	**$44,400**			

Repairs and Maintenance

	Ranges/Conclusion			Analysis
Developer Pro-Forma	$526			This category includes all maintenance and repair costs to the building interior and exterior including common areas and 50% of parking garage, as well as payroll and turnover costs. Based on the subject's physical characteristics, we conclude above the pro-forma, which is atypically low, at the upper mid-range of the comparables. We acknowledge that initial expenses may be lower as the subject property will be new upon completion and certain items will be covered by warranty; our conclusion is reflective of a stabilized scenario over the economic life of the property, and not over a short-term period.
Expense Comparable Range	$371	to	$1,894	
Per Unit Conclusion	**$900**			
Annual Conclusion	**$43,200**			

Payroll

	Ranges/Conclusion			Analysis
Developer Pro-Forma	$0			This category is assumed to include salary, payroll taxes, workers compensation and health insurance/benefits for on-site/leasing management staff. The developer pro-forma did not include an expense. Note that Comparables 3, 5 and 6 are atypically high ($1,231-$1,343/unit). We conclude at the lower mid-range of the comparables.
Expense Comparable Range	$283	to	$1,343	
Per Unit Conclusion	**$650**			
Annual Conclusion	**$31,200**			

Professional Management

	Ranges/Conclusion			Analysis
Developer Pro-Forma		3.3%		Professional management fees typically range from 3% to 6% of effective gross income. Newer properties with higher rents are typically managed at the low-end of the range while older properties with lower rents are managed at higher percentages. We conclude at the lower mid-range of the comparables, near the pro-forma.
Expense Comparable Range	2.5%	to	5.0%	
% of EGI Conclusion		**3.5%**		
Annual Conclusion		**$26,443**		

Advertising

	Ranges/Conclusion			Analysis
Developer Pro-Forma		$219		The pro-forma is relatively high for a stabilized property of the subject's size. We conclude a long-term stabilized expense at the lower mid-range of the comparables.
Expense Comparable Range	$47	to	$266	
Per Unit Conclusion		**$50**		
Annual Conclusion		**$2,400**		

General/Administrative

	Ranges/Conclusion			Analysis
Developer Pro-Forma		$792		This category includes miscellaneous expenses such as legal services, licensing, permits/fees, professional services, dues and general management office expenses. It is noted that this expense can vary widely from property to property due to different accounting methods. The pro-forma includes legal, administrative and unspecified "other" expenses. The pro-forma is above market norms. We conclude at the lower mid-range of the comparables.
Expense Comparable Range	$155	to	$280	
Per Unit Conclusion		**$200**		
Annual Conclusion		**$9,600**		

Reserves for Replacement

	Ranges/Conclusion			Analysis
Developer Pro-Forma		$216		Reserves for replacement is not a typical annual cash expenditure. Rather, it is the annualized cost of major expenses incurred for replacement of certain short-lived and long-lived items such as appliances, water heaters, HVAC systems, roof systems and resurfacing of the parking lot. Typical market allowances for replacement reserves range from $250 to $400/unit per year. Based on the subject's physical characteristics, an expense at the lower mid-range of market norms is most appropriate. We acknowledge that initial expenses may be lower as the subject property will be new upon completion and certain items will be covered by warranty; our conclusion is reflective of a stabilized scenario over the economic life of the property, and not over a short-term period.
Expense Comparable Range	$0	to	$822	
Per Unit Conclusion		**$300**		
Annual Conclusion		**$14,400**		

Operating Expense Summary

	Ranges/Conclusion			Analysis
Developer Pro-Forma - Per Unit		$5,450		The forecasted total operating expense per unit is below the pro-forma, primarily due to lower estimates for utilities and general/administrative, partially offset by higher estimates for repairs/maintenance, payroll, advertising and reserves for replacement. The estimated expense on a % of EGI basis is lower than the pro-forma due to a lower projected average rent. The conclusion is within the expense comparable ranges on both a per unit basis and a % of EGI basis.
Developer Pro-Forma - % of EGI		29.8%		
Expense Comps - Per Unit	$4,919	to	$5,965	
Expense Comps - % of EGI	28.7%	to	46.9%	
Per Unit Conclusion		**$5,786**		
% of EGI Conclusion		**36.8%**		
Total Conclusion		**$277,723**		

NOI Conclusion

Deducting the total expenses from the estimated effective gross income indicates a net operating income (NOI) of **$477,780**.

Direct Capitalization

The next step is the capitalization of net income into an expression of value. Direct capitalization is a method used to convert a single year's income estimate into a value indication. This conversion is accomplished in one step by dividing the income estimate by an appropriate income 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 rates applied in direct 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. It is essential that the properties used as comparables reflect risk, income, expense, and physical and location characteristics that are similar to the property being appraised. Consequently, capitalization rates must 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

Based upon availability of applicable information, only derivation from comparable sales is utilized. The analysis is supplemented with PricewaterhouseCoopers Investor Survey data.

Derivation from Comparable Sales – This analysis illustrates what purchasers are willing to pay for the net income generated at comparable properties. 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. Data pertaining to several sales occurring in south Idaho, including the subject market of Twin Falls and the nearest major metropolitan area (Boise) is summarized in the following table. The sales occurred within the past ±3 years.

Capitalization Rate Comparables							
Sale #	Name	Location	# Units	Year Built	Sale Date	Sale Price	Rate
4	Kuna 4-Plexes	Kuna, ID	32	2020	Apr-22	$9,150,000	**3.85%**
1	Canyon Falls	Twin Falls, ID	80	2019	Apr-22	$21,600,000	**2.80%**
--	Confidential	Twin Falls, ID	64	1974	Dec-21	$7,300,000	**4.72%**
--	Confidential	Boise, ID	15	2021	Dec-21	$5,528,000	**4.50%**
--	Confidential	Boise, ID	80	1976	Dec-21	$11,000,000	**3.22%**
--	Confidential	Boise, ID	63	1978	Dec-21	$8,500,000	**3.75%**
--	Confidential	Boise, ID	22	2016	Sep-21	$5,450,000	**4.11%**
--	Confidential	Nampa, ID	72	2020	Jun-21	$13,250,000	**5.20%**
--	Confidential	Boise, ID	30	1977; rehabbed in 2011-2012	Jun-21	$5,575,000	**4.04%**
--	Confidential	Meridian, ID	240	2019	Apr-21	$66,000,000	**4.28%**
--	Confidential	Meridian, ID	12	2021	Apr-21	$2,900,000	**5.00%**
--	Confidential	Boise, ID	63	2019	Apr-21	$21,800,000	**4.65%**
3	Creekside Townhomes	Twin Falls, ID	38	2020	Feb-21	$6,500,000	**4.46%**
--	Confidential	Eagle, ID	132	2021	Feb-21	$29,550,000	**4.32%**
--	Confidential	Eagle, ID	184	2019	Jan-21	$33,500,000	**5.72%**
--	Confidential	Nampa, ID	30	2016	Jan-21	$4,510,000	**4.52%**
--	Confidential	Boise, ID	56	1976	Dec-20	$9,100,000	**4.67%**
--	Confidential	Boise, ID	44	1990	Nov-20	$5,750,000	**4.74%**
--	Confidential	Nampa, ID	21	1978	May-20	$2,800,000	**4.62%**
--	Confidential	Nampa, ID	172	2017-2019	Apr-20	$30,000,000	**4.80%**
--	Confidential	Boise, ID	200	1971; updated	Mar-20	$28,500,000	**4.75%**
--	Confidential	Eagle, ID	88	1995	Mar-20	$13,200,000	**4.86%**
--	Confidential	Boise, ID	105	1995	Jan-20	$13,750,000	**5.00%**
	Confidential	Meridian, ID	108	2015	Jan-20	$18,800,000	**5.46%**
--	Confidential	Boise, ID	80	2018	Nov-19	$12,750,000	**5.30%**
--	Confidential	Kuna, ID	154	2018	Oct-19	$24,000,000	**4.74%**
--	Confidential	Boise, ID	71	1973	Sep-19	$9,200,000	**4.93%**
--	Confidential	Boise, ID	88	2015	Aug-19	$14,250,000	**5.00%**
--	Confidential	Meridian, ID	220	2014-2015	Jun-19	$40,000,000	**4.56%**
--	Confidential	Boise, ID	48	2007 & 2017	Mar-19	$11,200,000	**5.27%**
Average							**4.59%**
Median							**4.70%**
Minimum							**2.80%**
Maximum							**5.72%**

The oldest sales generally form the high-end of the range. Below market rents at time of sale of the comparables at the very end of the range, such as Sales #1 and #4, placed downward pressure on the capitalization rate.

Location and physical characteristics all affect the price paid and the corresponding capitalization rate. The size and price category also influences the capitalization rate. Typically, smaller projects in a lower price category exhibit lower rates. Since mid-2012, capitalization rates have exhibited a general downward trend in the subject market, fueled by stabilizing to strong market conditions, low mortgage interest rates, strong and increasing regional investor interest and a limited number of available properties for sale.

The following factors were considered in our selection of a capitalization rate:

- The subject is in the downtown core of Twin Falls, the largest city within a 100-mile radius that serves as a retail and medical hub for south central Idaho and northeastern Nevada.
- The subject is a proposed 5-story interior corridor apartment building with elevator access, and a shared 5.5-level podium parking garage with a subterranean level. The parking garage will be situated between the subject and a similar building to the north that will be jointly developed by the subject developer and the land owner, which is excluded from the analysis.
- The proposal includes 48 apartment units will include studio, 1BR and 2BR units, and a 1,106-square foot ground floor retail suite. The apartment units feature average utility and assumed upgraded interior finishes, which is consistent with most new(er) apartment complexes developed in the local market.
- Our research and statistics indicate strong demand characterized by significantly increasing rent rates and very low vacancy, which has precipitated significant new development. Despite the increase in supply, has not been impacted. Regional investor interest is strong.
- The local and regional apartment market has not been adversely impacted by COVID-19. Local and regional investor interest is very strong. Although currently utilized as apartments, the subject has the potential to be converted to “for sale” townhomes, which increases investor appeal.
- Market rents were utilized. Based on the trend of increasing rental rates in the regional apartment market, income upside is rated moderate.
- It should also be recognized that typically, existing facilities exhibit a range of rents with a portion being below market. The below market rents are a function of holding older leases steady as market rents increase over time. In turn, the below market average rents of a facility push down the capitalization rate relative to a proposed project in which all units are projected at market levels. Thus, in developing a capitalization rate for a proposed project such as the subject, caution is used in selecting a rate toward the low-end of the range.

A capitalization at the upper mid-range of the comparables or **4.75%** is concluded. Note the conclusion is at the high-end of the three most recent sales in the subject market of Twin Falls (2.80%-4.72%).

PwC Survey Data - Capitalization rate data compiled by the PwC Real Estate Investor Survey was also analyzed. PricewaterhouseCoopers is one of the most recognized commercial real estate research valuation and consulting firms in the nation. National capitalization rate data is summarized in the following table:

Pricewaterhouse Coopers Real Estate Investor Survey, 1Q22 National Apartment Market					
	Current Quarter	Last Quarter	1 Year Ago	3 Years Ago	5 Years Ago
Range	3.00% - 7.00%	3.00% - 7.00%	3.50% - 7.00%	3.50% - 7.00%	3.50% - 8.00%
Average	4.40%	4.42%	5.04%	5.03%	5.33%
Change (basis points)	--	-2	-64	-63	-93

The preceding conclusion of 4.75% is at the lower mid-range. The conclusion is appropriate for a property with the subject’s physical characteristics and location in a secondary market, and lends further support to the analysis.

Conclusion

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. As indicated in the direct capitalization summation table on the following page, the market value conclusion via the Income Capitalization Approach is summarized as follows:

Income Capitalization Approach Summary	
NOI	$477,780
Capitalization Rate	4.75%
Value Indication	**$10,060,000**
Value Per Unit	$209,583

INCOME CAPITALIZATION APPROACH SUMMATION TABLE						
Rental Income:						
	Unit Type	#	Size (SF)	Avg. Rent/Mo.		Annual Income
	Studio	20	482	$975		$234,000
	1BR/1BA	4	614	$1,250		$60,000
	1BR/1BA	4	713	$1,300		$62,400
	1BR/1BA	4	800	$1,350		$64,800
	2BR/1BA	8	765	$1,450		$139,200
	2BR/2BA	8	891	$1,550		$148,800
	Total/Average	48	654	$1,231		$709,200
Ancillary Income:						
Commercial Space Rent ($18/SF x 1,106 SF)						$19,908
Miscellaneous ($250/unit)						$12,000
Parking Garage ($45/space x 65 spaces x 12 months)						$35,000
Utility Reimbursements						$21,000
TOTAL POTENTIAL GROSS INCOME						**$797,108**
Less Vacancy/Credit Loss						
Apartments, Ancillary Income Excluding Parking				5.0%		($38,105)
Parking Garage				10.0%		($3,500)
Total				5.2%		($41,605)
EFFECTIVE GROSS INCOME (EGI)						**$755,503**
Operating Expenses		Total	Per Unit	% EGI		
Real Estate Taxes		$84,000	$1,750	11.1%		
Insurance		$22,080	$460	2.9%		
Utilities		$44,400	$925	5.9%		
Repairs & Maintenance		$43,200	$900	5.7%		
Payroll (On-site mgmt)		$31,200	$650	4.1%		
Professional Management		$26,443	$551	3.5%		
Advertising		$2,400	$50	0.3%		
General/Administrative		$9,600	$200	1.3%		
Reserves for Replacement		$14,400	$300	1.9%		
Total		$277,723	$5,786	36.8%		($277,723)
NET OPERATING INCOME						**$477,780**
VALUATION OF INCOME		NOI	Divided by	Cap Rate	Equals	Value
		$477,780	÷	4.75%	=	$10,058,526
MARKET VALUE CONCLUSION (ROUNDED)						**$10,060,000**

Hypothetical Market Value As Completed and Stabilized
Sales Comparison Approach

Methodology

This approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. In this approach, an indication of market value is developed by analyzing closed sales, listings, or pending sales of properties similar to the subject property, using the most relevant units of comparison. The primary unit of comparison selected depends on the appraisal problem and nature of the property. A systematic procedure for applying the Sales Comparison Approach includes the following steps:

1. Research and verify transactional data to produce an adequate, reliable data set.
2. Select a relevant unit of comparison; the primary unit of comparison in the market for properties such as the subject is price per unit.
3. Analyze and adjust the comparable sales for differences in various elements of comparison and physical/location characteristics.
4. Reconcile the sales into an indication of value for the subject.

Comparable Selection

For comparative analysis, four comparables were selected for comparison to the subject. We identified three comparable sales in the subject market. The sales occurred between February 2021 and April 2022. They range in size from 32 to 112 units and were built between 2018 and 2020.

Comparable data sheets and location map are presented on the following pages. A discussion of transaction adjustments and quantitative adjustments follows the data sheets.

Sale Comparable 1

Identification/Location

Name	Canyon Falls
Address	1835 N. Harrison St.
City, State, Zip	Twin Falls, ID 83301
Parcel No.	RPT05830010010A, RPT05840010010A, RPT05840010020A, RPT05840010030A, RPT05840010040A
Submarket:	North Twin Falls

Site Characteristics

Size (Acres)	5.00
Size (SF)	217,800
Zoning	C-1 (Commercial Highway District)
Density (Units/acre)	16.00

Physical Characteristics

Design	4-plex
# Stories	2
Year Built	2018
# Units	80
Unit Type	Townhome
Unit Mix	(80) 2BR/2BA
Net Rentable Area	74,400
Average Unit Size	930
Quality	Good; wood frame/fiber cement
Effective Age/Condition	Good
Parking	2.00 spaces/unit; open
Unit Amenities	Standard appliances; patio; forced-air heat & central a/c; washer/dryer; storage closet
Common Amenities	Common landscaped areas

Transaction Details

Buyer	Olympus Properties or related entity
Seller	Scaggs or related entity
Source	Marketing brochure; listing agent
Date	Apr-22
Marketing Time	Unknown
Financing Terms	Cash equivalent
Conditions of Sale	None
Expenditures Made After Purchase	None
Sale Price	$21,600,000

Financial Indicators

PGI	$1,108,560
EGI	$1,053,132
Expenses	-$448,000
Net Operating Income (NOI)	$605,132
Capitalization Rate	2.80%
PGIM	19.48
Price/Unit	$270,000

Comments

Located in north Twin Falls just off primary arterial (Highway 93) and bordered by Canyon Rim Trail to north, which provides access to nearby Snake River Canyon. Capitalization rate derived from actual rents at time of sale and appraiser estimated expenses. Inferred capitalization rate atypically low. Rents were below market at time of sale, which placed downward pressure on rate.

Sale Comparable 2

Identification/Location

Name	Cedar Park
Address	205 Meadowview Ln.
City, State, Zip	Twin Falls, ID 83301
Parcel No.	RPT08420010010
Submarket:	SE Twin Falls

Site Characteristics

Size (Acres)	6.52
Size (SF)	283,881
Zoning	C-1 (Commercial Highway District)
Density (Units/acre)	17.18

Physical Characteristics

Design	4-plex
# Stories	2
Year Built	2020
# Units	112
Unit Type	Townhome
Unit Mix	(112) 2BR/2BA
Net Rentable Area	103,040
Average Unit Size	920
Quality	Good; wood frame/fiber cement
Effective Age/Condition	Good
Parking	2.00 spaces/unit; open
Unit Amenities	Standard appliances; patio; forced-air heat & central a/c; washer/dryer; storage closet
Common Amenities	Common landscaped areas

Transaction Details

Buyer	Olympus Properties or related entity
Seller	Scaggs or related entity
Source	Listing agent: Matt Naumann, CBRE
Date	Apr-22
Marketing Time	Not actively listed in open market
Financing Terms	Cash equivalent
Conditions of Sale	None
Expenditures Made After Purchase	None
Sale Price	$27,000,000

Financial Indicators

PGI	Confidential
EGI	Confidential
Expenses	Confidential
Net Operating Income (NOI)	Confidential
Capitalization Rate	Confidential
PGIM	Confidential
Price/Unit	$241,071

Comments

Newer 4-plex complex in southeast Twin Falls, just north of Addison Avenue East. Completed in May 2020. Same buyer and seller as Comparable 1 (Canyon Falls), both of which were developed by seller.

Sale Comparable 3

Identification/Location

Name	Creekside Townhomes
Address	1450 Creekside Way
City, State, Zip	Twin Falls, ID 83301
Parcel No.	RPT59780010040
Submarket:	Northwest Twin Falls

Site Characteristics

Size (Acres)	2.87
Size (SF)	125,017
Zoning	R-6
Density (Units/acre)	13.24

Physical Characteristics

Design	4-Plex
# Stories	Mostly 2; 2 flat units
Year Built	2020
# Units	38
Unit Type	Flat
Unit Mix	(38) 2BR/2BA
Net Rentable Area	35,996
Average Unit Size	947
Quality	Average; wood frame/fiber cement
Effective Age/Condition	Good
Parking	2.00 spaces/unit; 100% open
Unit Amenities	Standard appliances; patio/balcony; forced-air heat & central a/c; washer/dryer; storage closet
Common Amenities	Landscaped areas

Transaction Details

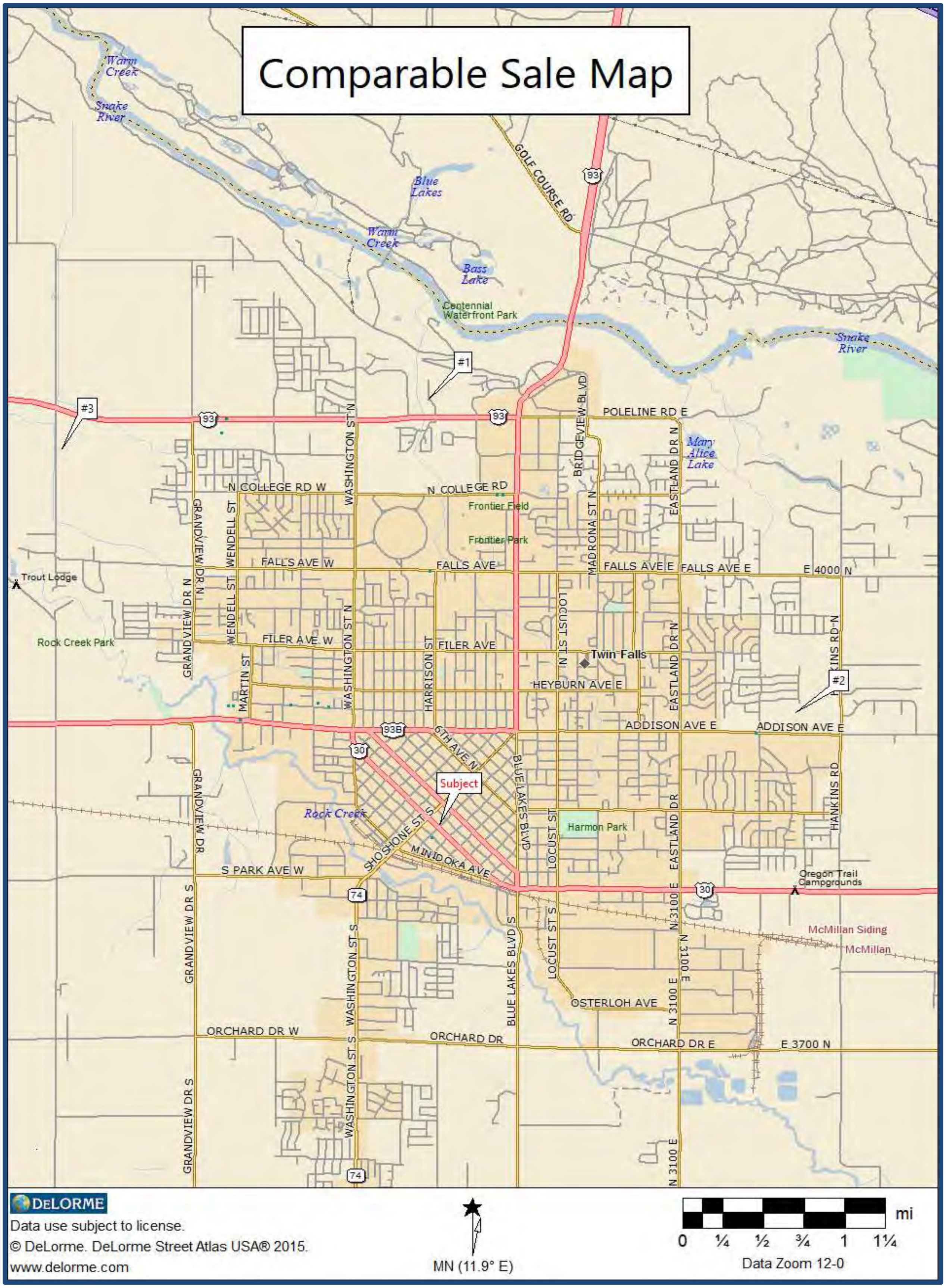
Buyer	Stephen Bachelder and/or assigns
Seller	Scaggs or related entity
Source	PSA, seller
Date	Feb-21
Marketing Time	Not actively listed
Financing Terms	Cash equivalent
Conditions of Sale	None
Expenditures Made After Purchase	None
Sale Price	$6,500,000

Financial Indicators

PGI	$490,940
EGI	$466,393
Expenses	-$176,516
Net Operating Income (NOI)	$289,877
Capitalization Rate	4.46%
PGIM	13.24
Price/Unit	$171,053

Comments

Located in transitional neighborhood in northwest Twin Falls. Capitalization rate based on actual rents, which were below market, and appraiser estimated expenses. Low rents placed downward pressure on rate.


Comparable Sale Map
#1
#2
#3
Subject
Twin Falls
Snake River
Warm Creek
Blue Lakes
Bass Lake
Centennial Waterfront Park
Mary Alice Lake
Frontier Field
Frontier Park
Trout Lodge
Rock Creek Park
Rock Creek
Harmon Park
Oregon Trail Campgrounds
McMillan Siding
McMillan
GOLF COURSE RD
POLELINE RD E
N COLLEGE RD W
N COLLEGE RD
FALLS AVE W
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FILER AVE W
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HEYBURN AVE E
ADDISON AVE E
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MINIDOKA AVE
6TH AVE N
SHOSHONE ST S
OSTERLOH AVE
ORCHARD DR W
ORCHARD DR
ORCHARD DR E
E 3700 N
GRANDVIEW DR N
GRANDVIEW DR
GRANDVIEW DR S
WENDELL ST
WENDELL ST N
MARTIN ST
WASHINGTON ST N
WASHINGTON ST S
HARRISON ST
BLUE LAKES BLVD
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BRIDGEVIEW BLVD
MADRONA ST N
LOCUST ST N
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Transaction Adjustments

When necessary, transaction adjustments are applied for 1) real property rights conveyed, 2) financing terms, 3) conditions of sale, 4) expenditures made immediately after purchase and 5) market conditions. Each category is discussed as follows:

Real Property Rights Conveyed - This adjustment accounts for the real property rights attached to a property, such as a lease contract or deed restrictions. All of the comparable sales were encumbered by short-term and/or month-to-month leases and reflected leased fee ownership. No adjustments warranted.

Financing Terms - This category accounts for atypical financing arrangements, such as assuming an existing mortgage at a favorable interest rate, an above market interest rate, loan prepayment penalty, installment sale contract or wraparound loan. The transaction price of one property may differ from that of an identical property due to different financing arrangements. Unless better information is made available, all comparables sold with conventional financing, and al reflected cash equivalent terms. No other adjustments are warranted.

Conditions of Sale - This adjustment category accounts for impact on a property's sale price attributable to atypical buyer or seller motivation. Non-arm's length transactions are typically avoided. To the best of our knowledge, none of the comparables sold with atypical motivation. Comparables 2 and 3 were not listed in the open market. Based on our knowledge of the transactions, the lack or limited exposure time did not impact the purchase price. No quantifiable adjustment is supported.

Expenditures Made Immediately After Purchase - This adjustment category accounts for expenditures that will have to be made upon purchase of a property because these costs affect the price the buyer agrees to pay, such as the costs to demolish/remove any buildings, costs to cure deferred maintenance or absorption costs to reach a stabilized level of occupancy. The three comparables are newer projects, and no adjustments warranted.

Market Conditions – Based on strong market conditions, as illustrated by historically high and continually increasing rents coupled with very low vacancy despite significant new additions to supply over the past ±10 years, coupled with low mortgage rates and strong and recently increasing regional investor demand stemming from lower price per unit indicators versus higher priced larger metro areas (i.e., California, Washington, Oregon) indicate very strong appreciation rates, and an apparent spike over the past ±1.5 years. As previously discussed, the local and regional apartment market have not been impacted by COVID-19. To estimate an appropriate appreciation rate, two paired regional sales were considered.

Paired Sales		
Property	Heron Village	Rock Pointe
Location	Meridian, ID	Eagle, ID
# Units	108	88
Year Built	2015	1995
Most Recent Sale Date	Jan-20	Nov-21
Most Recent Sale Price	$174,074	$250,000
Previous Sale Date	Jul-17	Mar-20
	$129,630	$150,000
Months Elapsed	31	20
Appreciation Rate	34%	67%
Compounded Annual Rate	**12%**	**36%**

An appreciation rate at the mid-range of the comparables or 33%/year is warranted for Comparable 3. The adjustment rate totals 29% (calculated over 16-month period between date of sale of Feb-21 and effective date of valuation of end of Jun-22). No adjustments warranted for Comparables 1 and 2, which are recent transactions (Apr-22).

The trend of increasing local market rents also lends support to the appreciation rate. As discussed in the Income Capitalization Approach, local market rents have significantly increased over the past $\pm$1.5 years. Since November 2020, rents increased 46%-47% at Rent Comparable 2, and 38% at Comparable 3.

Quantitative Adjustments

Quantitative adjustments necessary for such factors as location, age/quality, condition, design, size, unit mix, common use /unit amenities and parking are applied when applicable. These adjustments are based on owner/management responses, paired property analysis and the appraiser's significant experience in the market.

Location – All three comparables 1-3 are in the subject market. Comparable 1 is located 3.5 miles north in northwest Twin Falls, where most of the new development is occurring, and the neighborhood is rated superior based on property appeal levels, linkage and proximity to commercial services and medical center. It is also in proximity to the Canyon Rim Trail and Snake River Canyon. Comparable 2 is located 1.7 miles northeast in a reasonably similar neighborhood. Comparable 3 is located five miles northwest in a transitional neighborhood in northwest portion of Twin Falls, further west of Comparable 1. The location is rated superior.

To account for differences in location, adjustments are applied based on a conversion of the approximate rent premiums for differences in location to value per unit using a market-derived gross rent multiplier (GRM) of 13.50, which results in adjustments ranging from -10% to -0%.

Quality – This category accounts for value differences attributable to variances in building construction quality, including interior finishes/features. To develop a percentage adjustment for general construction quality, the estimated replacement cost new of the comparables has been paired with the estimated reproduction cost of the subject. Cost data obtained from Marshall Valuation Service has been relied upon. The subject's construction quality is anticipated to be good, reasonably similar to all of the comparables, which were developed between 2018 and 2020. No adjustments warranted.

Effective Age and Condition - This category considers value differences attributable to variances in building age, condition and interior finishes. Newer buildings of similar finish and location quality typically command higher price per square foot sale prices versus older buildings. Comparables 1, 2 and 3 are relatively new, built between 2018 and 2020 with reasonably similar effective age and condition. No adjustment warranted.

Project Size – The comparables range in size from 38 to 112 units, bracketing the subject (48 units). All would likely attract a similar buyer profile. No adjustments warranted.

Average Unit Size – Apartment projects exhibit a price variance due in part to average unit size. Adjustments are applied based on a rate of $110/SF applied to the difference in size, which equates to 51% of the estimated direct building improvement cost ($214/SF). It considers the depreciated marginal cost of the additional size, tempered based on the subject's smaller average unit size. The adjustments range from to -13% to -16%.

Design/Style – The subject is designed as a mid-rise building with interior corridors and access to upper floors via elevator. All three comparables are 2-story 4-plex buildings with townhouse units directly accessible from the ground floor. No adjustments are applied, as it is largely a matter of tenant preference and no quantifiable evidence exists for an adjustment.

Unit Amenities – The comparables are similar with respect to heating/cooling, washer/dryer set, but all three include a patio and storage closet, which the subject lacks. Also, the comparables have a higher bathroom count (2.0). Adjustment rates for patio, storage closet and bathroom count are summarized in the following table. It is noted that no adjustments are applied for differences in bedroom count, which has been accounted for under the average unit size adjustment category.

Unit Amenity Adjustment Rates		
Amenity	Contributory Value	Comments
Patio/Balcony	$3,400	Based on mo. premium of $20 and 14 GRM
Storage Closet	$2,500	Based on mo. premium of $15 and 14 GRM
Bathroom Count	$6,700	Based on mo. premium of $40 and 14 GRM

Parking – The comparables include adequate parking and reasonably similar in ratio, but vary with respect to type. Adjustments are based upon the replacement cost derived from Marshall Valuation Service, a national firm that provides a continuing update of current costs for all types of real estate construction.

Parking Adjustment Rates		
Amenity	Contributory Value	Comments
Parking Garage Space	$8,000	Based on mo. premium of $45 and 14 GRM

Common Amenities – Adjustments are applied based on a conversion of the approximate rent premiums for differences in amenities to a value per unit using a gross rent multiplier of 14.00, which is then converted to a percentage by dividing the value premium into the time adjusted sale price per unit. The comparables lack any notable common amenities, except landscaped areas.

Other – The subject will include an 1,106-square foot of ground floor commercial suite, which the comparables lack. No directly comparable sales of properties in the downtown core were identified. To adjustment the comparables, we have processed an income capitalization approach based on the previously concluded inputs, as summarized in the following table:

Contributory Value of Retail Suite	
Size (SF)	1,106
Concluded Market Rent/SF	$18.00
PGI	$19,908
Less Vacancy	($995)
EGI	$18,913
Less Expenses (reserves only; triple net assumed)	-221
NOI	$18,692
Capitalization Rate	5.50%
Market Value	$340,000
Per SF	$307

Adjustments are applied to the comparables based on a conversion of the contributory value per unit of $7,083 ($340,000/48 subject units). The adjustment rates range from +2.5% to +3.1%.

Presentation

On the following page, a comparable sale summation table is provided, followed by a location map and photographs. Following the location map is a discussion of the comparables and our explanation of quantitative adjustments, leading to a price per unit conclusion.

Comparable Sale Summation Table

Identification	Subject	Sale No. 1	Sale No. 2	Sale No. 3
Name	**2nd & Hansen Mixed-Use Project**	**Canyon Falls**	**Cedar Park Townhomes**	**Creekside Townhomes**
Street Address	2nd Ave. S. and Hansen St. S.	1835 Harrison St. N.	205 Meadowview Ln.	1450 Creekside Way
City, State	Twin Falls, ID 83301	Twin Falls, ID 83301	Twin Falls, ID 83301	Twin Falls, ID 83301
Location Quality	Average; downtown	Good; N Twin Falls	Average; SE Twin Falls	Above average; NW Twin Falls
Physical Characteristics				
Land Size (Acres)	0.57	5.00	6.52	2.87
Land Size (SF)	25,000	217,626	283,881	125,191
Zoning	CD (Commercial Central Business District)	C-1 (Commercial Highway District)	Unk	R-6 (Residential Multi-Household District)
Year Built	Proposed	2018	2020	2020
Net Rentable Area (SF)	31,396	74,400	103,040	35,996
Size (# units)	48	80	112	38
Unit Mix	(20) studio, (12) 1BR/1BA, (8) 2BR/1BA, (8) 2BR/2BA	(80) 2BR/2BA	(112) 2BR/2BA	(38) 2BR/2BA
Average Unit Size	654	930	920	947
Design	5-story interior corridor with elevator	4-plex	4-plex	Mostly 4-plex; (1) duplex
Style	Flat	Townhouse	Townhouse	Mostly townhouse (2 flat units)
Construction quality/type	Good; concrete, steel/stucco, storefront glass	Good; wood frame/fiber cement board	Good; wood frame/fiber cement board	Good; wood frame/fiber cement
Condition	Average	Good	Good	Good
Density (units/acre)	83.62	16.00	17.19	13.24
Common Amenities	Securitized lobby, bike storage, roof deck (not fully detailed yet), pedestrian courtyard	None except common landscaped areas	None except common landscaped areas	None except common landscaped areas
Unit Amenities	Standard appliances; forced-air heat & central a/c; washer/dryer	Standard appliances; patio; forced-air heat & central a/c; washer/dryer; storage closet	Standard appliances; patio/balcony; forced-air heat & central a/c; washer/dryer; storage closet	Standard appliances; patio/balcony; forced-air heat & central a/c; washer/dryer; storage closet
Parking Ratio (spaces/unit)	2.34	2.00	2.00	2.00
Parking Type	100% parking garage	100% open	100% open	100% open
Comments		Below market rents placed downward pressure on capitalization rate	Income data not available	
Sale Information				
Real Property Rights Conveyed		Fee simple	Fee simple	Fee simple
Buyer		Olympus Propertyor related entity	Olympus Property or related entity	Stephen Bachelder and/or assigns
Seller		Scaggs or related entity	Scaggs or related entity	Scaggs or related entity
Data Source		Marketing brochure; listing agent: Matt Naumann, CBRE	Listing agent: Matt Naumann, CBRE	Seller; PSA
Date of Sale	Effective as of Jun-22	Apr-22	Apr-22	Feb-21
Marketing Period		Unknown	Not actively listed in open market	Not actively listed in open market
Financing Terms		Cash equivalent	Cash equivalent	Cash equivalent
Condition of Sale		None	None	None
Expenditures Made Immediately After Purchase		None	None	None
Non-Realty Components to Value		None	None	None
Sale Price		**$21,600,000**	**$27,000,000**	**$6,500,000**
PGI		$1,108,560	Confidential	$490,940
Vacancy		-$55,428	Confidential	-$24,547
EGI		$1,053,132	Confidential	$466,393
Total Expenses		-$448,000	Confidential	-$176,516
Expenses per unit		-$5,600	Confidential	-$4,645
Expense % of EGI		-42.5%	Confidential	-37.8%
NOI		$605,132	Confidential	$289,877
Capitalization Rate		2.80%	Confidential	4.46%
PGIM		19.48	Confidential	13.24
Unadjusted Sale Price/Unit		**$270,000**	**$241,071**	**$171,053**
Transaction Adjustments				
Real Property Rights Conveyed		0%	0%	0%
Financing Terms		0%	0%	0%
Conditions of Sale		0%	0%	0%
Expenditures Made Immediately After Purchase		0%	0%	0%
Non-Realty Components to Value		0%	0%	0%
Market Conditions		0%	0%	33%
Adjusted Sale Price/Unit		**$270,000**	**$241,071**	**$227,500**
Quantitative Adjustments				
Location		-5%	0%	-2%
Construction Quality		0%	0%	0%
Effective Age/Condition		0%	0%	0%
Size (# of units)		0%	0%	0%
Unit Mix/Avg Unit Size		-13%	-14%	-16%
Design/Style		0%	0%	0%
Unit Amenities		-5%	-5%	-6%
Parking		6%	7%	7%
Common Amenities		2%	2%	2%
Other (Retail Suite)		3%	3%	3%
Net Adjustment		*-12%*	*-7%*	*-12%*
Final Adjusted Sale Price/Unit		**$236,860**	**$224,707**	**$199,953**

Price Per Unit Conclusion

Prior to performing quantitative adjustments, the comparables indicated a price per unit range from $171,053 to $270,000. After applying transaction adjustments and performing quantitative adjustments for location and physical characteristics, the comparables bracket a supportable per unit range from $199,953 to $236,860, with an average of $220,507 and a median of $224,707.

Considering all relevant factors, a unit value consistent with the adjusted comparable average is concluded, or **$220,000**. The market value via the Sales Comparison Approach is summarized as follows:

Sales Comparison Approach Summary	
Price Per Unit	$220,000
# Units	48
Value Indication	$10,560,000

Hypothetical Market Value As Completed and Stabilized

Reconciliation

The indicated values from the approaches used and our concluded market values for the subject property are summarized in the following table:

Summary of Value Indications	
Cost Approach	N/A
Income Capitalization Approach	$10,060,000
Sales Comparison Approach	$10,560,000
Hypothetical Market Value Upon Stabilization	**$10,210,000**

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. The approaches relate fairly well to one another within a pattern characteristic of current market conditions.

The **Income Capitalization Approach** most closely resembles the type of analysis utilized by investors of income-producing properties. Market data regarding rental rates, vacancy, operating expenses, and capitalization rates was adequate to form a reasonably reliable opinion of value. Therefore, this approach is assigned primary weight in the final conclusion of value.

In the **Sales Comparison Approach**, the price per unit method was utilized. In active markets with a large number of physically similar comparables, this approach is generally considered to be a good indicator of value. However, it is recognized that not all characteristics can be accounted for in the adjustment process. An adequate number of recent local sales properties were available, including three local sales, two of which occurred in April 2022. This approach is assigned secondary weight.

Development Cost Analysis

Introduction

The preceding valuation concluded the hypothetical market value upon stabilization for the proposed project. To conclude the Fair Re-Use Value, total development costs are deducted from the estimated market value resulting in a residual value prior to development. In addition to total development costs, selling costs, absorption costs, and an allowance for developer profit (entrepreneurial incentive) are deducted.

Developer Budget

The developer provided a detailed cost estimate for the construction of the improvements (included in addenda). The developer budget has been reconstructed in the following table, and includes all direct costs and indirect costs to be incurred during the construction phase. The estimate excludes leasing commissions and holding costs during lease-up, which will be separately estimated later. Also, the developer profit was based on 5% of the total development cost, which is below market norms. The development budget has been reconstructed in the following table:

Reconstructed Developer Budget	
Direct Building/Site Improvement Costs	
Demolition	
Construction Costs (lump sum; assumed to include site work, contractor overhead/profit, general conditions)	$8,956,160
Architect/Engineering Fees	$525,000
Contingency	$560,000
Building Permits	$75,000
Furnishings	$45,000
Surveys	$30,000
Construction Loan Interest	$584,000
Construction Loan Fee	$75,000
Construction Insurance	$75,000
Subtotal	**$10,925,160**
Indirect Costs	
Impact/Utility Tap-In Fees	$150,000
Legal	$25,000
Consultant Fees (incl. tax opinion)	$23,000
Environmental Fees, Studies	$15,000
3rd Party Reports	$5,000
Title/Recording	$25,000
Marketing	$30,000
Organizational Fees	
Property Taxes During Construction	$20,000
Stabilization Costs	$25,000
Leasing/Operating Reserves	$165,000
Subtotal	**$483,000**
Developer Profit	
Profit (5%)	$600,000
Total	**$12,008,000**
Gross Building Area (SF)	41,874
Per SF	**$287**

Costs of Sale

Expenses associated with the cost of sale include marketing, sales commissions, and closing costs. Based on our estimated market value upon stabilization, total sales costs are estimated at 5% or **$510,000**.

Stabilization Costs

The valuation concluded market value upon stabilization. It was based on the assumption that construction was complete, and the subject was operating at a stabilized level of 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 lease commissions and holding costs (i.e. rent loss, tenanting costs). Leasing costs are included in the development budget. The costs include stabilization costs of $25,000 and leasing/operating reserves of $165,000, or a total of $190,000.

Based on our estimates of rent loss, tenant costs and leasing commissions, stabilization costs total $140,000, as summarized in the following table:

Appraiser Estimated Tenanting Costs			
Category	**$/Unit**	**# Units**	**Total Cost**
Rent Loss (Apartments)*	--	--	$113,000
Advertising/Misc.	$150	48	$7,200
Leasing Commission (Apartments)	$75	48	$3,600
Leasing Commisson (Retail)**	--	--	$6,300
Rent Loss (Retail)			$10,000
Total			**$140,000**

*10 unit/month absorption rate
**Assumes 5-year lease with 3% annual escalations, 6% commission
***Assumes 6-month marketing period

Assuming that a portion of the developer estimated stabilization costs will be utilized for operating reserves, the developer estimated stabilization cost of **$190,000** is reasonable. No further deduction warranted.

Entrepreneurial Incentive/Developer Profit

Entrepreneurial incentive or developer profit is a market-derived estimate separate 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 6th 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 8th & 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 Mussel 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. Mussel 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%.

Based on the survey of market participants and the scope of the project, an entrepreneurial incentive of 10% of the total development costs is reasonable. As previously noted, the budget includes an allocation for 5% ($600,000), which is below market norms. Including the additional 5% ($600,000), the total incentive is 10% ($1,200,000).

Additional Land Cost

The subject site is comprised of ±25,000 square feet. To accommodate the development of the parking garage, an additional 12,500 square feet of the two parcels bordering to the north (RPT0001103017A, RPT0001103023A) will be required. The subject developer and the owner of the two parcels will reportedly jointly develop the northern building, which will share the parking garage with the subject development. Based on a review of recent land sales in the downtown market of Twin Falls, which are limited, and surveys of local market participants, a unit value of $10/SF is estimated. The estimated market value of the additional land necessary for the subject development is $150,000 ($12/SF x 12,500 SF; rounded).

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 Summary	
Developer Budget	
Direct Building/Site Improvement Costs	$10,925,160
Indirect Costs	$483,000
Developer Allocated Entrepreneurial Incentive (5%)	$600,000
Subtotal	$12,008,160
Plus:	
Costs of Sale (5%):	$511,000
Additional Developer Entrepreneurial Profit (5%)	$600,000
Additional Land Cost for Portion of Parking Garage Area ($12/SF x 12,500 SF)	$150,000
Total Development Cost	**$13,269,000**

Fair Re-Use Value Conclusion

Total development costs, including costs of sale, development costs, stabilization costs (i.e., rent loss, leasing commissions, tenanting costs, holding costs during lease-up), developer profit/entrepreneurial incentive and additional land costs are deducted from the hypothetical "upon stabilization" market value to derive the conclusion of fair re-use value. The calculations are detailed in the following table.

Fair Re-Use Value Summary	
Hypothetical Market Value Upon Stabilization	$10,210,000
Less:	
Stabilization Costs:	N/A; included in budget
Costs of Sale (5%):	($511,000)
Development Costs (incl. 5% profit, stabilization costs):	($12,008,000)
Additional Developer Entrepreneurial Profit:	($600,000)
Additional Land Cost for Portion of Parking Garage Area ($12/SF x 12,500 SF):	($150,000)
Fair Re-Use Value Conclusion	**($3,060,000)**

Appraiser Comments on Project Feasibility

The resulting fair re-use value for the proposed project is a negative $3,060,000. The negative value indicates that 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 feasibility of the development and reduce the negative value to a breakeven or marginally feasible venture, including 1) cost savings realized in the form of lower development costs, 2) lower operating expenses and 3) achieving higher rent levels.

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. Valbridge Property Advisors | Mountain States 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 Valbridge Property Advisors | Mountain States 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 Valbridge Property Advisors | Mountain States 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 Valbridge Property Advisors | Mountain States.
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.
33. 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 Valbridge Property Advisors | Mountain States 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 Valbridge Property Advisors | Mountain States 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 Valbridge Property Advisors | Mountain States 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 Valbridge Property Advisors | Mountain States for this assignment, and under no circumstances shall any claim for consequential damages be made.
35. Valbridge Property Advisors | Mountain States 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 Valbridge Property Advisors | Mountain States. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Mountain States 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 Valbridge Property Advisors | Mountain States harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Mountain States in such action, regardless of its outcome.

36. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Mountain States. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
37. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
38. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
39. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

Certification

We certify that, to the best of our 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

3. We 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. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the appraisal within the three-year period immediately preceding acceptance of this assignment.

5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

7. Our 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. Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

9. Kevin Ritter, MAI, made a personal inspection of the property that is the subject of this report. Joe Corlett, MAI, SRA, did not perform an inspection in conjunction with this assignment.

10. No one provided significant real property appraisal assistance to the persons 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 the 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, I, Kevin Ritter, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.

14. As of the date of this report, I, Joe Corlett, MAI, SRA, have completed the continuing education program for Designated Members of the Appraisal Institute.

Kevin Ritter, MAI
Senior Appraiser
State of Idaho Certificate No. CGA-2582
Certificate Expiration Date: 9/10/22

Joe Corlett, MAI, SRA
Senior Managing Director
State of Idaho Certificate No. CGA-7
Certificate Expiration Date: 3/11/23

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Kevin Ritter, MAI – Senior Appraiser

Joe Corlett, MAI, SRA - Senior Managing Director

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Definitions are taken from The Dictionary of Real Estate Appraisal, 6th 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)

Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

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, 4th 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;

Comment: 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.

Comment: 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.

Comment: 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)

See also Positive Leasehold and Negative Leasehold.

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 l*ease. (Dictionary)

Negative Leasehold
A lease situation in which the market rent is less than the contract rent. (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)

Positive Leasehold
A lease situation in which the market rent is greater than the contract rent. (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)

Engagement Letter

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

1459 Tyrell Lane, Suite B
Boise, ID 83706
208-336-1097 phone
208-345-1175 fax
valbridge.com

November 2, 2021

Ms. Amanda K. Schaus, Esq.
Elam & Burke
Attorneys at Law
251 E. Front Street, Suite 300
Boise, ID 83702

Re: Reuse Appraisal 2nd & Hansen, Twin Falls, Idaho

Dear Ms. Schaus,

At your request, we are pleased to submit a proposal to appraise the above-captioned property.

Valbridge Property Advisors | Mountain States. is a fully staffed, professional real estate appraisal and consulting firm, established in 1973. Effective March 19, 2013, Mountain States Appraisal and Consulting, Inc. became a founding member of Valbridge Property Advisors, Inc., a nationwide appraisal firm with 80 offices.

Clients include nearly all active mortgage lenders, savings and loan associations, and commercial banks in the Boise area as well as others throughout the United States. Additionally, the company clientele includes private investors, corporations, government agencies, attorneys and developers throughout the country involved in real estate in the Northwestern United States.

Activities in the commercial field include appraisals of multi-family residential, vacant and development land, commercial, office, industrial, conservation easements, rural-agricultural, special-purpose properties, and unique properties. Additionally, the appraisers are involved in condemnation appraisal, feasibility analysis, litigation support, and real estate consultation.

Appraisers regularly attend classes and seminars to further their advanced standing and to be kept abreast of new developments in the profession. All of our appraisers are either state-certified general appraisers (CGA), or real estate appraiser trainees (RT).

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You are our client in this assignment, and you along with the City of Twin Falls and Galena Opportunity Fund will be the sole intended users of the appraisal and report. The intended use of the appraisal is for reuse site valuation.

The purpose of this appraisal assignment is to develop an opinion of the market value of the property. The legal property rights appraised will be the fee simple interest or leased fee interest, as appropriate. The property will be valued as of our date of inspection unless requested otherwise by the client.

We will provide you with an electronic file (PDF) of the appraisal report. Upon request, we will furnish you with two bound copies.

Our fee for this appraisal will be $8,500, including any incidental expenses such as mileage. This amount will be due at completion of the assignment.

You may send the final appraisal fee by check or, if preferred, wired to the following account. Please be sure the payment includes a reference to the address of the property appraised.

If by Check:

Valbridge Property Advisors | Mountain States
1459 Tyrell Lane, Suite B
Boise, Idaho 83706

If by EFT:

D.L. Evans Bank
2560 E. Fairview Avenue
Meridian, Idaho 83642

Routing Number	124103582
Account Number	914019435

The estimated completion date of the appraisal is December 22, 2021. This date assumes that we will receive written authorization to proceed by November 3, 2021, (please return this letter by email), and that the relevant information needed for the appraisal will be received from our client on a timely basis.

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In order to appraise this property, please provide the information listed on the next page, as applicable.

If this proposal is acceptable, please have the party responsible for the fee authorize us to proceed with the appraisal by signing below. The signer needs to provide his or her full contact information. A copy of Valbridge Property Advisors | Mountain States's Standard Terms of Appraisal Agreement, which will be an integral part of this agreement, is attached.

We are looking forward to working with you on this assignment.

Respectfully submitted,
Valbridge Property Advisors | Mountain States

G. Joseph Corlett, MAI, SRA
Senior Managing Director
Idaho, Certification # CGA-7
Certificate Expires 03/11/22

Attachment

Accepted by: ____
(Signature)

____
(Please Print)

Date: ____

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Development Budget

RENTAL HOUSING DEVELOPMENT BUDGET — white space indicates data entry

PROJECT: Twin Falls Parking 56

NUMBER OF UNITS: 48 **TOTAL COST PER UNIT:** 250,170

ITEM	COST	% TOTAL	Depreciable	Amortize	Non-Depr.	Historic RTC	LIHTC 4%	LIHTC 9%
ACQUISITION								
Build Acquisiton	0	0.00%	0				0	
Land Acquisition	0	0.00%			0			
SITE IMPROVEMENTS								
Demolition	0	0.00%	0			0	0	0
On-Site Imp.	0	0.00%	0				0	0
Off-Site Imp.	0	0.00%			0			
CONSTRUCTION								
Rehabilitation	0	0.00%	0			0	0	0
New Construction	8,956,160	74.58%	8,956,160				8,956,160	8,956,160
Contingency	560,000	4.66%	560,000			560,000	560,000	560,000
Tap & Impact Fees	150,000	1.25%	150,000			150,000	150,000	150,000
Permits	75,000	0.62%	75,000			75,000	75,000	75,000
Furnishings	45,000	0.37%	45,000				45,000	45,000
Other	0	0.00%	0			0	0	0
PROFESSIONAL FEES								
Survey	30,000	0.25%	30,000			30,000	30,000	30,000
Architect & Engineer	525,000	4.37%	525,000			525,000	525,000	525,000
Real Estate Attorney	25,000	0.21%	25,000			25,000	25,000	25,000
Consultant	17,500	0.15%	17,500			17,500	17,500	17,500
Tax Opinion	5,500	0.05%			5,500			
Developer Fee	600,000	5.00%	600,000			600,000	600,000	600,000
Market Study	0	0.00%	0			0	0	0
Environmental	15,000	0.12%	15,000			15,000	15,000	15,000
Cost Certification	0	0.00%	0			0	0	0
Other	0	0.00%	0			0	0	0
CONSTRUCTION FINANCE								
Constr. Loan Interest	584,000	4.86%	584,000			584,000	584,000	584,000
Constr. Loan Fee	75,000	0.62%	75,000			75,000	75,000	75,000
Constr. Origination	0	0.00%	0			0	0	0
Appraisal	5,000	0.04%	5,000			5,000	5,000	5,000
Title and Recording	25,000	0.21%	0			25,000	25,000	25,000
Other	0	0.00%	0			0	0	0
PERMANENT FINANCE								
Perm. Loan Fee		0.00%		0				
Perm. Origination		0.00%		0				
Title and Recording		0.00%		0				
Other		0.00%		0				
SOFT COSTS								
Tax Credit Appl. Fee	0	0.00%			0			
Tax Credit Mon. Fee	0	0.00%			0			
Marketing Expense	30,000	0.25%		30,000				
Organizational Exp.		0.00%		0				
Constr. Insurance	75,000	0.62%	75,000			75,000	75,000	75,000
Property Taxes	20,000	0.17%	20,000			20,000	20,000	20,000
Syndication Expense	0	0.00%			0			
Rentup Expense	25,000	0.21%			25,000			
Relocation	0	0.00%			0			
Other	0	0.00%						
RESERVES								
Rentup Reserve	15,000	0.12%			15,000			
Operating Reserve	150,000	1.25%			150,000			
Other	0	0.00%			0			
DEVELOPMENT COST	12,008,160	100.00%	11,757,660	30,000	195,500	2,781,500	11,782,660	11,782,660

Developer Pro-Forma

PRO FORMA (page 1 of 5) **Twin Falls Parking 56** white space indicates data entry

RENT AND EXPENSE ASSUMPTIONS

RESIDENTIAL RENTS

Unit Type	# Units	Mo. Rent	Ann. Rent
Studio (482sf)	20	1,025.00	246,000
1BED (800sf)	4	1,495.00	71,760
1Bed (713sf)	4	1,325.00	63,600
1Bed (614sf)	4	1,195.00	57,360
2Bed (891sf)	8	1,595.00	153,120
2Bed (765sf)	8	1,395.00	133,920
	0	0.00	0
	0	0.00	0
TOTAL	48		725,760

RESIDENTIAL ASSUMPTIONS	Percent
Rent Inc./Year	3.50%
Op Cost Inc./Year	2.00%
Reserves Inc./Year	3.00%
Vac. Year 1	5%
Vac. Year 2	5%
Vac. Year 3 & Future	5%

COMMERCIAL RENTS

Description	Leaseable SF	$/SF/Year	Annual Rent
	1,106	16.00	17,696
	0	0.00	0
	0	0.00	0
Total Commercial	1,106		17,696
	Leaseable SF	**$/SF/Year**	**Ten. Cont.**
Tenant Contributions	0	0.00	0
Tenant Contributions	0	0.00	0
Tenant Contributions	0	0.00	0
TOTAL TENANT CONTRIBUTIONS	0		0

COMMERCIAL ASSUMPTIONS	Percent
Rent Inc./Year	2.00%
Op. Cost Inc./Year	0.00%
Reserves Inc./Year	3.00%
Vac. Year 1	0%
Vac. Year 2	0%
Vac. Year 3 & Future	0%
Other Income Increase	3%
Weighted Op. Exp.	2%

TOTAL INCOME	
Residential Income	725,760
Commercial Income	17,696
Tenant Contributions	0
Other Income	135,000
TOTAL INCOME	878,456

OPERATING EXPENSES	TOTAL	Per Unit		
Management Fee	29,000	604	3.5%	Percent of EGI
Advertise/Market	10,500	219		
Legal	3,000	63		
Administrative	21,500	448		
Utilities	58,000	1,208		
Trash	3,500	73		
Maintenance/Repairs	21,750	453		
Grounds	3,500	73		
Real Estate Property Tax	65,000	1,354		
Insurance	22,000	458		
Other	13,500	281		
Total Operating Expenses	251,250	5,234	28.60%	Percent of Revenue
Replacement Reserves	10,350	216		
Other	0	0		
Total Operating Exp. and Reserves	261,600	5,450	29.78%	Percent of Revenue

Qualifications

Qualifications of Kevin Ritter, MAI

Senior Appraiser

Valbridge Property Advisors | Mountain States Appraisal Inc.

Independent Valuations for a Variable World

State Certifications

State of Idaho

Education

Bachelor of Science, Finance
Boise State University (2000)

Contact Details

208-336-1097x15 (office)
858.922.2822 (cell)
208-345-1175 (fax)

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1459 Tyrell Ln., Suite B
Boise, ID 83703

www.valbridge.com
kritter@valbridge.com

Division of Occupational and Professional Licenses
Department of Self Governing Agencies
The person named has met the requirements for licensure and is entitled under the laws and rules of the State of Idaho to operate as a(n)
CERTIFIED GENERAL APPRAISER

KEVIN S RITTER
1459 TYRELL LN STE B
BOISE ID 83706

Russell S. Barron	CGA-2582	09/10/2022
Division Admin	Number	Expires

Membership/Affiliations:

Member: Appraisal Institute - MAI Designation (since 2016)

Appraisal Institute & Related Courses:

Uniform Standards of Professional Practice
The Dirty Dozen
Real Estate Finance, Statistics & Valuation Modeling
Advanced Sales Comparison & Cost Approaches
Advanced Income Capitalization
The Discounted Cash Flow Model
Advanced Applications
Apartment Appraisal
Small Hotel/Motel Valuation
Appraisal of Assisted Living Facilities
Appraisal of Fast Food Facilities
Foreclosure, Short Sale, Auction Price = Market Value
Other (transcript available on request)

Experience:

Senior Commercial Appraiser
Valbridge Property Advisors | Mountain States Appraisal, Boise, ID (2008-Present)

Commercial Appraiser/Manager
PGP Valuation Inc./Colliers, San Diego, CA (2001 – 2008)

Commercial Appraiser Trainee
Jones, Roach and Caringella, San Diego, CA (2000-2001)

Residential Appraiser
Roger M. Ritter, SRA, Boise, ID (1998-2000)

Appraisal/valuation and consulting assignments for all commercial property types, including multi-family residential, hotels, mini-storage, mobile home parks, office, retail, industrial, vacant land, net-lease and special-purpose (convenience stores/gas stations, carwashes, health clubs, bowling alleys). Multi-family residential assignments include both conventional and restricted projects (USDA RD, HUD, LIHTC), rent comparability studies, HUD Section 223(f) and 221 (d)(4) programs, Fannie Mae and Freddie Mac.

Qualifications of G. Joseph Corlett, MAI, SRA

Senior Managing Director

Valbridge Property Advisors | Mountain States

Independent Valuations for a Variable World

State Certifications

State of Idaho CGA-7
State of Oregon C-000294

Education

Bachelor of Science
In Business with a Degree
In Finance
University of Idaho

Contact Details

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208-345-1175 (f)
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Mountain States.
www.valbridge.com
jcorlett@valbridge.com

Division of Occupational and Professional Licenses
Department of Self Governing Agencies
The person named has met the requirements for licensure and is entitled under the laws and rules of the State of Idaho to operate as a(n)
CERTIFIED GENERAL APPRAISER
G JOSEPH CORLETT
1459 TYRELL LN STE B
BOISE ID 83706

Russell S. Barron
Division Admin

CGA-7
Number

03/11/2023
Expires

Appraiser Certification and Licensure Board
State Certified General Appraiser

Chad Koch, Administrator

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- AI
Past President: Idaho Aviation Hall of Fame
Vice President Idaho Aviation Association
Realtor: National Association of Realtors
Idaho Real Estate Broker DB 1660
Commercial Pilot/ ASEMEL/Instruments
Board Member: Idaho Aviation Foundation
BOMA

Appraisal Institute & Related Courses:

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

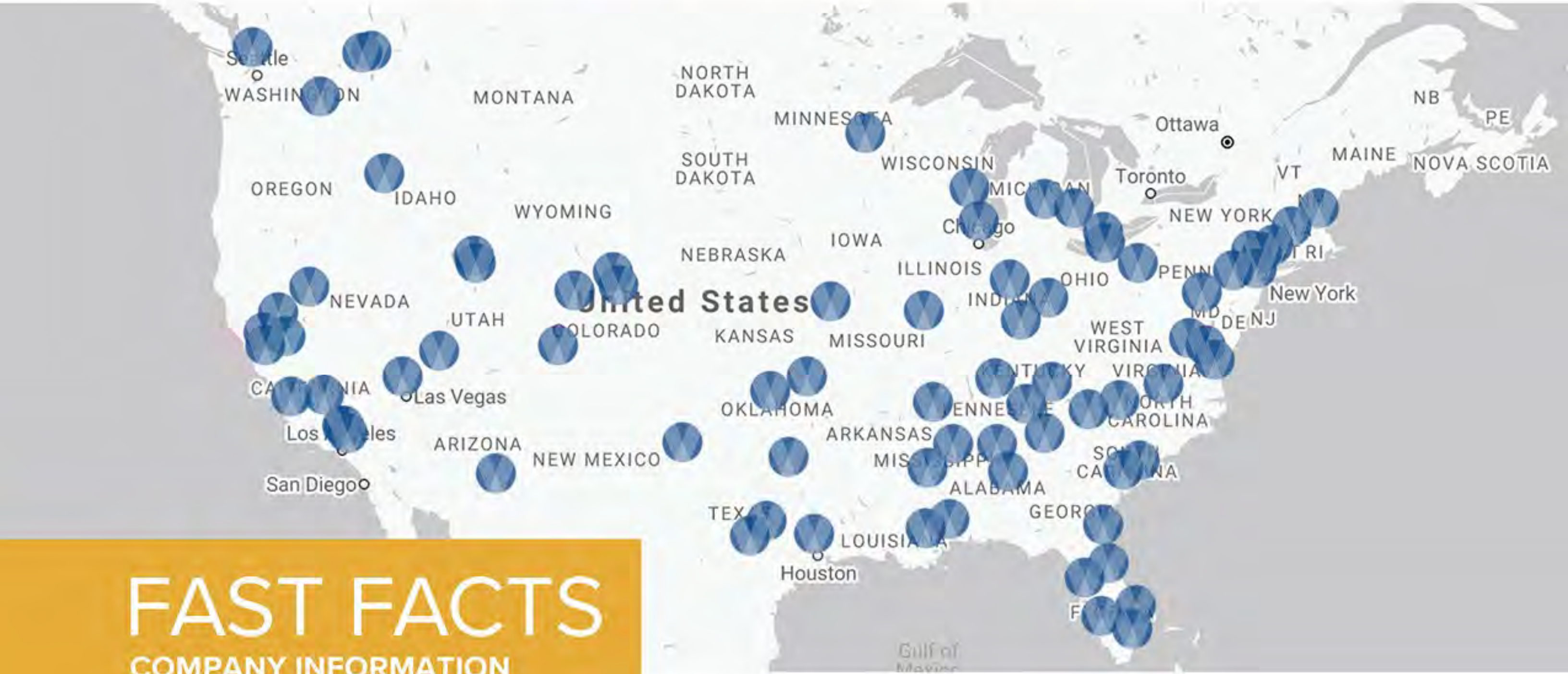
Experience:

Senior Managing Director
Valbridge Property Advisors | Mountain States Appraisal (1974-Present)

Appraiser
Corlett Associates, Pifari & Associates, Western National Corporation (1974-1976)

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.

Valbridge
PROPERTY ADVISORS



FAST FACTS

COMPANY INFORMATION

- Valbridge is the largest independent commercial property valuation and advisory service firm in North America.
  - Total number of MAI-designated appraisers (200+ on staff)
  - Total number of office locations (80+ across the U.S.)
  - Total number of staff (675+ strong)
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge specializes in appraising all types of real property.
- Valbridge provides independent valuation services. We are NOT owned by a brokerage firm or investment company.
- Every Valbridge office is overseen by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by local offices.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market, and other bulk-property engagements.

Valbridge Property Advisors, Inc.
2240 Venetian Court
Naples, FL 34109
Phone: 888.981.2029

valbridge.com

INDEPENDENT VALUATIONS FOR A VARIABLE WORLD

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Tuscon, AZ 85712
(520) 321-0000

CALIFORNIA
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Bakersfield, CA 93312
(661) 587-1010

1306 Higuera St.
San Luis Obispo, CA 93401
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(209) 569-0450

825 Colorado Blvd., Ste. 243
Los Angeles, CA 90041
(626) 486-9327

1370 N. Brea Blvd., Ste. 255
Fullerton, CA 92835
(714) 449-0852

99 S. Lake Ave., Ste. 21
Pasadena, CA 91101
(626) 744-0428

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55 South Market St., Ste. 1210
San Jose, CA 95113
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7445 E. Peakview Ave.
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1099 Main Avenue, Ste. 311
Durango, CO 81301
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Norwalk, CT 06853
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15 Concord St.
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Each Valbridge office is independently owned and operated.

valbridge.com
Summer 2021

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Beaufort, SC 29902
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Memphis, TN 38120
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Austin, TX 78746
(737) 242-8585

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American Fork, UT 84003
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5107 Center St., Ste. 2B
Williamsburg, VA 23188
(757) 345-0010

WASHINGTON
8378 W. Grandridge Blvd., Ste. 110-D
Kennewick, WA 99336
(509) 221-1540

25923 Washington Blvd., NE., Ste. 300
Kingston, WA 98346
(360) 649-7300

324 N. Mullan Rd.
Spokane Valley, WA 99206
(509) 747-0999

WISCONSIN
12660 W. North Ave.
Brookfield, WI 53005
(262) 782-7990

ATTACHMENT 7

Form of Deed

Recording Requested By and
When Recorded Return to:

____
PO Box 1158
Boise, ID 83701-1158

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

SPECIAL WARRANTY DEED

The Urban Renewal Agency of the City of Twin Falls City, Idaho, an independent public body corporate and politic, organized under the laws of the State of Idaho ("**Grantor**"), with an address of does hereby grant, bargain, sell, and convey unto GO QOZ Second Avenue LLC, an Idaho limited liability company ("**Grantee**"), with an address as stated above, all of that certain real property located in Twin Falls County, Idaho, and described on Exhibit "A" attached hereto and incorporated herein ("**Property**").

TO HAVE AND TO HOLD the Premises, with its appurtenances unto Grantee, and Grantee's successors and assigns forever.

Grantor does hereby covenant to and with Grantee, that Grantor is the owner in fee simple of the Premises; that the Premises are free from all encumbrances created or suffered by Grantor, except those made, suffered or done by Grantee, and except t(a) general taxes and assessments, including utility assessments for the current year, which are not yet due and payable, and will be prorated between Grantor and Grantee as of the date of execution of this deed; (b) any easements, restrictions and conditions of record or shown on the recorded plat, if any, for the Premises or that may be determined by an inspection of the Premises; (c) building, zoning and other applicable ordinances and regulations of the County of Ada, State of Idaho; and (e) those matters listed on Exhibit B attached hereto and incorporated herein, and that Grantor will warrant and defend the same forever from all other lawful claims.

Dated: __________________, 2022.

GRANTOR:

THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO, an independent public body, corporate and politic, organized under the laws of the state of Idaho

By ____

Title: ____

Date:____

Exhibit A – Legal Description
Exhibit B – Permitted Exceptions

[attach notaries]

ATTACHMENT 8

Form of Memorandum of Agreement

Recording Requested By and
When Recorded Return to:

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

MEMORANDUM OF DISPOSITION AND DEVELOPMENT AGREEMENT

THIS MEMORANDUM OF DISPOSITION AND DEVELOPMENT AGREEMENT ("Memorandum") is made as of the URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO, an independent public body, corporate and politic, organized pursuant to the Idaho Urban Renewal Law of 1965, title 50, chapter 20, Idaho Code, as amended, and undertaking projects under the authority of the Law and the Local Economic Development Act, title 50, chapter 29, Idaho Code, as amended ("Agency"), and GO QOZ SECOND AVENUE LLC, an Idaho limited liability company ("Developer").

At a public meeting on ______________, 2022, the Agency approved a Disposition and Development Agreement dated ________________________, 2022 ("Agreement"), in which the Agency and Developer agreed that in connection with the disposition of certain real property within the Project Area to the Developer, the Developer would develop a parking podium, consisting of four floors of parking (one level subgrade) containing approximately 325 parking spaces ("Parking Garage"), 100 of which are public spaces granted and governed separate Public Parking Easement Agreement, and a separate residential building containing five floors of residential space, 48 residential units, approximately 1,106 square feet of retail space, and related improvements (the Parking Garage and residential building together, "Project"), on the site legally described on **EXHIBIT A** hereto ("Site").

This Memorandum provides notice of the Agreement pursuant to Idaho Code Section 55-818 and incorporates by reference all of the terms and provisions of the Agreement, which provisions include the following affecting the Property and the Developer Parcel:

(a) Developer covenants and agrees, for itself and its successors and assigns, that during construction and thereafter, Developer will use, operate, and maintain the Property in compliance with the Redevelopment Plan until its expiration and in compliance with the Agreement for the term of the Agreement;

(b) Expiration of the Redevelopment Plan does not terminate the Agreement or any of Developer's obligations under the Agreement except as provided in Section 10 of the Agreement;

(c) Prior to commencement of construction of improvements in the Agreement and notwithstanding any provisions in the Agreement to the contrary, Developer will not, except as permitted by the Agreement, enter into, create, or suffer any transfer of title, assignment, lien, or other encumbrances without the written consent of Agency;

(d) Developer will not, except as permitted by the Agreement, 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 Agency;

(e) No violation or breach of the covenants, conditions, restrictions, provisions, or limitations contained in the Agreement will 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 Agreement; provided, however, any successor of Developer to the Site will 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.

(f) Upon completion of the Project, based on the terms and conditions of the Agreement, Developer and Agency will terminate the Agreement by executing and recording a termination of the Agreement.

(g) Termination of the Agreement and the Memorandum in no way affects the separately recorded Public Parking Easement Agreement which will bind the Property and run with the land.

(h) Any successor of the Grantee to the Property under a financing or security instrument will 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.

(i) In the event of any express conflict between this Memorandum and the Agreement, the provisions of the Agreement will control.

The parties intend that this Memorandum run with the land and be binding on Developer and any successor owner of all or a portion of the Site and will 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. The covenants will run with the land 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, or any portion thereof, or land within the Plan Area. Agency will 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 under the Agreement.

[Add Signatures and Notaries, and Exhibit A Site Description]

ATTACHMENT 9

Project Certificate of Completion

CERTIFICATE OF COMPLETION OF CONSTRUCTION OF IMPROVEMENTS (2nd & Hansen Disposition and Development Agreement)

The URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO, an independent public body, corporate and politic, organized pursuant to the Idaho Urban Renewal Law of 1965, title 50, chapter 20, Idaho Code, as amended, and undertaking projects under the authority of the Law and the Local Economic Development Act, title 50, chapter 29, Idaho Code, as amended, which has a street address of 203 Main Ave. E., Twin Falls, Idaho 83301, hereby certifies that all the required improvements, construction, and redevelopment regarding the 2nd & Hansen Project (collectively the "Project") have been completed.

GO QOZ Second Avenue LLC, an Idaho limited liability company (the "Developer"), having its principal office at 999 W. Main St., Ste 1400, Boise, Idaho 83702, is the developer of Project located on that certain real property described in Exhibit A attached 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 May 4, 1998, the City Council of the City of Twin Falls, Idaho ("City"), by Ordinance No. 2579 adopted the Urban Renewal Plan for Urban Renewal Area #4 and Creating Revenue Allocation Area #4-1 (the "RAA #4-1 Plan") establishing a revenue allocation area for Urban Renewal Area #4, to redevelop a portion of the City within the boundaries of the Urban Renewal Area #4, as amended, pursuant to the Law and the Act and on August 26, 2013, the City, by Ordinance No. 3056 adopted the Amended Urban Renewal Plan for Revenue Allocation Area #4-1 Expansion (the "Amended RAA #4-1 Plan") seeking to add geographic area to RAA #4-1 Plan, pursuant to Idaho Code § 50-2033, to redevelop a portion of the City within the boundaries of the Urban Renewal Area #4, as amended, pursuant to the Law and the Act. Collectively, the RAA #4-1 Plan as amended by the Amended RAA #4-1 Plan is referred to as the "Redevelopment Plan", which Redevelopment Plan is incorporated herein by reference. The Project as constructed also met the requirements set forth in the Disposition and Development Agreement dated _______________, 2022 (the "DDA"), between the Agency and the Developer, which DDA is incorporated herein by reference.

This Certificate is issued in accordance with Section 9 of the DDA. This Certificate of Completion for the Project shall be a conclusive determination of the satisfaction of the agreements and requirements by both the 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 including the Public Parking Easement Agreement dated ______________________, and recorded on [_______________, ________], .

__________________, 20____

AGENCY

URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS

By: ____

Name: ______________________________________

Title:____________________________________

<u>ATTACHMENT 10</u>

Parking Easement Agreement

Recording requested by and
after recording return to:

Elam & Burke, P.A.
251 E. Front St., Suite 300
P.O. Box 1539
Boise, Idaho 83701
Attn. Amanda K. Schaus

PUBLIC PARKING EASEMENT AGREEMENT

THIS PUBLIC PARKING EASEMENT AGREEMENT ("Agreement") is made as of the _____ day of __________________, 2022 (the "Effective Date") by THE CITY OF TWIN FALLS, IDAHO, an Idaho municipal corporation ("City"), with an address of _____________________________, the URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO, an independent public body, corporate and politic, organized pursuant to the Idaho Urban Renewal Law of 1965, title 50, chapter 20, Idaho Code, as amended, and undertaking projects under the authority of the Law and the Local Economic Development Act, title 50, chapter 29, Idaho Code, as amended ("Agency"), with an address of ______________________________, and GO QOZ SECOND AVENUE LLC, an Idaho limited liability company ("Developer"), with an address of 999 W MAIN ST, STE 1400, BOISE, ID 83702-9008. Collectively, the City, Agency and Developer may be referred to as the "parties" and each as "party," as the case may be.

Recitals

A. On May 4, 1998, the City Council of the City of Twin Falls, Idaho ("City"), by Ordinance No. 2579 adopted the Urban Renewal Plan for Urban Renewal Area #4 and Creating Revenue Allocation Area #4-1 (the "RAA #4-1 Plan") establishing a revenue allocation area for Urban Renewal Area #4, to redevelop a portion of the City within the boundaries of the Urban Renewal Area #4, as amended, pursuant to the Law and the Act;

B. On August 26, 2013, the City, by Ordinance No. 3056 adopted the Amended Urban Renewal Plan for Revenue Allocation Area #4-1 Expansion (the "Amended RAA #4-1 Plan") seeking to add geographic area to RAA #4-1 Plan, pursuant to Idaho Code § 50-2033, to redevelop a portion of the City within the boundaries of the Urban Renewal Area #4, as amended, pursuant to the Law and the Act. Collectively, the RAA #4-1 Plan as amended by the Amended RAA #4-1 Plan is referred to as the "Redevelopment Plan," and the revenue allocation area established by the Plan, is referred to as the "Project Area;"

C. Pursuant to Idaho Code §§ 50-2007(f) and 50-2015, City and Agency are authorized and empowered to enter into contracts as may be necessary to carry out the purposes of the Law and the Act, including the acquisition of real property for the revitalization of areas within the Project Area;

D. At a public meeting on ______________, 2022, the Agency approved a Disposition and Development Agreement dated _________________________, 2022, in which the Agency and Developer agreed that in connection with the disposition of certain real property within the Project Area to the Developer, the Developer would develop a parking podium, consisting of four floors of parking (one level subgrade) containing approximately 325 parking spaces ("Parking Garage"), and a separate residential building containing five floors of residential space, 48 residential units, approximately 1,106 square feet of retail space, and related improvements (the Parking Garage and residential building together, "Project"), on the "Site" as legally described on <u>EXHIBIT A</u> attached hereto. Agency and Developer agreed that the Project would include a perpetual easement for 100 public parking spaces located in the Parking Garage for the benefit of the City and the public, subject to the terms and conditions set forth herein.

Agreement

NOW, THEREFORE, for valuable consideration, the sufficiency of which is hereby acknowledged and agreed, the City, Agency and Developer agree as follows:

ARTICLE I
Parking Easement and Agreements

Section 1.01 **<u>Parking Garage Use</u>**. The Parking Garage will be used for public and private parking on the terms and conditions provided herein.

Section 1.02 **<u>Parking Easement</u>**. Developer hereby grants and conveys to the Agency and City, a perpetual easement over and across the Parking Garage located on the "Parking Garage Property" as legally described on <u>EXHIBIT A</u> attached hereto for the purposes of (a) the general public's use of 100 vehicle parking spaces located in the Parking Garage for vehicular parking, located as depicted on <u>EXHIBIT B</u> attached hereto (collectively "Public Spaces" and singly a "Public Space"), for exclusive use unless otherwise agreed by the Developer, Agency and City; and (b) vehicular ingress and egress to and from the Public Spaces within the Parking Garage over drive aisles and driveways within the Parking Garage (collectively, "Easement"). The Easement will be managed and regulated collaboratively between the Developer and the City to provide for public parking access to the Public Spaces commensurate with demand in downtown Twin Falls, Idaho, from time to time, using occupancy levels of the Public Spaces to guide this determination, with the objective of generating at least sufficient revenue to fully cover Operating Expenses (defined below) chargeable to the Public Spaces, all as will be more specifically described in the Parking Management Agreement defined below. Notwithstanding the foregoing, the parties acknowledge that the Public Spaces may not generate sufficient revenue to cover Operating Expenses chargeable to the Public Spaces for the first few years, until such time as demand for their use indicates that a commensurate increase in the fees and charges for use of the Public Spaces and a decrease in the free use period is warranted. The parties agree to work together in good faith to achieve the objective of the Public Spaces generating sufficient revenue to fully cover Operating Expenses chargeable to the Public Spaces.

The Public Spaces will have dimensions of each of the Public Spaces shall not be less than the applicable required dimensions under the official municipal code of the City, and the first two hours of each use of a Public Space will be without fee or charge, unless otherwise agreed by the Developer, Agency and City. Following completion of the Parking

Garage (as evidenced by a final certificate of completion issued by the City), there shall be no material change in access to, use of or, improvements constituting the Public Spaces without the approval of the City.

Section 1.03 **Parking Revenue and Operating Expenses.** All gross revenue generated by the Public Spaces shall be applied to the "pro rata share" attributable to the Public Spaces of the following costs and expenses of the entire Parking Garage (collectively, "Operating Expenses"): to any taxes or assessments on the Parking Garage (unless the Public Spaces are not taxed); to all expenses of maintaining the Parking Garage in good condition and repair, and in compliance with all applicable laws; to all reasonable and necessary expenses of managing the Parking Garage, including without limitation the fees, charges and expense reimbursements of the Parking Garage Manager (as defined in section 1.04 below); and to any other expenses of operating the Parking Garage, including without limitation premiums for any insurance required by this Agreement or the Project's lender(s). As used herein, the Parking Spaces' "pro rata share" is the same proportion as the number of Public Spaces over the total number of parking spaces in the Parking Garage (or 31%). Notwithstanding the foregoing, (a) any Operating Expenses incurred specifically for the Public Spaces, or any of them, or the licensees, permittees, users, guests, or invitees of the Public Spaces shall be entirely chargeable to the Public Spaces; and (b) all Operating Expenses incurred specifically for the Developer Spaces, or any of them, or the licensees, permittees, users, guests or invitees of the Developer Spaces shall not be Operating Expenses chargeable to the Public Spaces.

Within 120 days after the end of each calendar year or as soon thereafter as is practicable, Developer shall furnish the City with a statement of the actual Operating Expenses for such calendar year, and the calculation of the City's share, including all reasonable invoices and supporting documents requested by City. City may audit, or hire an auditor to audit, the statement and supporting documents. In the event the parties disagree on the allocation of Operating Expenses to the Public Spaces, they will work together in good faith to resolve any such issues.

All gross revenue generated by the Public Spaces in excess of the Operating Expenses chargeable to the Public Spaces in accordance with the first paragraph of this Section 1.03, will be allocated among or paid to the same parties, or party, bearing the risk of and responsibility for any shortfall in the Operating Expenses chargeable to the Public Spaces, in the manner determined by the parties in the Parking Management Agreement defined below. The parties agree to allocate gross revenue in excess of the Operating Expenses chargeable to the Public Spaces, the risk and responsibility for any shortfall thereof, and management authority in an equitable manner where the parties or party bearing the risk of and responsibility for any shortfall in the Operating Expenses chargeable to the Public Spaces also stand(s) to profit to the same degree from any gross revenue in excess of the Operating Expenses chargeable to the Public Spaces and possess(es) the management authority over the Public Spaces, including determining use fees and charges, required to control the revenue generated by the Public Spaces.

Section 1.04 **Parking Management**. The regulation and parking revenue of the Public Spaces shall be governed by a separate parking management agreement between the Developer and the City of Twin Falls, Idaho, as it may be amended from time to time ("Parking Management Agreement"), which shall be consistent with and subject to this Agreement. In the Parking Management Agreement the Public Spaces shall be subject to such commercially reasonable rules of use as determined by Developer, Agency and the

City and posted from time to time for the purposes of (a) promoting public safety and welfare, (b) maintaining the Public Spaces and the Parking Garage in good repair and condition, and in compliance with applicable law, and/or (c) the lawful and orderly use of such easements of the Public Spaces for the purposes set forth herein; provided, that such rules shall not interfere with the general public's use of the Public Spaces as provided herein. Developer may designate a third-party manager to manage the Parking Garage ("Parking Garage Manager") which Parking Garage Manager may also be a party to the Parking Management Agreement; provided that any such third-party manager must be pre-approved by the Agency and City, which approval shall not be unreasonably withheld, conditioned, or delayed. The Parking Garage Manager shall manage the Parking Garage in compliance with this Agreement and the Parking Management Agreement. The parties acknowledge and agree that entering into the Parking Management Agreement is not a condition precedent or subsequent to the grant of the Easement to the Agency and City contained in this Agreement and failure to enter into such Parking Management Agreement shall not in any way affect the Agency or the City's right, title and interest contained in the Easement and this Agreement.

Section 1.05 **<u>Developer Spaces</u>**. All the parking spaces in and about the Parking Garage located on the Parking Garage Property excluding than the Public Spaces (collectively, "Developer Spaces") shall be for private and/or public use as solely determined by Developer. Fees may be charged for use of the Developer Spaces as determined in Developer's sole discretion. All revenue generated by the Developer Spaces shall be applied as determined by Developer, in Developer's sole discretion. For clarification, no revenue generated at any time by the Developer Spaces shall be due or owing to Agency or the City. In the event that the revenue generated by the Developer Spaces is insufficient to cover any Operating Expenses allocated to the Developer Spaces, Developer shall solely bear and pay such shortfall.

Section 1.06. **<u>Insurance.</u>** Developer will obtain and maintain in force from and after a certificate of occupancy is issued for the Parking Garage, which will be considered an Operating Expense, insurance of the following types, with limits not less than those set forth below with respect to the Parking Garage, 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 will 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 policy will be endorsed to name Developer's Parking Garage financing parties and their respective officers, directors, and employees, as may be required by the terms of such financing, the Agency and City and their respective officers, directors, and employees. All policies will be occurrence form policies and not a claims-made policy.

(b) Developer shall obtain and continuously maintain in full force and effect, policies of insurance covering the Parking Garage against (a) loss or damage by fire; (b) loss or damage from such other risks or hazards now or hereafter covered by a current ISO form "special causes of loss" (also known as "all-risk") policy (or similar policy providing comparable coverage), including, but not limited to, windstorm, hail, explosion, vandalism, riot and civil commotion, damage from vehicles, smoke damage, water damage and debris removal; (b) loss for flood if the Parking Garage is in a Federal

Emergency Management Agency ("FEMA") designated flood or flood insurance area; (c) loss for damage by earthquake if the Premises are located in an earthquake-prone area as designated by FEMA; (d) loss from so-called explosion, collapse and underground hazards; (e) loss or damage covered by a customary policy of boiler and machinery insurance to the extent applicable to the Parking Garage; and (f) loss or damage from such other risks or hazards of a similar or dissimilar nature which are now or may hereafter be customarily insured against with respect to improvements similar in construction, design, general location, use and occupancy to the Parking Garage. Such insurance coverage at all times shall be in an amount equal to one hundred percent (100%) of the then Full Replacement Cost of the Parking Garage. "Full Replacement Cost" means the cost of replacing the Parking Garage without deduction for depreciation or wear and tear, and shall include a reasonable sum for architectural, engineering, legal, administrative and supervisory fees connected with the restoration or replacement of the Parking Garage in the event of damage thereto or destruction thereof. All such policies described in this Section 1.06(b) shall provide that loss, if any, payable thereunder shall be payable to the Developer and the City (except as may be otherwise required by the terms of Developer's Parking Garage financing). Notwithstanding the foregoing, no loss shall be payable to the City except with respect to the Public Spaces.

(c) All insurance provided by Developer under this Agreement will include a waiver of subrogation by the insurers in favor of City and 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 City and/or Agency or its respective affiliates, directors, and employees.

(d) Developer (or Developer's contractor(s), as applicable) will provide certificates of insurance satisfactory in form to Agency (ACORD form or equivalent) to City 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 City prior to any cancellation or restrictive modification of the policies, and that the waivers of subrogation are in force. Developer will also provide to City, with its certificate of insurance, executed copies of the additional insured endorsements and dedicated limits endorsements required in this Agreement. At City's request, Developer will provide a certified copy of each insurance policy required under this Agreement.

(e) All policies of insurance required by this Agreement will 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.

(f) The foregoing insurance coverage will be primary and non-contributing with respect to any other insurance or self-insurance that may be maintained by City or Agency. Developer's General Liability Insurance policy will contain a Cross-Liability or Severability of Interest clause.

Section 1.07 <u>Developer's Indemnification Obligations</u>. Developer will indemnify and hold Agency and City, and their respective commissioners, 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 City, or their respective commissioners, officers, agents, and employees by reason of any of the following occurrences:

(a) Any use, nonuse, possession, occupation, condition, operation, maintenance, or management of the Parking Garage or any part thereof by Developer; or

(b) Any negligence on the part of Developer or any of its agents, contractors, servants, employees, subtenants, operators, licensees, or invitees. Users of the Developer Spaces shall be presumed to be invitees of Developer;

(c) Any accident, injury, or damage to any person or property occurring in, on or about the Parking Garage (except the Public Spaces unless otherwise agreed in the Parking Management Agreement);

(d) In case any action or proceeding is brought against Agency or City, or their respective commissioners, 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 or City, as applicable, will, at Developer's expense, resist or defend such action or proceeding; or

(e) Notwithstanding the foregoing, Developer will have no obligation to indemnify and hold City or Agency, respectively, or their respective commissioners, officers, agents, and employees harmless from and against any matter to the extent it arises from negligence or willful act of City or Agency, respectively, or their respective members or commissioners, officers, agents, or employees or from conduct resulting in an award of punitive damages against the City or Agency. Notwithstanding anything in this Section 1.07 to the contrary, the indemnification obligations of Developer hereunder shall not apply to or protect Agency or City against any matter over which Agency or City exercised or could have exercised management or operational control or authority.

ARTICLE II
Miscellaneous

Section 2.01 **<u>Term of Agreement</u>**. This Agreement will be effective as of the date of recording hereof in the Official Records of Twin Falls County, Idaho, and will be in full force and effect, unless amended, modified or terminated as agreed between Developer and the City. Agency's agreement to any amendment, modification or termination of this Agreement shall not be required.

Section 2.02 **<u>Remedies</u>.** In the event of any dispute under this Agreement or the Parking Management Agreement, the parties first agree to good faith mediation to resolve such dispute within forty five (45) days after written notice by a party. If mediation is unsuccessful, and Agency or Developer, or any successor or assigns of such party, has defaulted in the performance of any material provision of this Agreement, which default continues uncured for a period of 30 days after written notice thereof having been given to such party or any successor or assigns of such party, the non-defaulting party or its successors and assigns, as applicable, may institute legal action against the defaulting party for specific performance, declaratory relief, damages or other suitable legal or equitable remedy. The remedies and liens provided in this Section 2.02 and the enforcement thereof as provided in this Agreement shall be in addition to and not in substitution for or exclusion of any other rights and remedies which the parties may have under this Agreement, at law or in equity. This Agreement and the rights and remedies available under or in connection therewith shall only be exercisable by Agency, City or Developer, as applicable.

Section 2.03 **Anti-Discrimination**. Developer covenants by and for itself, its heirs, executors, administrators, assigns, and all persons claiming under or through them that there will 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, age, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Site; nor will the Developer 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 at the Site. Notwithstanding anything to the contrary herein, Section 2.03, Anti-Discrimination, applies to the entire Site, and runs with the land and transferees as described in Section 2.08 below.

Section 2.04 **Governing Law**. This Agreement shall be construed in accordance with the laws of the State of Idaho.

Section 2.05 **Headings**. The section headings in this Agreement are for convenience only, shall in no way define or limit the scope or content of this Agreement, and shall not be considered in any construction or interpretation of this Agreement or any part thereof.

Section 2.06 **No Partnership**. Nothing in this Agreement shall be construed to make the City, Agency and its successors and assigns, and Developer and/or its successors and assigns, partners or joint venturers or render any of such parties liable for the debts or obligations of any other.

Section 2.07 **Notices**. Any notice, demand, request, consent, approval, designation, or other communication made pursuant to this Agreement shall be in writing and shall be given or made or communicated by personal delivery; by United States registered or certified mail, return receipt requested; or by prepaid FedEx or other nationally recognized overnight delivery service, addressed to the addresses set forth below unless other written notice of a change of address has been delivered to the other:

Agency:

Executive Director
Urban Renewal Agency
203 Main Ave. E.
Twin Falls, Idaho 833301
Ph: (208) 735-7271

Developer:

Bill Truax
Galena Opportunity, Inc.
999 W Main St., Ste 1400
Boise, ID 83702
Email: bill@galenafund.com
Ph: (208) 844-7064

Copy to:

Meghan Conrad
Elam & Burke, LLP

Copy to:

Bryan W. Aydelotte
Lobo Rojo PLLC

251 E. Front St., Ste 300
P.O. Box 1539
Boise, ID 83701
Email: msc@elamburke.com
Ph. (208) 343-5454

PO Box 1158
Boise, ID 83701-1158
Email: loborojopllc@gmail.com
Ph. (208) 949-6244

Section 2.08 **Obligation of Agreement**. Every covenant set forth in this Agreement shall run with the land and shall be binding upon Developer and all of its successors and assigns, beneficiaries of deeds of trust, mortgagees, and shall inure to the benefit of Agency, City and their successors and assigns. Any transferee of the Parking Garage Property or any part of the Parking Garage Property shall automatically be deemed, by acceptance of title to the Parking Garage Property or any part thereof, to have assumed all the covenants made by Developer under this Agreement relating thereto, and to have agreed with Agency to execute any and all instruments and do any and all things reasonably required to carry out the intention of this Agreement. Any transferor of the Parking Garage Property shall upon the consummation of such transfer be relieved of all further liability under this Agreement with respect to the portion of the Parking Garage Property transferred except such liability as may have arisen during its period of ownership of the portions of the Parking Garage Property so conveyed and which remains unsatisfied.

Section 2.09 **No Waiver**. No delay or omission of Agency in the exercise of any right accruing upon any default of Developer or any of its successors and assigns shall impair any such right or be construed to be a waiver thereof, and every such right may be exercised at any time during the continuance of such default. A waiver by Agency of a breach or a default of any of the terms and conditions of this Agreement by Developer or any of its successors and assigns shall not be construed to be a waiver of any subsequent breach or default of the same or any other provision of this Agreement. Except as otherwise specifically provided in this Agreement, no remedy provided in this Agreement shall be exclusive, but each shall be cumulative with all other remedies provided in this Agreement, at law or in equity.

Section 2.10 **No Termination for Breach**. It is expressly agreed that no breach, whether or not material, of the provisions of this Agreement shall entitle Agency or Developer or any of its successors and assigns to cancel, rescind or otherwise terminate this Agreement, but such limitation shall not affect, in any manner, any other rights or remedies that Agency or Developer may have hereunder by reason of any breach of the provisions of this Agreement.

Section 2.11 **Amendment, Modification or Termination**. This Agreement may be amended or modified at any time by an agreement in writing executed and acknowledged by City or its successors and assigns, as applicable, and Developer or its successors and assigns, as applicable, and thereafter duly recorded in the Official Records of Twin Falls County, Idaho.

Section 2.12 **Severability.** If any part, term or provision of this Agreement is held to be illegal, in conflict with any law or otherwise invalid, the remaining portion or portions shall be considered severable and not be affected by such determination, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular part, term or provisions held to be illegal or invalid.

Section 2.13 **<u>Survival</u>**. This Agreement will survive termination of the Redevelopment Plan and remain in full force and effect.

Section 2.14 **<u>Attorney's Fees</u>**. In addition to the recovery of damages, the prevailing party in any action to enforce any provision of this Agreement shall be entitled to receive from the other party its costs and expenses incurred in connection with such action, including actual reasonable attorneys' fees and costs for services rendered to the prevailing party in any such action (including any appeal thereof).

[SIGNATURE PAGE FOLLOWS]

EXECUTED EFFECTIVE as of the Effective Date.

___________________, 2022

CITY

THE CITY OF TWIN FALLS

____
Ruth Pierce - Mayor

___________________, 2022

AGENCY

URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS

____
Andy Hohweiler, Vice-Chair

___________________, 2022

DEVELOPER

GO QOZ SECOND AVENUE LLC
an Idaho limited liability company

By Galena JV Manager LLC
an Idaho limited liability company
its Manager

By Inflection Development, LLC
an Idaho limited liability company
its Manager

By ____
William Truax, Manager

State of Idaho)
)
County of Twin Falls)

This record was acknowledged before me on September ____, 2022 by Ruth Pierce, the Mayor of the City of Twin Falls.

____
Signature of notary public

State of Idaho)
)
County of Twin Falls)

This record was acknowledged before me on __________, 2022, by Andy Hohweiler, the Vice-Chair of Urban Renewal Agency of the City of Twin Falls.

____
Notary Public for State of Idaho
My Commission Expires ______________________

State of Idaho)
)
County of Ada)

This record was acknowledged before me on __________, 2022, by William Truax, the Manager of Inflection Development, LLC, the Manager of Galena JV Manager LLC, the Manager of GO QOZ Second Avenue LLC.

____
Notary Public for State of Idaho
My Commission Expires ______________________

<u>EXHIBIT A</u>

Site

"Site" Legal Description:

Being all of Lots 21 through 32, Block 103, as shown on that certain map entitled "FINAL AND AMENDED PLAT OF TWIN FALLS TOWNSITE", recorded December 16, 1904, as instrument no. 0000-000040 in the office of the county recorder of Twin Falls County, Idaho.

[End of Site Legal Description]

"Parking Garage Property" Legal Description:

Being all of Lots 21 through 28, Block 103, as shown on that certain map entitled "FINAL AND AMENDED PLAT OF TWIN FALLS TOWNSITE", recorded December 16, 1904, as instrument no. 0000-000040 in the office of the county recorder of Twin Falls County, Idaho.

[End of Parking Garage Legal Description]

EXHIBIT B

Public Spaces Location

[Recordable exhibit to be attached identifying the location of the Public Spaces as in the Design Development Plan approved by the Agency for the Parking Garage]

THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS

Date: Monday, September 26, 2022

To: Urban Renewal Agency of the City of Twin Falls

From: Meghan Conrad, Agency Special Counsel

ACTION ITEM

Request:

Consideration of a request to sign Resolution No. 2022-08 approving the Urban Renewal Plan for the Orchard Drive East Urban Renewal Project.

Background:

Summit Creek Development, LLC (the "Developer") approached the Agency to consider studying approximately 78 acres west of N. 3300 E. and north of Orchard Drive East to determine eligibility for a new urban renewal project to support the development of an industrial park. The Agency and Developer entered into a Memorandum of Understanding, wherein the Developer agreed to provide funding for planning costs related to the establishment of a new plan and urban renewal/revenue allocation area.

The first step in the establishment of a new plan and urban renewal/revenue allocation area was to define a potential geographic area for analysis as to whether conditions exist within it to qualify for redevelopment activities.

Phil Kushlan, Kushlan Associates, was retained to review the study area and prepare an eligibility report. The Orchard Drive East Urban Renewal District (Proposed) Eligibility Report, dated January 2022, was accepted by the Agency pursuant to Resolution No. 2022-01, dated February 14, 2022. The City Council adopted the Report, and made the findings of deteriorating conditions, pursuant to Resolution No. 2022-0008, dated March 14, 2022, and further directed the Agency to commence preparation of the urban renewal plan for the area studied.

The second step in the establishment of a new plan and urban renewal/revenue allocation area (the "Project Area") is to prepare the urban renewal plan.

An urban renewal plan must contain the following information with specificity:

(1) A statement describing the total assessed valuation of the base assessment roll of the revenue allocation area and the total assessed valuation of all taxable property within the municipality;
(2) A statement listing the kind, number, and location of all proposed public works or improvements within the revenue allocation area;
(3) An economic feasibility study;
(4) A detailed list of estimated project costs;
(5) A fiscal impact statement showing the impact of the revenue allocation area, both until and after the bonds are repaid, upon all taxing districts levying taxes upon property on the revenue allocation area;
(6) A description of the methods of financing all estimated project costs and the time when related costs or monetary obligations are to be incurred;
(7) A termination date for the plan and the revenue allocation area as provided for in section 50-2903(20), Idaho Code. In determining the termination date, the plan shall recognize that the agency shall receive allocation of revenues in the calendar year following the last year of the revenue allocation provision described in the urban renewal plan;

(8) A description of the disposition or retention of any assets of the agency upon the termination date. Provided, however, nothing herein shall prevent the agency from retaining assets or revenues generated from such assets as long as the agency shall have resources other than revenue allocation funds to operate and manage such assets; and
(9) Any changes to an urban renewal plan as provided in subsections (2) and (6) of this section shall be noticed and shall be completed in an open public meeting.

Phil Kushlan, Kushlan Associates, was retained to prepare the economic feasibility study, which analyzes the revenue projections over the duration of the Project Area, the infrastructure needs, the estimated infrastructure costs and makes a determination as to the economic feasibility of the Project Area. Based on conversations with City staff and the developer, the anticipated public infrastructure improvements that may be eligible for reimbursement total $9,253,110. Such improvements include improvements to public utilities (water and sewer systems), street improvements, irrigation canal improvements, and electrical and gas improvements. The Project Area is projected to generate $20,646,663 in revenue allocation proceeds between 2022 and 2042, recognizing the Agency would receive revenues in 2043. The consultant has determined the project to be economically feasible.

The Agency has received the necessary agricultural operation consent from the property owner.

Additionally, the combined base assessment rolls, together with the proposed base assessment roll of the proposed Orchard Drive East Project Area do not exceed 10% of the current assessed taxable value of the City (using 2021 certified values).

If the Plan and Project Area are adopted on or before December 31, 2022, the Plan would have a base year of January 1, 2022, with a termination date of December 31, 2042, recognizing the Agency would receive its allocation of revenues in 2043.

If the Resolution adopting the Plan is approved by the Agency Board, the anticipated next steps are as follows:

September 30: Formal transmittal of the Plan to the City.
October 7: Mail notice to Times News for publication.
October 14: 1st publication/plans to be received by taxing districts (may require hand delivery).
October 25: Planning Commission.
October 28: 2nd publication.
November 14: City Council public hearing and 1st reading.
November 28: City Council 2nd/3rd readings.

Approval Process:

Majority vote of the Board of Commissioners present at a meeting where a quorum is present.

Budget Impact:

Developer is advance funding the costs related to urban renewal planning for the Orchard Drive East Urban Renewal Project. There is no budget impact at this time.

Regulatory Impact:

N/A

Conclusion:

Agency staff recommends adopting Resolution No. 2022-08, adopting the Urban Renewal Plan for the Orchard Drive East Urban Renewal Project, and directing Agency staff to submit the Agency Resolution, Plan, and other information to the City to take appropriate action.

4882-5061-7908, v. 1

Attachments:

1. Resolution No. 2022-08 - Orchard Drive East Plan
2. Orchard Drive East Plan

RESOLUTION NO. 2022-08

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

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO, RECOMMENDING AND ADOPTING THE URBAN RENEWAL PLAN FOR THE ORCHARD DRIVE EAST URBAN RENEWAL PROJECT, WHICH PLAN INCLUDES REVENUE ALLOCATION FINANCING PROVISIONS; AUTHORIZING AND DIRECTING THE CHAIR, VICE-CHAIR, OR EXECUTIVE DIRECTOR OF THE AGENCY TO TAKE APPROPRIATE ACTION; AUTHORIZING AND DIRECTING THE EXECUTIVE DIRECTOR AND SECRETARY OF THE AGENCY TO MAKE CERTAIN TECHNICAL CHANGES; PROVIDING FOR THIS RESOLUTION TO BE EFFECTIVE UPON ITS PASSAGE AND APPROVAL; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council (the “City Council”) of the city of Twin Falls (the “City”) created the Urban Renewal Agency of the city of Twin Falls, Idaho, an independent public body, corporate and politic, authorized under the authority of the Idaho Urban Renewal Law of 1965, Chapter 20, Title 50, Idaho Code, as amended (the “Law”) and the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended (the “Act”), a duly created and functioning urban renewal agency for Twin Falls, Idaho, hereinafter referred to as the “Agency.”

WHEREAS, by Resolution No. 909, dated July 19, 1965, the Board of Commissioners of the City created an urban renewal agency pursuant to the Law;

WHEREAS, on June 30, 1997, the City Council, by Resolution No. 1603, determined certain property to be a deteriorated area or a deteriorating area or a combination thereof and designated the area as appropriate for an urban renewal project to be known as Urban Renewal Area #4 (the “Area #4 Plan”). The Area #4 Plan has been amended several times;

WHEREAS, the City Council, after notice duly published, conducted a public hearing on the Urban Renewal Plan for Urban Renewal Area #4 and Creating Revenue Allocation Area #4-1 (the “RAA #4-1 Plan”) to redevelop a portion of the City within the boundaries of the Urban Renewal Area #4, as amended, pursuant to the Law and the Act;

WHEREAS, following said public hearing, the City Council adopted its Ordinance No. 2579 on May 4, 1998, approving the RAA #4-1 Plan, and making certain findings, including establishing the RAA #4-1 revenue allocation area (“RAA #4-1”);

WHEREAS, the City Council, after notice duly published, conducted a public hearing on the Amended Urban Renewal Plan for Urban Renewal Area #4-1 Expansion (the "Amended RAA #4-1 Plan") seeking to add geographic area to RAA #4-1 Plan, pursuant to Idaho Code § 50-2033, to redevelop a portion of the City within the boundaries of the Urban Renewal Area #4, as amended, pursuant to the Law and the Act;

WHEREAS, following said public hearing, the City Council adopted its Ordinance No. 3056 on August 26, 2013, approving the Amended RAA #4-1 Plan and making certain findings, including expanding RAA #4-1;

WHEREAS, the City Council, after notice duly published, conducted a public hearing on the Urban Renewal Plan for Urban Renewal Area #4-3 (the "RAA #4-3 Plan") to redevelop a portion of the City within the boundaries of the Urban Renewal Area #4, as amended, pursuant to the Law and the Act;

WHEREAS, following said public hearing, the City Council adopted its Ordinance No. 3022 on December 12, 2011, approving the RAA #4-3 Plan and making certain findings, including establishing the RAA #4-3 revenue allocation area ("RAA #4-3");

WHEREAS, the City Council, after notice duly published, conducted a public hearing on the Urban Renewal Plan for Urban Renewal Area #4-4 (the "RAA #4-4 Plan") to redevelop a portion of the City within the boundaries of the Urban Renewal Area #4, as amended, pursuant to the Law and the Act;

WHEREAS, following said public hearing, the City Council adopted its Ordinance No. 3097 on June 1, 2015, approving the RAA #4-4 Plan and making certain findings, including establishing the RAA #4-4 revenue allocation area ("RAA #4-4);

WHEREAS, the City Council, after notice duly published, conducted a public hearing on the Urban Renewal Plan for the Washington Street South Urban Renewal Project (the "Orchard Drive East Plan") pursuant to the Law and the Act;

WHEREAS, following said public hearing, the City Council adopted its Ordinance No. 2019-015 on December 16, 2019, approving the Orchard Drive East Plan and making certain findings, including establishing the Washington Street South revenue allocation area (the "Orchard Drive East Project Area"). Due to the timing of the publication of the Ordinance Summary and recording, the Orchard Drive East Plan and Project Area has an effective base year retroactive to January 1, 2020;

WHEREAS, the above referenced urban renewal plans are collectively referred to as the Existing Urban Renewal Plans and their corresponding project areas are collectively referred to as the Existing Project Areas;

WHEREAS, pursuant to Idaho Code § 50-2008, an urban renewal project may not be planned or initiated unless the local governing body has, by resolution, determined such area to be a deteriorated area or a deteriorating area, or a combination thereof, and designated such area as appropriate for an urban renewal project;

WHEREAS, Idaho Code § 50-2906 also requires that in order to adopt an urban renewal plan containing a revenue allocation financing provision, the local governing body must make a finding or determination that the area included in such plan is a deteriorated area or a deteriorating area, or a combination thereof;

WHEREAS, based on inquiries and information presented by certain interested parties and property owners, the Agency commenced certain discussions concerning examination of an additional area within the City as appropriate for an urban renewal project;

WHEREAS, in 2021, the Agency authorized Kushlan Associates, to commence an eligibility study and preparation of an eligibility report of an area 78.26 acres in size and which is generally located on the west side of N 3300 Road East and north of Orchard Drive East. The eligibility study area is commonly referred to as the Orchard Drive East Study Area (the "Study Area"). The Study Area was annexed into the City in 2022;

WHEREAS, the Agency obtained the Orchard Drive East Urban Renewal District (Proposed) Eligibility Report, dated January 2022 (the "Report"), which examined the Study Area for the purpose of determining whether such area was a deteriorating area, a deteriorated area, or a combination of both a deteriorating area and a deteriorated area as those terms are defined by Idaho Code Sections 50-2018(8), (9), and 50-2903(8);

WHEREAS, pursuant to Idaho Code Sections 50-2018(8), (9) and 50-2903(8), which define "deteriorating area" and "deteriorated area," many of the qualifying conditions necessary to be present in such an area are found in the Study Area, including:

a. age or obsolescence;
b. predominance of defective or inadequate street layout;
c. faulty lot layout in relation to size, adequacy, accessibility, or usefulness/obsolete platting; and
d. insanitary or unsafe conditions.

WHEREAS, the Study Area is predominantly open land or open area;

WHEREAS, under the Act, a deteriorated area includes any area which is predominantly open and which, because of obsolete platting, diversity of ownership, deterioration of structures or improvements, or otherwise, results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality. See Idaho Code Section 50-2903(8)(c);

WHEREAS, Idaho Code Sections 50-2018(9), 50-2903(8) and 50-2008(d) list the additional conditions applicable to open land areas, including open land areas to be acquired by the Agency, which are the same or similar to the conditions set forth in the definitions of "deteriorating area" and "deteriorated area;"

WHEREAS, the Report addresses the necessary findings concerning the eligibility of open land within the Study Area as defined in Idaho Code Sections 50-2018(9), 50-2903(8)(c), and 50-2008(d);

WHEREAS, the effects of the listed conditions cited in the Report result in economic underdevelopment of the area, substantially impairs or arrests the sound growth of a municipality, constitutes an economic or social liability, and is a menace to the public health, safety, morals, or welfare in its present condition or use;

WHEREAS, the Agency, on February 14, 2022, adopted Resolution No. 2022-01 accepting the Report and authorizing the Chair or Executive Director of the Agency to transmit the Report to the City Council, requesting its consideration for designation of an urban renewal area and requesting the City Council to direct the Agency to prepare an urban renewal plan for the Study Area, which plan may include a revenue allocation provision as allowed by the Act;

WHEREAS, the City Council, by Resolution No. 2022-008, dated March 14, 2022, declared the Study Area described in the Report to be a deteriorated area or a deteriorating area, or a combination thereof, as defined by Chapters 20 and 29 of Title 50, Idaho Code, as amended, that such Study Area is appropriate for an urban renewal project and directed the Agency to commence preparation of an urban renewal plan for the area designated;

WHEREAS, under the Law and the Act, Idaho Code Sections 50-2903(8)(f) and 50-2018 (8) and (9), the definition of a deteriorated area and a deteriorating area shall not apply to any agricultural operation as defined in Idaho Code Section 22-4502(2), absent the consent of the owner of the agricultural operation, except for an agricultural operation that has not been used for three (3) consecutive years;

WHEREAS, the Study Area includes parcels subject to such consent and any necessary consents has been obtained;

WHEREAS, the Agency has embarked on an urban renewal project referred to as the Urban Renewal Plan for the Orchard Drive East Urban Renewal Project ("Orchard Drive East Plan") to develop and/or redevelop a portion of the City pursuant to the Law and the Act, as amended;

WHEREAS, pursuant to the Law and Act, the Orchard Drive East Plan proposes to create an urban renewal and revenue allocation area commonly known as the Orchard Drive East Project Area, which area is shown on the "Boundary Map of Urban Renewal Project Area and Revenue Allocation Area" and described in the "Legal Description of Urban Renewal Project Area and Revenue Allocation Area," which are attached to the Orchard Drive East Plan as Attachments 1 and 2 respectively.

WHEREAS, in order to implement the provisions of the Act and the Law either the Agency may prepare a plan, or any person, public or private, may submit such plan to the Agency;

WHEREAS, the Agency and its consultant have prepared the proposed Orchard Drive East Plan for the area previously designated as eligible for urban renewal planning;

WHEREAS, the Act authorizes the Agency to adopt revenue allocation financing provisions as part of an urban renewal plan;

WHEREAS, the Orchard Drive East Plan also contains provisions of revenue allocation financing as allowed by the Act;

WHEREAS, in order to implement the provisions of the Law and the Act, the Agency shall prepare and adopt the Orchard Drive East Plan and submit the Orchard Drive East Plan and recommendation for approval thereof to the City;

WHEREAS, as required by the Law and the Act, the Agency has reviewed the information within the Orchard Drive East Plan concerning the use of revenue allocation funds and considered the Orchard Drive East Plan at its meeting on September 26, 2022;

WHEREAS, the Orchard Drive East Plan will be tendered to the Planning and Zoning Commission and to the City for their consideration and review as required by the Law and the Act;

WHEREAS, under the Act, the Orchard Drive East Plan shall include with specificity the following: (1) a statement describing the total assessed valuation of the base assessment roll of the revenue allocation area and the total assessed valuation of all taxable property within the municipality; (2) a statement listing the kind, number, and location of all proposed public works or improvements within the revenue allocation area; (3) an economic feasibility study; (4) a detailed list of estimated project costs; (5) a fiscal impact statement showing the impact of the revenue allocation area, both until and after the bonds are repaid, upon all taxing districts levying taxes upon property in the revenue allocation area; and (6) a description of the methods of financing all estimated project costs and the time when related costs or monetary obligations are to be incurred; (7) a termination date for the plan and the revenue allocation area as provided for in Idaho Code § 50-2903(20); and (8) a description of the disposition or retention of any assets of the agency upon the termination date;

WHEREAS, it is necessary and in the best interests of the citizens of the City to recommend approval of the Orchard Drive East Plan and to adopt, as part of the Orchard Drive East Plan, revenue allocation financing provisions that will help finance urban renewal projects to be completed in accordance with the Orchard Drive East Plan in order to (1) encourage private development in the urban renewal area; (2) to prevent and arrest decay of the Orchard Drive East Project Area due to the inability of existing financing methods to provide needed public improvements; (3) to encourage taxing districts to cooperate in the allocation of future tax revenues arising in the Orchard Drive East Project Area in order to facilitate the long-term growth of their common tax base; (4) to encourage the long-term growth of their common tax base; (5) to encourage private investment within the City and (6) to further the public purposes of the Agency;

WHEREAS, the Agency Board finds that the equalized assessed valuation of the taxable property in the revenue allocation area described in Attachments 1 and 2 of the Orchard Drive East

Plan is likely to increase as a result of initiation of urban renewal projects in accordance with the Orchard Drive East Plan;

WHEREAS, under the Law and Act, any such plan should provide for (1) a feasible method for the location of families who will be displaced from the urban renewal area in decent, safe and sanitary dwelling accommodations within their means and without undue hardship to such families; (2) the urban renewal plan should conform to the general plan of the municipality as a whole; (3) the urban renewal plan should give due consideration to the provision of adequate park and recreational areas and facilities that may be desirable for neighborhood improvement, with special consideration for the health, safety and welfare of the children residing in the general vicinity of the site covered by the plan; and (4) the urban renewal plan should afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise;

WHEREAS, if the urban renewal area consists of an area of open land to be acquired by the urban renewal agency, such area shall not be so acquired unless (1) if it is to be developed for residential uses, the local governing body shall determine that a shortage of housing of sound standards and design which is decent, safe and sanitary exists in the municipality; that the need for housing accommodations has been or will be increased as a result of the clearance of slums in other areas; that the conditions of blight in the area and the shortage of decent, safe and sanitary housing cause or contribute to an increase in and spread of disease and crime and constitute a menace to the public health, safety, morals, or welfare; and that the acquisition of the area for residential uses is an integral part of and essential to the program of the municipality, or (2) if it is to be developed for nonresidential uses, the local governing body shall determine that such nonresidential uses are necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives, which acquisition may require the exercise of governmental action, as provided in this act, because of defective or unusual conditions of title, diversity of ownership, tax delinquency, improper subdivisions, outmoded street patterns, deterioration of site, economic disuse, unsuitable topography or faulty lot layouts, the need for the correlation of the area with other areas of a municipality by streets and modern traffic requirements, or any combination of such factors or other conditions which retard development of the area;

WHEREAS, the base assessment roll of the proposed Orchard Drive East Project Area, together with the base assessment roll values of the Existing Project Areas, cannot exceed ten percent (10%) of the current assessed values of all the taxable property in the City;

WHEREAS, the boundaries of the Orchard Drive East Project Area overlap the boundaries of the Twin Falls Highway District; however, the City has responsibility for the maintenance of roads or highways within the City limits, and therefore, the allocation of taxes shall be governed by Idaho Code Sections 50-2908(2)(a)(ii), (b) for the Orchard Drive East Project Area;

WHEREAS, Agency staff and consultants recommend the Agency Board accept the Orchard Drive East Plan and forward it to the City Council;

WHEREAS, the Agency Board finds it in the best interests of the Agency and the public to formally adopt the Orchard Drive East Plan, as set forth in **Exhibit 1** attached hereto, and to forward it to the Mayor and City Council, and recommend its adoption, subject to certain conditions.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO, AS FOLLOWS:

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

Section 2. It is hereby found and determined that the Orchard Drive East Project Area as defined in the Orchard Drive East Plan is a deteriorated area, a deteriorating area, or a combination thereof, as defined in the Law and the Act and qualifies as an eligible urban renewal area under the Law.

Section 3. That the Agency specifically adopts the Orchard Drive East Plan along with any changes discussed at the September 26, 2022, Agency Board meeting, including but not limited to finalization of the Attachments to the Orchard Drive East Plan, confirmation of taxing district levy rates, confirmation of the affected taxing districts, updated list of projects, estimated location or siting of improvements, updated maps or legal description and any modifications to the economic feasibility study previously prepared by Agency consultant, Kushlan Associates.

Section 4. That the Agency recommends that the Orchard Drive East Plan, a copy of which is attached hereto as **Exhibit 1**, and incorporated herein by reference, be adopted by the City Council, including those sections, modifications, text, and/or replacement of Attachments as discussed at the September 26, 2022, Agency Board meeting.

Section 5. That the required agricultural operation consent has been obtained by the Agency and attached as Attachment 6 to the Orchard Drive East Plan.

Section 6. That Agency staff, prior to transmittal of the Orchard Drive East Plan to the City will include final Attachments to the Plan, including but not limited to the boundary map, legal description, properties which may be acquired by the Agency, the map depicting expected land uses and the current zoning map of the project area, the economic feasibility study, with all the attachments, the map showing the proposed location of public improvement in the project area and the agricultural operations consent.

Section 7. That this Resolution constitutes the necessary action of the Agency under the Act, Idaho Code § 50-2905, recommending approval by the City and that the Orchard Drive East Plan includes with specificity the following: (1) a statement describing the total assessed valuation of the base assessment roll of the revenue allocation area and the total assessed valuation of all taxable property within the municipality; (2) a statement listing the kind, number, and location of all proposed public works or improvements within the revenue allocation area; (3) an economic feasibility study; (4) a detailed list of estimated project costs; (5) a fiscal impact statement showing the impact of the revenue allocation area, both until and after the bonds are repaid, upon all taxing districts levying taxes upon property in the revenue allocation area; and (6) a description of the methods of financing all estimated project costs and the time when related costs or monetary obligations are to be incurred; (7) a termination date for the plan and the revenue allocation area as provided for in Idaho Code § 50-2903(20); and (8) a description of the disposition or retention of any assets of the agency upon the termination date.

Section 8. It is hereby found and determined that:

(a) The Orchard Drive East Plan gives due consideration to the provision of adequate park and recreation areas and facilities that may be desirable for neighborhood improvement (recognizing the commercial and industrial uses within the Orchard Drive East Plan and the need for public improvements), and shows consideration for the health, safety, and welfare of any residents or businesses in the general vicinity of the urban renewal area covered by the Orchard Drive East Plan.

(b) The Orchard Drive East Plan affords maximum opportunity consistent with the sound needs of the City as a whole for the rehabilitation, development and redevelopment of the Orchard Drive East Project Area by private enterprises.

(c) To the extent necessary, the Orchard Drive East Plan provides a feasible method for relocation of any displaced families residing within the Orchard Drive East Project Area.

(d) The Orchard Drive East Project Area contains "open land" areas, or areas of agricultural operation, that the Agency may acquire any open land, that the Orchard Drive East Project Area is planned to be redeveloped in a manner that may include primarily non-residential uses and that the "open land" criteria set forth in the Law and Act have been met.

(e) The portion of the Orchard Drive East Project Area which is identified for non-residential uses, the City Council may find it is necessary and appropriate to facilitate the proper growth and development standards in accordance with the objectives of the Comprehensive Plan to overcome economic disuse, the need for improved traffic patterns and the need for the correlation of this area with other areas of the City.

(f) The base assessment roll of the proposed Orchard Drive East Project Area, together with the base assessment roll values of the Existing Project Areas, do not exceed ten percent (10%) of the current assessed values of all the taxable property in the City.

(g) The Orchard Drive East Plan includes a revenue allocation provision, and the Agency has determined that the equalized assessed valuation of the revenue allocation area will likely increase as the result of the initiation of an urban renewal project.

Section 9. That this Resolution constitutes the necessary action of the Agency under the Law, Section 50-2008, Idaho Code, and the Act.

Section 10. The Chair, Vice-Chair, or Executive Director and the Secretary of the Agency are hereby authorized and directed to take all steps necessary and convenient to submit the proposed Orchard Drive East Plan for approval by the City Council, including but not limited to the preparation of the notice of public hearing on adoption of the revenue allocation financing provisions by the City and submittal of the Orchard Drive East Plan to the various taxing entities as required by Idaho Code § 50-2906.

Section 11. That the boundaries of the Orchard Drive East Project Area overlap the boundaries of the Twin Falls Highway District; however, the City has responsibility for the maintenance of roads or highways within the City limits, and therefore, the allocation of taxes shall be governed by Idaho Code Sections 50-2908(2)(a)(ii), (b) for the Orchard Drive East Project Area. A separate agreement for a different allocation is unnecessary.

Section 11. That this Resolution shall be in full force and effect immediately upon its adoption and approval.

PASSED AND ADOPTED by the Urban Renewal Agency of the City of Twin Falls, on September 26, 2022.

APPROVED AND EXECUTED by the Chair of the Board of Commissioners of the Agency and attested by the Secretary to the Board of Commissioners, on this 26th day of September 2022.

APPROVED:

By:____________________________________
Rudy Ashenbrener, Chair

ATTEST:

By:________________________________
Dan Brizee, Secretary

4894-8865-7972, v. 1

Exhibit 1

Urban Renewal Plan for the Orchard Drive East Urban Renewal Project

URBAN RENEWAL PLAN FOR THE
ORCHARD DRIVE EAST URBAN RENEWAL PROJECT

THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS
CITY OF TWIN FALLS, IDAHO

Ordinance No. ________
Adopted _________
Effective _________

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100 INTRODUCTION

This is the Urban Renewal Plan (the "Plan") for the Orchard Drive East Urban Renewal Project (the "Project") in the city of Twin Falls (the "City"), state of Idaho. Attachments 1 through 6 attached hereto (collectively, the "Plan Attachments") are incorporated herein and shall be considered a part of this Plan.

The term "Project" is used herein to describe the overall activities defined in this Plan and conforms to the statutory definition of an urban renewal project. Reference is specifically made to Idaho Code §§ 50-2018(10) and 50-2903(13) for the various activities contemplated by the term "Project." Such activities include both private and public development of property within the urban renewal area. The Orchard Drive East Project Area is also referred to as the "Project Area" or the "Revenue Allocation Area."

This Plan was prepared by the Board of Commissioners (the "Agency Board") of the Urban Renewal Agency of the city of Twin Falls (the "Agency"), its consultants, and staff, and reviewed and recommended by the Agency pursuant to the Idaho Urban Renewal Law of 1965, Chapter 20, Title 50, Idaho Code, as amended (the "Law"), the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended (the "Act"), and all applicable local laws and ordinances.

Idaho Code § 50-2905 identifies what information the Plan must include with specificity as follows:

(1) A statement describing the total assessed valuation of the base assessment roll of the revenue allocation area and the total assessed valuation of all taxable property within the municipality.

(2) A statement listing the kind, number, and location of all proposed public works or improvements within the revenue allocation area.

(3) An economic feasibility study.

(4) A detailed list of estimated project costs.

(5) A fiscal impact statement showing the impact of the revenue allocation area, both until and after the bonds are repaid, upon all taxing districts levying taxes upon property on the revenue allocation area.

(6) A description of the methods of financing all estimated project costs and the time when related costs or monetary obligations are to be incurred;

(7) A termination date for the plan and the revenue allocation area as provided for in section 50-2903(20), Idaho Code. In determining the termination date, the plan shall recognize that the agency shall receive allocation of revenues in the calendar

year following the last year of the revenue allocation provision described in the urban renewal plan.

(8) A description of the disposition or retention of any assets of the agency upon the termination date. Provided however, nothing herein shall prevent the agency from retaining assets or revenues generated from such assets as long as the agency shall have resources other than revenue allocation funds to operate and manage such assets.

This Plan includes the above information with specificity.

The proposed development and redevelopment of the Project Area as described in this Plan conforms to the City of Twin Falls 2016 Comprehensive Plan, *Grow with Us* (the "Comprehensive Plan"), adopted by the Twin Falls City Council (the "City Council") on November 7, 20216. The Agency intends to rely heavily on any applicable City design standards which may cover all or part of the Project Area.

This Plan is subject to the Plan modification limitations and reporting requirements set forth in Idaho Code § 50-2903A. Subject to limited exceptions as set forth in Idaho Code § 50-2903A, if this Plan is modified by City Council ordinance, then the base value for the year immediately following the year in which modification occurs shall include the current year's equalized assessed value of the taxable property in the revenue allocation area, effectively eliminating the Agency's revenue stream.

A modification shall not be deemed to occur when"[t]here is a plan amendment to make technical or ministerial changes to a plan that does not involve an increase in the use of revenues allocated to the agency." Idaho Code § 50-2903A(1)(a)(i). Annual adjustments as more specifically set forth in the Agency's annual budget will be required to account for more/less estimated revenue and project timing, including prioritization of projects. Any adjustments for these stated purposes are technical and ministerial and are not modifications under Idaho Code § 50-2903A.

Further, a modification shall not be deemed to occur when: "[t]here is a plan amendment to support growth of an existing commercial or industrial project in an existing revenue allocation area, subject to the provisions of section 50-2905A, Idaho Code." Idaho Code § 50-2903A(1)(a)(iv). The proposed development of the Project Area is commercial and industrial projects. Any adjustment to the list of improvements and/or revenue stream to support growth of the proposed commercial and industrial projects is not a modification under Idaho Code § 50-2903A.

This Plan provides the Agency with powers, duties, and obligations to implement and further the program generally formulated in this Plan for the development, redevelopment, rehabilitation, and revitalization of the area within the boundaries of the Project Area. The Agency retains all powers allowed by the Law and Act. This Plan presents a process and a basic framework within which plan implementation, including contracts, agreements and ancillary documents will be presented and by which tools are provided to the Agency to fashion, develop, and proceed with plan implementation. The Plan has balanced the need for flexibility over the twenty (20)-year timeframe of the Plan to implement the improvements identified in Attachment 5.1, with the need for specificity as required by Idaho Code § 50-2905. The Plan narrative addresses the required elements of a plan set forth in Idaho Code § 50-2905(1), (5), (7) and (8). Attachments 5.1-5.5, together with the Plan narrative, meet the specificity requirement for the required plan elements set forth in Idaho Code § 50-2905(2)-(6), recognizing that actual Agency expenditures are prioritized each fiscal year during the required annual budgeting process.

Allowed projects are those activities which comply with the Law and the Act and meet the overall objectives of this Plan. The public-private relationship is crucial in the successful development and redevelopment of the Project Area. Typically, the public will fund enhanced public improvements like utilities, streets, and sidewalks which, in turn, establish the necessary infrastructure to support adjacent private investment, which in this case includes industrial and commercial facilities.

The purpose of the Law and Act will be attained through the implementation of the Plan. The master goals of this Plan are:

a. The installation and construction of public improvements, including a new collector street; improvements to existing roadways, including but not limited to improvements to Champlin Road and Orchard Drive; intersection improvements; installation of curbs, gutters and streetscapes, which for purposes of this Plan, the term “streetscapes” includes sidewalks, lighting, landscaping, benches, bike racks and similar amenities between the curb and right of way line; installation and/or improvements to fiber optic facilities; improvements to public utilities including water and sewer improvements, and fire protection systems; removal, burying, or relocation of overhead utilities; extension of electrical distribution lines and transformers; improvement of irrigation canals and drainage ditches and laterals; and improvement of storm drainage facilities;

b. The replanning, redesign, and development of undeveloped or underdeveloped areas which are stagnant or improperly utilized because of limited traffic access, underserved utilities, and other site conditions;

c. The strengthening of the economic base of the Project Area and the community by the installation of needed public improvements to stimulate new private development providing employment and economic growth;

d. The provision of adequate land for open space, street rights-of-way and pedestrian rights-of-way, including pathways;

e The reconstruction and improvement of street corridors to allow traffic flows to move through the Project Area along with the accompanying utility connections, through the Project Area;

f. In conjunction with the City, the establishment and implementation of performance criteria to assure high site design standards and environmental quality and other design elements which provide unity and integrity to the entire Project Area, including commitment of funds for planning studies, achieving high standards of development, and leveraging such development to achieve public objectives and efficient use of scarce resources;

g. The strengthening of the tax base by encouraging private development, thus increasing the assessed valuation of properties within the Project Area as a whole and benefiting the various taxing districts in which the urban renewal area is located;

h. The funding of necessary public infrastructure to accommodate both public and private development.

101 General Procedures of the Agency

The Agency is a public body, corporate and politic, as defined and described under the Law and the Act. The Agency is governed by its bylaws, as authorized by the Law and adopted by the Agency. Under the Law, the Agency is governed by the Idaho open meeting law; the Public Records Act; the Ethics in Government Act of 2015, Chapters 1, 2 and 4 of Title 74, Idaho Code; reporting requirements pursuant to Idaho Code §§ 67-450B, 67-1076, 50-2903A and 50-2913; and the competitive bidding requirements under Chapter 28, Title 67, Idaho Code, as well as other procurement or other public improvement delivery methods.

Subject to limited exceptions, the Agency shall conduct all meetings in open session and allow meaningful public input as mandated by the issue considered or by any statutory or regulatory provision.

The Agency may adopt separate policy statements. Any modification to any policy statement is a technical or ministerial adjustment and is not a modification to this Plan under Idaho Code § 50-2903A.

102 Provisions Necessary to Meet State and Local Requirements: Conformance with Idaho Code Sections 50-2008 and 50-2906

Idaho law requires that the City Council, by resolution, must determine a geographic area be a deteriorated area or a deteriorating area, or a combination thereof, and designate such area as appropriate for an urban renewal project prior to preparation of an urban renewal plan. A consultant was retained to study a proposed project area (the "Study Area") and prepare an eligibility report (the "Report"). The Report was submitted to the Agency. The Agency accepted the Report by Agency Resolution No. 2022-01 on February 14, 2022, and thereafter submitted the Report to the City Council for their consideration.

The Study Area was deemed by the City Council to be a deteriorating area and/or a deteriorated area and therefore eligible for an urban renewal project by adoption of Resolution No. 2022-008 on March 14, 2022. With the adoption of Resolution No. 2022-008, the City Council directed the Agency to prepare an urban renewal plan.

Under the Law and Act, Idaho Code Sections 50-2903(8)(f) and 50-2018(8) and (9), the definition of a deteriorating area shall not apply to any agricultural operation as defined in section 22-4502(2), Idaho Code, absent the consent of the owner of the agricultural operation except for an agricultural operation that has not been used for three (3) consecutive years.

In accordance with the Law and Act, the necessary agricultural operation consent was obtained from the owners of the agricultural operation within the Project Area for property that has been used as an agricultural operation within the last three (3) years. A copy of the agricultural operation consent is attached hereto as Attachment 6.

The Plan was prepared and submitted to the Agency for its review and approval. The Agency approved the Plan by the adoption of Agency Resolution No.[enter] and submitted the Plan to the City Council with its recommendation for adoption.

In accordance with the Law, this Plan was submitted to the Planning and Zoning Commission of the City. After consideration of the Plan, the Commission, by resolution, reported to the City Council that this Plan is in conformity with the City's Comprehensive Plan.

Pursuant to the Law and Act, the City Council having published due notice thereof, a public hearing was held on this Plan. Notice of the hearing was duly published in the *Times News*, a newspaper having general circulation in the City. The City Council adopted this Plan on ___________ __, ________, by Ordinance No. _____.

103 History and Current Conditions of the Area

This Project Area includes an estimated 80 acres. The Project Area is generally located on the west side of N 3300 Road E/Champlin Road and north of E 3700 N/Orchard Drive East. All parcels were recently annexed into the city of Twin Falls city limits.

The Project Area, before it was annexed into the City, was zoned M-2 (Heavy Manufacturing), but its most recent use was for irrigated crop land. The City's Future Land Use Map in the City's Comprehensive Plan designates the Project Area as Industrial/Employment/Flex. The Project Area reflects an area in transition from historic agricultural use to commercial/industrial uses. The Project Area is located in an area that has seen significant industrial development in recent years and remains one of the few industrial areas in South Central Idaho with adequate public services available to support large-scale development. A significant impediment to development is the extent of infrastructure necessary to develop the Project Area as the public services currently available to the Project Area are consistent with historic agricultural usage of the parcels. Development potential within the Project Area is currently restricted due to defective or inadequate adjacent roadways, the lack of an internal street network, as well as lack of access to the municipal water and wastewater systems, which creates fire flow and treatment issues. Extension of a water distribution system throughout the Project Area is necessary to support development. Likewise, the sewer system will also need to be extended throughout the Project Area. Power and gas system upgrades are also necessary, as well as improvements to the irrigation canal. The Project Area lacks the public infrastructure necessary to properly serve economic development as contemplated by the City's Comprehensive Plan.

The Plan proposes installation and improvements to public infrastructure and other publicly owned assets throughout the Project Area, as more specifically set forth in Attachment 5.1, creating the opportunity to support commercial and industrial economic development consistent with the City's Comprehensive Plan.

The Project Area is underdeveloped and/or vacant and is not being used to its highest and best use due to age or obsolescence, the predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness/obsolete platting, insanitary or unsafe conditions inadequate utility infrastructure needed for a larger development all resulting in the economic underdevelopment of the area and which conditions have substantially impaired or arrested the sound growth of the City.

The preparation and approval of an urban renewal plan, including a revenue allocation financing provision, gives the City additional resources to solve the public infrastructure and development impediment issues in this area. Revenue allocation financing should help to improve the situation. In effect, property taxes generated by new developments within the Project Area may be used by the Agency to finance a variety of needed public improvements and facilities. Finally, the new developments will generate new jobs in the community that would, in turn, benefit area residents.

It is unlikely that most individual developers will take on the prohibitive costs of constructing the necessary infrastructure in the Project Area without the ability of revenue allocation to help offset at least some of these costs. But for urban renewal and revenue allocation financing, the proposed public improvements to support revitalization and new industrial and commercial developments would not occur.

104 Purpose of Activities

Attachment 5.1 includes the public improvements lists identifying with specificity the proposed public improvements and projects contemplated in the Project Area, including the estimated costs of those improvements. Attachment 5.5 shows the estimated location of the proposed projects in the Project Area. The description of activities, public improvements, and the estimated costs of those items are intended to create an outside limit of the Agency's activity. Due to the inherent difficulty in projecting future levy rates, future taxable value, and the future costs of construction, the Agency reserves the right to:

a. change funding amounts from one Project to another.

b. to re-prioritize the projects lists described in this Plan and the Plan Attachments.

c. Retain flexibility in funding the various activities in order to best meet the Plan and the needs of the Project Area.

d. Retain flexibility in determining whether to use the Agency's funds or funds generated by other sources.

e. Alter the location of proposed improvements set forth in Attachment 5.5 or as described in Attachment 5.1 to support development when it occurs. The information included in Attachment 5.5 presents a realistic development scenario and siting of improvements recognizing it is difficult to project with any certainty where the improvements will be sited until any future projects submit plans to the City for design review and permitting.

The Agency intends to discuss and negotiate with any owner or developer of the parcels within the Project Area seeking Agency assistance during the duration of the Plan and Project Area. During such negotiation, the Agency will determine the eligibility of the activities sought for Agency funding, the amount the Agency may fund by way of percentage or other criteria including the need for such assistance. The Agency will also take into account the amount of revenue allocation proceeds estimated to be generated from the developer's activities. The Agency also reserves the right to establish, by way of policy, its funding percentage or participation, which would apply to all developers and owners.

Throughout this Plan, there are references to Agency activities, Agency funding, and the development, and contribution of public improvements. Such references do not necessarily constitute a full, final, and formal commitment by the Agency but, rather, grant to the Agency the discretion to participate as stated subject to achieving the objectives of this Plan and provided such activity is deemed eligible under the Law and the Act. The activities listed in Attachments 5.1-5.5 will be determined or prioritized as the overall Project Area develops and through the annual budget setting process.

The activities listed in Attachments 5.1-5.5 are also prioritized by way of importance to the Agency by the amounts funded, and by year of funding, with earlier years reflecting the more important activities, achievement of higher objectives, long term goals, and commitments. As required by the Law and Act, the Agency will adopt more specific budgets annually. The projected timing of funding is primarily a function of market conditions and the availability of financial resources but is also strategic, considering the timing of private development partnership opportunities and the ability of certain strategic activities to stimulate development at given points in time within the planned 20-year period of the Plan and Project Area.

The Study (Attachments 5.1-5.5) has described a list of prioritized public improvements and other related activities with an estimated cost in 2022 dollars of approximately $9,253,110.00. This amount does not take into account inflationary factors, such as increasing construction costs, which would increase that figure depending on when the owner, developer and/or Agency is able to develop, construct or initiate those activities. The Study has concluded the capacity of revenue allocation funds through the term of the Plan based on the assumed development projects and assessed value increases will likely generate an estimated $20,646,664.00 in revenue allocation proceeds if the Project Area is fully developed. The Agency reserves the discretion and flexibility to use revenue allocation proceeds in excess of the amounts predicted in the event higher increases in assessed values occur during the term of the Plan for the improvements and activities identified in the project lists. Additionally, the Agency reserves the discretion and flexibility to use other sources of funds unrelated to revenue allocation to assist in the funding of the improvements and activities identified in any of the project lists.

105 Open Land Criteria

This Plan does not contemplate Agency acquisition of property within the Project Area. The Project Area includes open land requiring the area meet the conditions set forth in Idaho Code § 50-2008(d). These conditions include defective or unusual conditions of title, diversity of ownership, tax delinquency, improper subdivisions, outmoded street patterns, deterioration of site, and faulty lot layout, all of which are included in one form or another in the definitions of deteriorated area or deteriorating area set forth in Idaho Code §§ 50-2018(8), (9) and 50-2903(8). The issues listed only in Idaho Code § 50-2008(d)(4)(2) (the open land section) include economic disuse, unsuitable topography, and "the need for the correlation of the area with other areas of a municipality by streets and modern traffic requirements, or any combination of such factors or other conditions which retard development of the area."

Open land areas qualify for Agency acquisition and development for primarily nonresidential uses if acquisition is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives if any of the deteriorating area conditions set forth in Idaho Code §§ 50-2018(8), (9) and 50-2903(8) apply. But such areas also qualify if any of the issues listed only in Idaho Code § 50-2008(d)(4)(2) apply. The age or obsolescence of existing uses, a predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness/obsolete platting, insanitary or unsafe conditions and economic disuse are all conditions which delay or impair development of the open land areas and satisfy the open land conditions as more fully supported by the Orchard Drive East Urban Renewal District (Proposed) Eligibility Report, prepared by Kushlan | Associates, dated January 2022.

This Plan does not anticipate Agency acquisition of property within the Project Area. However, should the Agency determine the need to acquire property as further set forth in Attachment 3, then the open land areas qualify for Agency acquisition and development.

200 DESCRIPTION OF PROJECT AREA

The boundaries of the Project Area and the Revenue Allocation Area are shown on the Boundary Map of Urban Renewal Project Area and Revenue Allocation Area, attached hereto as Attachment 1 and incorporated herein by reference, and are described in the Legal Description of Urban Renewal Project Area and Revenue Allocation Area, attached hereto as Attachment 2 and incorporated herein by reference. For purposes of boundary descriptions and use of proceeds for payment of improvements, the boundary shall be deemed to extend to the outer boundary of rights-of-way or other natural boundary unless otherwise stated. The Project Area does not intend to include right-of-way that is currently within unincorporated Twin Falls County.

300 PROPOSED REDEVELOPMENT ACTIONS

301 General

The Agency proposes to eliminate and prevent the spread of deteriorating conditions and deterioration in the Project Area by employing a strategy to improve and develop public and private lands, and to grow the economy in the Project Area. Implementation of the strategy includes, but is not limited to the following actions:

a. The engineering, design, installation, construction, and/or reconstruction of storm water management infrastructure to support compliance with federal, state, and local regulations for storm water discharge and to support private development;

b. The provision for participation by property owners and developers within the Project Area to achieve the economic development objectives of this Plan;

c. The engineering, design, installation, construction, and/or reconstruction of streets and streetscapes, including but not limited to improvements to portions of N 3300 Road E/Champlin Road and E 3700 N/Orchard Drive East, and related pedestrian facilities, curb and gutter, intersection and rail crossing improvements, and traffic signals (if needed);

d. The engineering, design, installation, construction, and/or reconstruction of utilities including but not limited to improvements and upgrades to the water distribution system, including extension of the water distribution system, water capacity improvements, water storage upgrades, wastewater system improvements and upgrades, including extension of the wastewater collection system, lift station, and improvements, and upgrades to power, gas, fiber optics, communications and other such facilities;

e. Removal, burying, or relocation of overhead utilities; removal or relocation of underground utilities; extension of electrical distribution lines and transformers; improvement of irrigation canals and drainage ditches and laterals; undergrounding or piping of laterals; addition of fiber optic lines or other communication systems; public parking facilities, and other public improvements, including but not limited to, fire protection systems, roadways, curbs, gutters, and streetscapes, which for purposes of this Plan, the term streetscapes includes sidewalks, lighting, landscaping, benches, signage, way-finding, bike racks, and similar amenities between the curb and right-of-way line; and other public improvements, including public open spaces, that may be deemed appropriate by the Board;

f. The acquisition of real property for public right-of-way improvements, pedestrian facilities, utility undergrounding and streetscape improvements to create development opportunities consistent with the Plan, including but not limited to future disposition to qualified developers and for qualified developments, including economic development;

g. The disposition of real property through a competitive process in accordance with this Plan, Idaho law, including Idaho Code § 50-2011, and any disposition policies adopted by the Agency;

h. The demolition or removal of certain buildings and/or improvements for public rights-of-way, pedestrian facilities, utility undergrounding and streetscape improvements to encourage and enhance transportation and mobility options, decrease underutilized parcels, to eliminate unhealthful, unsanitary, or unsafe conditions, eliminate obsolete or other uses detrimental to the public welfare or otherwise to remove or to prevent the spread of deteriorating or deteriorated conditions;

i. The management of any property acquired by and under the ownership and control of the Agency;

i. The development or redevelopment of land by private enterprise or public agencies for uses in accordance with this Plan;

k. The construction and financial support of infrastructure necessary for the provision of improved transit and alternative transportation;

l. The provision of financial and other assistance to encourage and attract business enterprise including but not limited to start-ups and microbusinesses, mid-sized companies and large-scale corporations and industries;

m. The rehabilitation of structures and improvements by present owners, their successors, and the Agency;

n. The preparation and assembly of adequate sites for the development and construction of facilities for industrial, commercial, and governmental use;

o. In conjunction with the City, the establishment and implementation of performance criteria to assure high site design standards and environmental quality and other design elements which provide unity and integrity to the entire Project Area, including commitment of funds for planning studies, achieving high standards of development, and leveraging such development to achieve public objectives and efficient use of scarce resources;

p. To the extent allowed by law, lend or invest federal funds to facilitate development and/or redevelopment;

q. The environmental assessment and remediation of brownfield sites, or sites where environmental conditions detrimental to development and/or redevelopment exist;

r. Other related improvements to those set forth above as further set forth in Attachments 5.1-5.5

In the accomplishment of these purposes and activities and in the implementation and furtherance of this Plan, the Agency is authorized to use all the powers provided in this Plan and all the powers now or hereafter permitted by Law and Act.

302 Urban Renewal Plan Objectives

Urban renewal activity is necessary in the Project Area to combat problems of physical deterioration or deteriorating conditions. As set forth in greater detail in Section 103, the Project Area has a history of stagnant growth and development compared to other areas of the City based on deteriorated or deteriorating conditions that have arrested or impaired growth in the Project Area primarily attributed to: age or obsolescence of existing uses, a predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness/obsolete platting, insanitary or unsafe conditions, economic disuse and inadequate utility infrastructure needed for a larger commercial and industrial developments. The Plan for the Project Area is a proposal to work in partnership with public and private entities to improve, develop, and grow the economy within the Project Area by the implementation of a strategy and program set forth in Section 301.

The provisions of this Plan are applicable to all public and private property in the Project Area. The provisions of the Plan shall be interpreted and applied as objectives and goals, recognizing the need for flexibility in interpretation and implementation, while at the same time not in any way abdicating the rights and privileges of the property owners which are vested in the present and future zoning classifications of the properties. All development under an owner participation agreement shall conform to those standards specified in Section 303.1 of this Plan.

This Plan must be practical in order to succeed. Particular attention has been paid to how it can be implemented, given the changing nature of market conditions. Transforming the Project Area into a vital, thriving part of the community requires an assertive strategy. The following list represents the key elements of that effort:

a. Initiate simultaneous projects designed to revitalize the Project Area. From street and utility improvements to significant new public or private development, the Agency plays a key role in creating the necessary momentum to get and keep things going.

b. Develop new commercial and industrial , as well as encourage economic development opportunities.

c. Secure and improve certain public open space in critical areas.

d. Initiate projects designed to increase workforce transportation and mobility options.

Without direct public intervention, much of the Project Area could conceivably remain unchanged and in a deteriorated and/or deteriorating condition for the next twenty (20) years. The Plan creates the necessary flexible framework for the Project Area to support the City's economic development while complying with the "specificity" requirement set forth in Idaho Code § 50-2905.

Land use in the Project Area will be modified to the extent that underutilized, underdeveloped, and vacant land and land now devoted to uses inconsistent with the future land uses of the area will be converted to commercial and industrial uses. In implementing the activities described in this Plan, the Agency shall give due consideration to the provision of adequate open space, park and recreational areas and facilities that may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of residents in the general vicinity of the site covered by the Plan, recognizing the primary commercial and industrial nature of the Project Area.

303 Participation Opportunities and Agreement

303.1 Participation Agreements

The Agency shall enter into various development participation agreements with any existing or future owner of property in the Project Area, in the event the property owner receives assistance from the Agency in the development and/or redevelopment of the property. The term "owner participation agreement" or "participation agreement" is intended to include all participation agreements with a property owner, including reimbursement agreements, grant agreements or other participation agreements. In that event, the Agency may allow for an existing or future owner of property to remove the property and/or structure from future Agency acquisition subject to entering into an owner participation agreement. The Agency may also enter into owner participation agreements with other future owners and developers within the Project Area throughout the duration of this Plan in order to implement the infrastructure improvements set forth in this Plan.

Each structure and building in the Project Area to be rehabilitated or to be constructed as a condition of the owner participation agreement between the Agency and the owner pursuant to this Plan will be considered to be satisfactorily rehabilitated and constructed, and the Agency will so certify, if the rehabilitated or new structure meets the standards set forth in an executed owner participation agreement and meets the conditions described below:

a. Any such property within the Project Area shall be required to conform to all applicable provisions, requirements, and regulations of this Plan. The owner participation agreement may require as a condition of financial participation by the Agency a commitment by the property owner to meet the greater objectives of the land use elements identified in the Comprehensive Plan, and applicable zoning ordinances. Upon completion of any rehabilitation each structure must be safe and sound in all physical respects and be refurbished and altered to bring the property to an upgraded marketable condition that will continue throughout an estimated useful life for a minimum of twenty (20) years.

b. All such buildings or portions of buildings which are to remain within the Project Area shall be rehabilitated or constructed in conformity with all applicable codes and ordinances of the City.

c. Any new construction shall also conform to all applicable provisions, requirements, and regulations of this Plan, as well as to all applicable codes and ordinances of the City.

All owner participation agreements will address phasing issues, development timing, justification and eligibility of project costs, and achievement of the objectives of the Plan. The Agency shall retain its discretion in the funding level of its participation. Obligations under owner participation agreements shall terminate no later than the termination date of this Plan, December 31, 2042. The Agency shall retain its discretion to negotiate an earlier date to accomplish all obligations under any owner participation agreement.

In all participation agreements, participants who retain real property shall be required to join in the recordation of such documents as may be necessary to make the provisions of this Plan applicable to their properties. Whether or not a participant enters into a participation agreement with the Agency, the provisions of this Plan are applicable to all public and private property in the Project Area.

In the event a participant fails or refuses to rehabilitate, develop, use, and maintain its real property pursuant to this Plan and a participation agreement, the real property or any interest therein may be acquired by the Agency in accordance with Section 305.1 of this Plan and sold or leased for rehabilitation or development in accordance with this Plan.

Owner participation agreements may be used to implement the following objectives:

a. Encouraging property owners to revitalize and/or remediate deteriorated areas or deteriorating areas of their parcels to accelerate development in the Project Area.

b. Subject to the limitations of the Law and the Act, providing incentives to property owners to encourage utilization and expansion of existing permitted uses during the transition period to prevent a decline in the employment base and a proliferation of vacant and deteriorated parcels in the Project Area during the extended redevelopment of the Project Area.

c. To accommodate improvements and expansions allowed by City regulations.

d. Subject to the limitations of the Law and Act, providing incentives to improve nonconforming properties so they implement the design guidelines contained in this Plan to the extent possible and to encourage an orderly transition from nonconforming to conforming uses through the term of the Plan.

e. Provide for advance funding by the developer/owner participant of those certain public improvements related to or needed for the private development and related to the construction of certain public improvements. In that event, the Agency will agree as set out in the participation agreement to reimburse a portion of, or all of, the costs of public improvements identified in the participation agreement from the revenue allocation generated by the private development.

304 Cooperation with Public Bodies

Certain public bodies are authorized by state law to aid and cooperate, with or without consideration, in the planning, undertaking, construction, or operation of this Project. The Agency shall seek the aid and cooperation of such public bodies and shall attempt to coordinate this Plan with the activities of such public bodies in order to accomplish the purposes of redevelopment and the highest public good.

The Agency, by law, is not authorized to acquire real property owned by public bodies without the consent of such public bodies. The Agency will seek the cooperation of all public bodies which own or intend to acquire property in the Project Area. All plans for development of property in the Project Area by a public body shall be subject to Agency approval, in the event the Agency is providing any financial assistance.

Subject to applicable authority, the Agency may impose on all public bodies the planning and design controls contained in this Plan to ensure that present uses and any future development by public bodies will conform to the requirements of this Plan. The Agency is authorized to financially (and otherwise) assist any public entity in the cost of public land, buildings, facilities, structures, or other improvements of the Project Area as allowed by the Law and Act.

The Agency intends to cooperate to the extent allowable with the City and the Twin Falls County Highway District (or the Idaho Transportation Department), as the case may be, for the engineering, design, installation, construction, and/or reconstruction of public infrastructure improvements, including, but not limited to water, sewer, storm drainage, electrical, natural gas, telecommunication, or other similar systems and lines, streets, roads, curbs, gutters, sidewalks, walkways, parking facilities and unoccupied auxiliary structures. The Agency shall also cooperate with the City and the Twin Falls County Highway District (or the Idaho Transportation Department) on various relocation, screening, or undergrounding projects and the providing of fiber optic capability. To the extent any public entity, including the City and/or the Twin Falls County Highway District, has funded certain improvements, the Agency may reimburse those entities for those expenses. The Agency also intends to cooperate and seek available assistance from state, federal and other sources for economic development.

In the event the Agency is participating in the public development by way of financial incentive or otherwise, the public body shall enter into a participation agreement with the

Agency and then shall be bound by the Plan and other land use elements and shall conform to those standards specified in Section 303.1 of this Plan.

This Plan does not financially bind or obligate the City, Agency and/or any other public entity to any project or property acquisition; rather, for purposes of determining the economic feasibility of the Plan certain projects and expenditures have been estimated and included in the analysis. Agency revenue and the ability to fund reimbursement of eligible Project Costs is more specifically detailed in any owner participation agreement and in the annual budget adopted by the Agency Board.

305 Property Acquisition

305.1 Real Property

Only as specifically authorized herein, the Agency may acquire, through the voluntary measures described below, but is not required to acquire, any real property located in the Project Area where it is determined that the property is needed for construction of public improvements, required to eliminate or mitigate the deteriorated or deteriorating conditions, to facilitate economic development, including acquisition of real property intended for disposition to qualified developers through a competitive process, and as otherwise allowed by law. The acquisition shall be by any means authorized by law, including, but not limited to, the Law, the Act, and the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, but shall not include the right to invoke eminent domain authority except as authorized herein. The Agency is authorized to acquire either the entire fee or any other interest in real property less than a fee, including structures and fixtures upon the real property, without acquiring the land upon which those structures and fixtures are located.

The Agency intends to acquire any real property through voluntary or consensual gift, devise, exchange, or purchase. Such acquisition of property may be for the development of the public improvements identified in this Plan. Such properties may include properties owned by private parties or public entities. This Plan does not anticipate the Agency's widespread use of its resources for property acquisition, except for the construction of public improvements or to dispose of real property to a qualified developer to incent certain types of development as permitted by the Law and Act.

In the event the Agency identifies certain property which should be acquired to develop certain public improvements intended to be constructed under the provisions of this Plan, the Agency shall coordinate such property acquisition with any other public entity (e.g., without limitation, the City, the state of Idaho, or any of its authorized agencies), including the assistance of the Agency of funds to acquire said property through a voluntary acquisition.

The Agency is authorized by this Plan to acquire the properties identified in Attachment 3 hereto, including but not limited to property to be acquired for the extension or expansion of certain rights-of-way.

The Agency is authorized by this Plan and Idaho Code §§ 50-2010 and 50-2018(12) to acquire the properties identified in Attachment 3 hereto for the purposes set forth in this Plan. The Agency has identified its intent to acquire and/or participate in the development of certain public improvements, including, but not limited to streets, streetscapes, water and sewer improvements, irrigation canal improvements, and improvements to the power and gas systems. Further, the Agency may acquire real property to facilitate commercial and/or industrial development by assembling and disposing of developable parcels. The Agency's property acquisition will result in remediating deteriorating conditions in the Project Area by facilitating the development of community and industrial areas. The public improvements are intended to be dedicated to the City and/or other appropriate public entity, as the case may be, upon completion. The Agency reserves the right to determine which properties identified, if any, should be acquired. The open land areas qualify for Agency acquisition as further set forth in Section 105 of this Plan.

It is in the public interest and may be necessary, in order to eliminate the conditions requiring development and/or redevelopment and in order to execute this Plan, for the power of eminent domain to be employed by the Agency to acquire real property in the Project Area for the public improvements identified in this Plan, which cannot be acquired by gift, devise, exchange, purchase, or any other lawful method.

Under the provisions of the Act, the urban renewal plan "shall be sufficiently complete to indicate such land acquisition, demolition, and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area." Idaho Code § 50-2018(12). The Agency has generally described those properties by use as set out in Attachment 3 for acquisition for the construction of public improvements. The Agency may also acquire property for the purpose of developing streetscape and public utilities. The Agency reserves the right to determine which properties, if any, should be acquired.

305.2 Personal Property

Generally, personal property shall not be acquired. However, where necessary in the execution of this Plan, the Agency is authorized to acquire personal property in the Project Area by any lawful means, for the purpose of developing the public improvements described in section 305.1.

306 Property Management

During the time real property, if any, in the Project Area is owned by the Agency, such property shall be under the management and control of the Agency. Such property may be rented or leased by the Agency pending its disposition for development and/or redevelopment, and such rental or lease shall be pursuant to such policies as the Agency may adopt.

307 Relocation of Persons (Including Individuals and Families), Business Concerns, and Others Displaced by the Project

If the Agency receives federal funds for real estate acquisition and relocation, the Agency shall comply with 24 C.F.R. Part 42, implementing the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

In the event the Agency's activities result in displacement, the Agency shall comply with, at a minimum, the standards set forth in the Law. The Agency shall also comply with all applicable state laws concerning relocation benefits and shall coordinate with the various local, state, or federal agencies concerning relocation assistance.

308 Demolition, Clearance, and Site Preparation

The Agency is authorized (but not required) to demolish and clear buildings, structures, and other improvements from any real property in the Project Area as necessary to carry out the purposes of this Plan.

Further, the Agency is authorized (but not required) to prepare, or cause to be prepared, as building sites any real property in the Project Area owned by the Agency including rock removal and site preparation. In connection therewith, the Agency may cause, provide for, or undertake the installation or construction of streets, utilities, pedestrian walkways, parking facilities, drainage facilities, and other public improvements necessary to carry out this Plan.

309 Property Disposition and Development

309.1 Disposition by the Agency

For the purposes of this Plan, the Agency is authorized to sell, lease, lease/purchase, exchange, subdivide, transfer, assign, pledge, encumber by mortgage or deed of trust, or otherwise dispose of any interest in real property under the reuse provisions set forth in Idaho law, including Idaho Code § 50-2011 and pursuant to any disposition policies adopted by the Agency. To the extent permitted by law, the Agency is authorized to dispose of real property by negotiated lease, sale, or transfer without public bidding.

Real property acquired by the Agency may be conveyed by the Agency and, where beneficial to the Project Area, without charge to any public body as allowed by law. All real property acquired by the Agency in the Project Area shall be sold or leased to public or private persons or entities for development for the uses permitted in this Plan.

309.2 Disposition and Development Agreements

To provide adequate safeguards to ensure that the provisions of this Plan will be carried out and to prevent the recurrence of deteriorating conditions, all real property sold, leased, or conveyed by the Agency is subject to the provisions of this Plan.

The Agency shall reserve such powers and controls in the disposition and development documents as may be necessary to prevent transfer, retention, or use of property for speculative purposes and to ensure that development is carried out pursuant to this Plan.

Leases, lease/purchases, deeds, contracts, agreements, and declarations of restrictions of the Agency may contain restrictions, covenants, covenants running with the land, rights of reverter, conditions subsequent, equitable servitudes, or any other provisions necessary to carry out this Plan. Where appropriate, as determined by the Agency, such documents, or portions thereof, shall be recorded in the office of the Recorder of Twin Falls County, Idaho.

All property in the Project Area is hereby subject to the restriction that there shall be no discrimination or segregation based upon race, color, creed, religion, sex, age, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, disability/handicap, tenure, or enjoyment of property in the Project Area. All property sold, leased, conveyed, or subject to a participation agreement shall be expressly subject by appropriate documents to the restriction that all deeds, leases, or contracts for the sale, lease, sublease, or other transfer of land in the Project Area shall contain such nondiscrimination and nonsegregation clauses as required by law.

As required by law or as determined in the Agency's discretion to be in the best interest of the Agency and the public, the following requirements and obligations shall be included in the disposition and development agreement.

That the developers, their successors, and assigns agree:

a. That a detailed scope and schedule for the proposed development shall be submitted to and agreed upon by the Agency.

b. That the purchase or lease of the land and/or subterranean rights and/or air rights is for the purpose of redevelopment and not for speculation.

c. That the building of improvements will be commenced and completed as jointly scheduled and determined by the Agency and the developer(s).

d. That the site and construction plans will be submitted to the Agency for review as to conformity with the provisions and purposes of this Plan.

e. All new construction shall have a minimum estimated life of no less than twenty (20) years.

f. That rehabilitation of any existing structure must assure that the structure is safe and sound in all physical respects and be refurbished and altered to bring the property to an upgraded marketable condition which will continue throughout an estimated useful life for a minimum of twenty (20) years.

g. That the Agency receives adequate assurance acceptable to the Agency to ensure performance under the contract for sale.

h. All such buildings or portions of the buildings which are to remain within the Project Area shall be reconstructed in conformity with all applicable codes and ordinances of the City.

i. All disposition and development documents shall be governed by the provisions of Section 409 of this Plan.

j. All other requirements and obligations as may be set forth in any participation policy established and/or amended by the Agency.

The Agency also reserves the right to determine the extent of its participation based upon the achievements of the objectives of this Plan. Obligations under any disposition and development agreement and deed covenants, except for covenants which run with the land beyond the termination date of this Plan, shall terminate no later than December 31, 2042. The Agency shall retain its discretion to negotiate an earlier date to accomplish all obligations under any disposition and development agreement.

309.3 Development by the Agency

To the extent now or hereafter permitted by law, the Agency is authorized to pay for, develop, or construct public improvements within the Project Area for itself or for any public body or entity, which public improvements are or would be of benefit to the Project Area. Specifically, the Agency may pay for, install, or construct the public improvements authorized under Idaho Code §§ 50-2007, 50-2018(10) and (13), and 50-2903(9), (13), and (14), and as otherwise identified in Attachments 5.1-5.5, attached hereto and incorporated herein by reference, and may acquire or pay for the land required therefore.

The Agency may enter into contracts, leases, and agreements with the City or other public body or private entity pursuant to this section, and the obligation of the Agency under such contract, lease, or agreement shall constitute an indebtedness of the Agency as described in Idaho Code § 50-2909 which may be made payable out of the taxes levied in the Project Area and allocated to the Agency under Idaho Code § 50-2908(2)(b) and Section 500 of this Plan or out of any other available funds.

310 Development Plans

All development plans (whether public or private) prepared, pursuant to an owner participation or disposition and development agreement, shall be submitted to the Agency Board for review and approval. All development in the Project Area must conform to those standards specified in Section 409and all applicable City ordinances.

311 [Reserved]

312 [Reserved]

313 Participation with Others

Under the Law, the Agency has the authority to lend or invest funds obtained from the federal government for the purposes of the Law if allowable under federal laws or regulations. The federal funds that may be available to the Agency are governed by regulations promulgated by the Department of Housing and Urban Development for the Community Development Block Grant Program ("CDBG"), the Economic Development Administration, the Small Business Administration, or other federal agencies. In order to enhance such grants, the Agency's use of revenue allocation funds is critical.

Under those regulations the Agency may participate with the private sector in the development and financing of those private projects that will attain certain federal objectives.

The Agency may, therefore, use the federal funds for the provision of assistance to private for-profit business, including, but not limited to, grants, loans, loan guarantees, interest supplements, technical assistance, and other forms to support, for any other activity necessary or appropriate to carry out an economic development project.

As allowed by law, the Agency may also use funds from any other sources for any purpose set forth under the Law or Act.

The Agency may enter into contracts, leases, and agreements with the City, or other public body or private entity, pursuant to this section, and the obligation of the Agency under such contract, lease, or agreement shall constitute an indebtedness of the Agency as described in Idaho Code § 50-2909 which may be made payable out of the taxes levied in the Project Area and allocated to the Agency under Idaho Code § 50-2908(2)(b) and Section 500 of this Plan or out of any other available funds.

314 Conforming Owners

The Agency may, at the Agency's sole and absolute discretion, determine that certain real property within the Project Area presently meets the requirements of this Plan, and the owner of such property will be permitted to remain as a conforming owner without a participation agreement with the Agency, provided such owner continues to operate, use, and maintain the real property within the requirements of this Plan.

400 USES PERMITTED IN THE PROJECT AREA

401 Designated Land Uses

The Agency intends to rely upon the overall land use designations and zoning classifications of the City, as may be amended, and as depicted on Attachment 4 and as set forth in the City's Comprehensive Plan, including the future land use map and zoning classifications, as may be amended. For the most part, the Project Area includes a mix of uses including commercial and industrial development. Provided, however, nothing herein within this Plan shall be deemed to be granting any particular right to zoning classification or use.

402 [Reserved]

403 Public Rights-of-Way

The Project Area contains existing maintained public rights-of-way included within the boundaries, as shown on Attachment 1, including portions of N 3300 Road E/Champlin Road and E 3700 N/Orchard Drive East. Any new roadways, including new collectors to be engineered, designed, installed, and constructed in the interior of the Project Area, will be constructed in conjunction with any applicable policies and design standards of the City or Twin Falls County Highway District (and State and Federal standards, as the case may be) regarding dedicated rights-of-way. Additional public streets, alleys, and easements may be created in the Project Area as needed for proper development, and other potential roadways generally shown in Attachment 5.5, or described in Attachment 5.1.

Additional improvements to existing streets, alleys and easements may be created, improved, or extended in the Project Area as needed for development. Existing dirt roadways, streets, easements, and irrigation or drainage laterals or ditches may be abandoned, closed, vacated, expanded, or modified as necessary for proper development of the Project Area, in accordance with any applicable policies and standards of the Idaho Transportation Department, the City or the Twin Falls County Highway District regarding changes to dedicated rights-of-way, and appropriate irrigation or drainage districts regarding changes to laterals or ditches.

Any development, maintenance and future changes in the interior or exterior street layout shall be in accordance with the objectives of this Plan and the design standards of the City, Twin Falls County Highway District, or the Idaho Department of Transportation as may be applicable; and shall be effectuated in the manner prescribed by State and local law; and shall be guided by the following criteria:

a. A balancing of the needs of proposed and potential new developments for adequate vehicular access, vehicular parking, and delivery loading docks with the similar needs of any existing developments permitted to remain. Such balancing shall take into consideration the rights of existing owners and tenants under the rules for owner and tenant participation adopted by the Agency for the Project and any participation agreements executed thereunder;

b. The requirements imposed by such factors as topography, traffic safety, and aesthetics; and

c. The potential need to serve not only the Project Area and new or existing developments, but to also serve areas outside the Project Area by providing convenient and efficient vehicular access and movement.

The public rights-of-way may be used for vehicular and/or pedestrian traffic, as well as for public improvements, public and private utilities, and activities typically found in public rights-of-way.

404 Interim Uses

Pending the ultimate development of land by developers and participants, the Agency is authorized to use or permit the use of any land in the Project Area for interim uses that are not in conformity with the uses permitted in this Plan. However, any interim use must comply with applicable City Code or Twin Falls County Code.

405 Development in the Project Area Subject to the Plan

All real property in the Project Area, under the provisions of either a disposition and development agreement or an owner participation agreement, is made subject to the controls and requirements of this Plan. No such real property shall be developed, rehabilitated, or otherwise changed after the date of the adoption of this Plan, except in conformance with the provisions of this Plan.

406 Construction Shall Comply with Applicable Federal, State, and Local Laws and Ordinances and Agency Development Standards

All construction in the Project Area shall comply with all applicable state laws, the Twin Falls City Code, as may be amended from time to time, and any applicable City Council ordinances pending codification, including but not limited to, regulations concerning the type, size, density and height of buildings; open space, landscaping, light, air, and privacy; the undergrounding of utilities; limitation or prohibition of development that is incompatible with the surrounding area by reason of appearance, traffic, smoke, glare, noise, odor, or similar factors; parcel subdivision; off-street loading and off-street parking requirements.

In addition to applicable codes, ordinances, or other requirements governing development in the Project Area, additional specific performance and development standards may be adopted by the Agency to control and direct redevelopment activities in the Project Area in the event of a disposition and development agreement or owner participation agreement.

407 [Reserved]

408 Nonconforming Uses

The Agency may permit an existing use to remain in an existing building and site usage in good condition, which use does not conform to the provisions of this Plan, provided that such use is generally compatible with existing and proposed developments and uses in the Project Area. The owner of such a property must be willing to enter into an owner participation agreement and agree to the imposition of such reasonable restrictions as may be necessary to protect the development and use of the Project Area.

The Agency may authorize additions, alterations, repairs, or other improvements in the Project Area for uses which do not conform to the provisions of this Plan where such improvements are within a portion of the Project Area where, in the determination of the Agency, such improvements would be compatible with surrounding Project uses and development.

All nonconforming uses shall also comply with the City codes and ordinances.

409 Design Guidelines for Development under a Disposition and Development Agreement or Owner Participation Agreement

Under a disposition and development agreement and an owner participation agreement, the design guidelines and land use elements of the Plan shall be achieved to the greatest extent feasible, though the Agency retains the authority to grant minor variations under this Plan and subject to a negotiated agreement between the Agency and the developer or property owner.

Under those agreements, the architectural, landscape, and site plans shall be submitted to the Agency and approved in writing by the Agency. In such agreements, the Agency may impose additional design controls. Therefore, such plans shall give consideration to good design and amenities to enhance the aesthetic quality of the Project Area. These additional design standards or controls will be implemented through the provisions of any owner participation agreement or disposition and development agreement. These controls are in addition to any standards and provisions of any applicable City building or zoning ordinances; provided, however, each and every development shall comply with all applicable City zoning and building ordinances.

500 METHODS OF FINANCING THE PROJECT

501 General Description of the Proposed Financing Method

The Agency is authorized to finance this Project with revenue allocation funds, financial assistance from the City (loans, grants, other financial assistance), state of Idaho, federal government or other public entities, interest income, developer advanced funds, donations, loans from private financial institutions (bonds, notes, line of credit), the lease or sale of Agency-owned property, public parking revenue, or any other available source, public or private, including assistance from any taxing district or any public entity.

The Agency is also authorized to obtain advances, lines of credit, borrow funds, and create indebtedness in carrying out this Plan. The Agency may also consider a transfer or grant from the City, an inter-fund transfer from other urban renewal project areas or enter into a memorandum of understanding with any property owner and/or related entity to fund the establishment of the Project Area. The principal and interest on such advances, funds, and indebtedness may be paid from any funds available to the Agency. The City, as it is able, may also supply additional assistance through City loans and grants for various public improvements and facilities. The City or any other public agency, as properly budgeted, may expend money to assist the Agency in carrying out this Project.

As allowed by law and subject to restrictions as are imposed by law, the Agency is authorized to issue notes or bonds from time to time, if it deems appropriate to do so, in order to finance all or any part of the Project. Neither the members of the Agency nor any persons executing the bonds are liable personally on the bonds by reason of their issuance.

502 Revenue Allocation Financing Provisions

The Agency hereby adopts revenue allocation financing provisions as authorized by the Act, effective retroactively to January 1, 2022. These revenue allocation provisions shall apply to all taxing districts which are located in or overlap the Revenue Allocation Area shown and described on Attachments 1 and 2 to this Plan. The Agency shall take all actions necessary or convenient to implement these revenue allocation financing provisions. The Agency specifically finds that the equalized assessed valuation of property within the Revenue Allocation Area is likely to increase as a result of the initiation of the Project.

The Agency, acting by one or more resolutions adopted by its Board, is hereby authorized to apply all or any portion of the revenues allocated to the Agency pursuant to the Act to pay as costs are incurred (pay-as-you-go) or to pledge all or any portion of such revenues to the repayment of any moneys borrowed, indebtedness incurred, or notes or bonds issued by the Agency to finance or to refinance the Project Costs (as defined in Idaho Code § 50-2903(14)) of one or more urban renewal projects.

The Agency may consider a note or line of credit issued by a bank or lending institution premised upon revenue allocation funds generated by a substantial private development contemplated by the Study, as defined in Section 502.1, which would allow the Agency to more quickly fund the public improvements contemplated by this Plan. Likewise, a developer/owner advanced funding of certain eligible public infrastructure improvements to be reimbursed pursuant to an owner participation agreement could achieve the same purpose.

Upon enactment of a City Council ordinance finally adopting these revenue allocation financing provisions and defining the Revenue Allocation Area described herein as part of the Plan, there shall hereby be created a special fund of the Agency into which the County Treasurer shall deposit allocated revenues as provided in Idaho Code § 50-2908. The Agency shall use such funds solely in accordance with Idaho Code § 50-2909 and solely for the purpose of providing funds to pay the Project Costs, including any incidental costs, of such urban renewal projects as the Agency may determine by resolution or resolutions of its Board.

A statement listing proposed public improvements and facilities, a schedule of improvements, an economic feasibility study, estimated project costs, fiscal impact upon other taxing districts, and methods of financing project costs required by Idaho Code § 50-2905 is included in this Plan and in Attachments 5.1-5.5 to this Plan. This information necessarily incorporates estimates and projections based on the Agency's and consultants' present knowledge and expectations. The Agency is hereby authorized to adjust the presently anticipated urban renewal projects and use of revenue allocation financing of the related Project Costs if the Board deems such adjustment necessary or convenient to effectuate the general objectives of the Plan in order to account for revenue inconsistencies, market adjustments, future priorities and unknown future costs. Agency revenue and the ability to fund reimbursement of eligible Project Costs is more specifically detailed in the annual budget.

Revenues will continue to be allocated to the Agency until termination of the revenue allocation area as set forth in Section 800. The Study incorporates estimates and projections based on the Agency's and its consultants' present knowledge and expectations concerning the length of time to complete the improvements and estimated future revenues. The activity may take longer depending on the significance and timeliness of development. Alternatively, the activity may be completed earlier if revenue allocation proceeds are greater or the Agency obtains additional funds from another source.

The revenue allocation proceeds are hereby irrevocably pledged for the payment of the principal and interest on the advance of monies or making of loans or the incurring of any indebtedness such as bonds, notes, and other obligations (whether funded, refunded, assumed, or otherwise) by the Agency to finance or refinance the Project in whole or in part, including reimbursement to any owner/developer for the cost of eligible public improvements pursuant to an owner participation agreement.

The Agency is authorized to make such pledges as to specific advances, loans, and indebtedness as appropriate in carrying out the Project. The Agency reserves the right to either pay for Project Costs from available revenue (pay-as-you-go basis) or borrow funds by incurring debt through notes or other obligations.

Revenue allocation proceeds are deemed to be only a part of the proposed funding sources for the payment of public improvements and other project improvements. Additionally, project funding is proposed to be phased for the improvements, allowing various sources of funds to be accumulated for use.

502.1 Economic Feasibility Study

Attachment 5.2 constitutes the Economic Feasibility Study for the Project Area as supported by Attachments 5.1, 5.3, 5.4 and 5.5 (collectively, the "Study"), prepared by Kushlan | Associates. The Study constitutes the financial analysis required by the Act and is based upon existing information from property owners, developers, the Agency, the City, and others.

502.2 Assumptions and Conditions/Economic Feasibility Statement

The information contained in the Study assumes certain completed and projected actions. All debt is projected to be repaid no later than the duration period of the Plan. The total amount of indebtedness (and all other loans or indebtedness), developer reimbursement and the amount of revenue generated by revenue allocation are dependent upon the extent and timing of private development. Should all of the development take place as projected, the project indebtedness could be extinguished earlier, dependent upon other legal obligations. Should private development take longer to materialize, or should the private development be substantially less than projected, then the amount of revenue generated will be substantially reduced and debt may continue for its full term.

The Plan and the Plan Attachments incorporate estimates and projections based on the Agency's and consultants' present knowledge and expectations. The Plan proposes certain public improvements as set forth in the Study, which will facilitate commercial and industrial development opportunities in the Revenue Allocation Area.

The assumptions set forth in the Study are based upon the best information available to the Agency and its consultants through public sources or discussions with property owners, developers, the City, and others. The information has been analyzed by the Agency and its consultants in order to provide an analysis that meets the requirements set forth under the Law and Act. At the point in time when the Agency may seek a loan from lenders or others, a more detailed and then-current financial pro forma will be presented to those lenders or underwriters for analysis to determine the borrowing capacity of the Agency. As set forth herein, the Agency reserves the right to fund the Project on a "pay-as-you-go" basis. The Agency Board will prioritize the activities set forth in this Plan and determine what funds are available and what activities can be funded. The Agency will establish those priorities through its mandated annual budgetary process.

The project lists, or activities within the Study are prioritized by way of importance to the Agency, by feasibility based on estimated revenues to be received, amounts funded, and by timing of the proposed funding. The projected timing of funding is primarily a function of the availability of financial resources and market conditions but is also strategic, considering the timing of anticipated or projected private development partnership opportunities and the ability of certain strategic activities to stimulate development at a given point in time within the duration of the Plan and Project Area.

The assumptions concerning revenue allocation proceeds are based upon certain anticipated or projected new developments, assessed value increases, and assumed tax levy rates as more specifically set forth in the Study. In projecting new construction, the Study considered parcels identified as expected to develop over the life of the Project Area, communications with potential developers and City staff, and historical market absorption rates for commercial and industrial improvements. Based on a review of past general inflationary increases, the Study assumes land values will inflate at a rate of 6% per year for five (5) years and then will inflate at 3% per year for the duration of the Project Area. Improvement values are estimated to inflate at a rate of 8% per year for five (5) years and then will inflate at 4% per year for the duration of the Project Area. As anticipated development is focused on commercial and industrial development it is assumed none of the parcels will qualify for a homeowner's property tax exemption. Based on representations from the developer, total new taxable development investment is estimated at $111,830,700, with significant projects receiving certificate of occupancy in years 2023, 2024, 2025, 2026, 2027, 2028, 2029 and 2030.

The types of new construction expected in the Project Area are: industrial and commercial facilities. The Project Area has potential for a significant increase in commercial and industrial growth due to the location of the Project Area. However, without a method to construct the identified public improvements such as main water and sewer lines, street infrastructure (internal and improvements to existing rights-of-way), and pedestrian amenities, development is unlikely to occur in much of the Project Area.

The financial analysis set forth in the Study has taken into account and excluded levies that do not flow to the Agency consistent with Idaho Code § 50-2908.

It is understood that application of certain exemptions, including the homeowner's exemption and Idaho Code § 63-602K, which provides for personal property tax exemption to businesses may have the effect of reducing the increment value, which in turn reduces revenue.

502.3 Ten Percent Limitation

Under the Act, the base assessed valuation for all revenue allocation areas cannot exceed gross/net ten percent (10%) of the current assessed taxable value for the entire City. According to the Twin Falls County Assessor, the assessed taxable value for the City as of January 1, 2021[1], less homeowners' exemptions, is $4,653,143,739.00. Therefore, the 10% limit is $465,314,373.00.

The adjusted base assessed value of each of the existing revenue allocation areas, together with the proposed Project Area, as of January 1, 2021, is as follows:

Area 4-1 (Old Towne)	$23,760,191
Area 4-3 (Chobani)	$1,069,508
Area 4-4 (ClifBar)	$4,090,577
Washington Street South	$24,710,081
Orchard Drive East	$483,366[2]
Total:	$54,113,693

The adjusted base values for the combined revenue allocation areas total $54,113,693, which is less than 10% of the City's 2021 taxable value.

502.4 Financial Limitation

The Study identifies several capital improvement projects. Use of any particular funding source for any particular purpose is not assured or identified. Use of the funding source shall be conditioned on any limitations set forth in the Law, the Act, or by contract. If revenue allocation funds are unavailable, then the Agency will need to use a different funding source for that improvement.

[1] Due to the timing of the assessment process and creation of this Plan, the 2021 values have been used to establish compliance with the 10% limitation. Using the 2021 values, the total adjusted base values of the existing revenue allocation areas combined with the value of this Project Area is 1.16% of the total taxable value of the City. Even assuming an increase in values for 2022, the combined adjusted base values of the revenue allocation areas would not exceed 10% of the current assessed taxable value for the entire City.

[2] Pursuant to House Bill 560 enacted during the 2020 Legislative Session, and effective as of July 1, 2020, this Plan assumes any increase in value on the agricultural parcels will be allocated to the increment value.

The amount of funds available to the Agency from revenue allocation financing is directly related to the assessed value of new improvements within the Revenue Allocation Area. Under the Act, the Agency is allowed the revenue allocation generated from inflationary increases and new development value. Increases have been assumed based upon the projected value of new development as that development occurs along with possible land reassessment based on a construction start.

The Study, with the various estimates and projections, constitutes an economic feasibility study. Costs and revenues are analyzed, and the analysis shows the need for public capital funds during the project. Multiple financing sources including proposed revenue allocation notes, annual revenue allocations, developer contributions, city contributions, interfund loan, and other funds are shown. This Study identifies the kind, number, and location of all proposed public works or improvements, a detailed list of estimated project costs, a description of the methods of financing illustrating project costs, and the time when related costs or monetary obligations are to be incurred.[3] Based on these funding sources, the conclusion is that the Project is feasible.

The Agency reserves the discretion and flexibility to use revenue allocation proceeds in excess of the amounts projected in the Study for the purpose of funding the identified projects and improvements. The projections in the Study are based on reasonable assumptions and existing market conditions. Further, the Agency reserves the discretion and flexibility to use other sources of funds unrelated to revenue allocation to assist in the funding of the improvements and activities identified, including but not limited to owner participation agreements and disposition and development agreements. The Agency may also re-prioritize projects in the project list pursuant to market conditions, project timing, funding availability, etc., as more specifically detailed in the annual budget.

The proposed timing for the public improvements may have to be adjusted depending upon the availability of some of the funds and the Agency's ability to finance any portion of the Project. **Any adjustment to Project timing or funding is technical or ministerial in nature and shall not be considered a modification of the Plan pursuant to Idaho Code § 50-2903A.**

The Study lists those public improvements the Agency intends to construct or fund through the term of the Plan. The costs of improvements are estimates only as it is impossible to know with any certainty what the costs of improvements will be in future years. There is general recognition that construction costs fluctuate and are impacted by future unknowns, such as, the cost of materials and laborers. Final costs will be determined by way of construction contract public bidding or by an agreement between the developer/owner and Agency. The listing of public improvements does not commit the Agency, City, or other public entity, to any particular level of funding; rather, identification of the activity in the Plan allows the Agency to negotiate the terms of any reimbursement with the developer and/or the public entities. This Plan does not financially bind or obligate the Agency to any project or property acquisition; rather, for purposes of determining the economic feasibility of the Plan certain projects and expenditures have been estimated and included in the analysis. Agency revenue and the ability to fund reimbursement of eligible Project Costs is more specifically detailed in any participation agreement and in the annual budget adopted by the Agency Board. The proposed location and

[3] *See* Idaho Code § 50-2905.

siting of the proposed public infrastructure and other improvement projects in the Project Area are generally shown on Attachment 5.5 recognizing that the specific location of the projects will depend on the type and timing of development. The change in the location of the improvements shown on Attachment 5.5 does not constitute a modification to the Plan.

The Agency reserves its discretion and flexibility in deciding which improvements are more critical for development or redevelopment, and the Agency intends to coordinate its public improvements with associated development by private developers/owners. Where applicable, the Agency also intends to coordinate its participation in the public improvements with the receipt of certain grants or loans which may require the Agency's participation in some combination with the grant and loan funding.

Generally, the Agency expects to develop those improvements identified in the Study first, in conjunction with private development within the Project Area generating the increment as identified in the Study.

The Plan has shown that the equalized valuation of the Revenue Allocation Area as defined in the Plan is likely to increase as a result of the initiation and completion of urban renewal projects pursuant to the Plan.

502.5 [Reserved]

502.6 Participation with Local Improvement Districts and/or Business Improvement Districts

Under the Idaho Local Improvement District ("LID") Code, Chapter 17, Title 50, Idaho Code, the City has the authority to establish local improvement districts for various public facilities, including, but not limited to, streets, curbs, gutters, sidewalks, storm drains, landscaping, and other like facilities. To the extent allowed by the Law and the Act, the Agency reserves the authority, but not the obligation, to participate in the funding of local improvement district facilities. This participation may include either direct funding to reduce the overall cost of the LID or to participate as an assessed entity to finance the LID project. Similarly, to the extent allowed by the Law and the Act, the Agency reserves the authority, but not the obligation, to participate in the funding of the purposes specified under the Business Improvement Districts, Chapter 26, Title 50, Idaho Code.

502.7 Issuance of Debt and Debt Limitation

Any debt incurred by the Agency as allowed by the Law and Act shall be secured by revenue allocation funds as allowed by the Act. All such debt shall be repaid within the duration of this Plan, except as may be authorized by law.

502.8 Impact on Other Taxing Districts and Levy Rate

An estimate of the overall impact of the revenue allocation project on each taxing district is shown in the Study through the new development projections set forth in the Study.

The assessed value for each property in a revenue allocation area consists of a base value and an increment value. The base value is the assessed value as of January 1 of the year in which a revenue allocation area is approved by a municipality, with periodic adjustments allowed by Idaho law. The increment value is the difference between the adjusted base assessed value and current assessed taxable value in any given year while the property is in a revenue allocation area. Under Idaho Code § 63-802, taxing entities are constrained in establishing levy rates by the amount each budget of each taxing district can increase on an annual basis. Taxing entities submit proposed budgets to the County Board of Commissioners, which budgets are required to comply with the limitations set forth in Idaho Code § 63-802. Therefore, the impact of revenue allocation on the taxing entities is more of a product of the imposition of Idaho Code § 63-802, then the effect of urban renewal.

The County Board of Commissioners calculates the levy rate required to produce the proposed budget amount for each taxing entity using the assessed values which are subject to each taxing entity's levy rate. Assessed values in urban renewal districts which are subject to revenue allocation (incremental values) are not included in this calculation. The combined levy rate for the taxing entities is applied to the incremental property values in a revenue allocation area to determine the amount of property tax revenue which is allocated to an urban renewal agency. The property taxes generated by the base values in the urban renewal districts and by properties outside revenue allocation areas are distributed to the other taxing entities. Properties in revenue allocation areas are subject to the same levy rate as they would be outside a revenue allocation area. The difference is how the revenue is distributed. If the overall levy rate is less than assumed, the Agency will receive fewer funds from revenue allocation.

In addition, without the Revenue Allocation Area and its ability to pay for public improvements and public facilities, fewer substantial improvements within the Revenue Allocation Area would be expected during the term of the Plan; hence, there would be lower increases in assessed valuation to be used by the other taxing entities.

One result of new construction occurring outside the revenue allocation area (Idaho Code §§ 63-802 and 63-301A) is the likely reduction of the levy rate as assessed values increase for property within each taxing entity's jurisdiction. From and after December 31, 2006, Idaho Code § 63-301A prohibits taxing entities from including, as part of the new construction roll, the increased value related to new construction within a revenue allocation area until the revenue allocation authority is terminated. Any new construction within the Project Area is not available for inclusion by the taxing entities to increase their budgets. Upon termination of this Plan or deannexation of area, the taxing entities will be able to include the accumulated new construction roll value in setting the following year's budget and revenue from such value is not limited to the three percent increase allowed in Idaho Code § 63-802(1)(a).

As the 2022 certified levy rates are not determined until late September or October 2022, the 2021 certified levy rates have been used as a base to support the assumptions in the Study for purposes of the analysis. [4] Those taxing districts and are as follows:

[4] Due to the timing of the taxing districts' budget and levy setting process, certification of the 2022 levy rates did not occur until this Plan had been prepared and was in the process of being considered by the Agency. In order to

Taxing Districts	Levy Rates:
City of Twin Falls	.006245573
Twin Falls County	.003604221
Twin Falls School District #411 - Tort	.000020805
Twin Falls County Ambulance	.000148295
Twin Falls County Pest Abatement District	.000085067
College of Southern Idaho	.000924499
Twin Falls Highway District	.000942152
TOTAL[5]	.011970612

House Bill 587, as amended in the Senate, effective July 1, 2020, amends Idaho Code Section 50-2908 altering the allocation of revenue allocation funds to the Agency from the Twin Falls County Highway District levy.[6] This amendment will apply to this Project Area and provides: "[i]n the case of a revenue allocation area first formed or expanded to include the property on or after July 1, 2020, all taxes levied by any highway district, unless the local governing body that created the revenue allocation area has responsibility for the maintenance of roads or highways" will be allocated to the applicable highway district, which in this case is the Twin Falls County Highway District.

It is generally understood the City has, or will have, responsibility for the maintenance of the roads or highways in and around the Project Area, and therefore, the revenues from the Twin Falls County Highway District levies will be allocated to the Agency, without need of a further agreement.

The Study has made certain assumptions concerning the levy rate. Due to statutory changes to Idaho Code § 63-802, imposing certain limitations on the taxing districts' ability to increase their budgets and the anticipated termination of existing revenue allocation areas during the life of this Project Area, it is estimated the levy rate will decrease. For purposes of the Study, the estimated levy rate is reduced by 30% to .0008 and is estimated to stay level for the life of the revenue allocation area. If the overall levy rate is less than projected, or if expected development fails to occur as estimated, the Agency shall receive fewer funds from revenue allocation.

Pursuant to Idaho Code § 50-2908, the Agency is not entitled to revenue allocation proceeds from certain levy increases which are allowed by either specific statutory authorization or approved by an election of the qualified electors of the particular taxing district. Therefore, for any levy election, the Agency will not receive revenue allocation funds which would have been generated by imposing that levy on the assessed valuation within the Project Area. The Study has

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provide a basis to analyze the impact on the taxing entities, the 2021 levy rates are used. Use of the 2021 levy rates provides a more accurate base than estimating the 2022 levy rates.

[5] Net of voter approved bonds and levies.

[6] Senate Bill 1107, as amended in the Senate, effective July 1, 2021, made a corresponding amendment to Idaho Code Section 40-1415(3) to address the responsibility for funding certain urban renewal projects.

taken this statute into account. This is also the reason there is no impact to Twin Falls School District #411 (tort levy only).

503 Phasing and Other Fund Sources

The Agency anticipates funding by reimbursement the entire cost of the eligible public improvements identified in the Study. Other sources of funds shall include developer participation. It is important to note this Plan does not financially bind or obligate the City, Agency and/or any other public entity to any project or property acquisition. Agency and/or other public entity participation in any project shall be determined by the amount of revenue allocation funds generated and pursuant to the annual budgeting process.

In 2022, a developer interested in developing within the Project Area entered into a Memorandum of Understanding ("MOU") with the Agency for the costs which the Agency would initially incur in retaining a consultant to review the Project Area and provide an eligibility report. The developer also agreed to initially fund the preparation of an urban renewal plan, should the Project Area be found to be eligible for an urban renewal district. These upfront funding contributions by the developer are considered eligible reimbursable expenses by the Agency. The Study contemplates the reimbursement of these upfront costs to the developer

504 Lease Revenue and Bonds

Under the Law (Idaho Code § 50-2012), the Agency is authorized to issue revenue bonds to finance certain public improvements identified in the Plan. Under that type of financing, the public entity would pay the Agency a lease payment annually which provides certain funds to the Agency to retire the bond debt. Another variation of this type of financing is sometimes referred to as conduit financing, which provides a mechanism where the Agency uses its bonding authority for the Project, with the end user making payments to the Agency to retire the bond debt. These sources of revenues are not related to revenue allocation funds and are not particularly noted in the Study, because of the "pass through" aspects of the financing. Under the Act, the economic feasibility study focuses on the revenue allocation aspects of the Agency's financial model.

These financing models typically are for a longer period of time than the 20-year period set forth in the Act. However, these financing models do not involve revenue allocation funds, but rather funds from the end users which provide a funding source for the Agency to continue to own and operate the facility beyond the term of the Plan as allowed by Idaho Code § 50-2905(8) as those resources involve funds not related to revenue allocation funds.

505 Membership Dues and Support of Community Economic Development

The Act is premised upon economic development being a valid public purpose. To the extent allowed by the Law and the Act, the Agency reserves the authority to use revenue allocation funds to contract with non-profit and charitable organizations established for the purpose of supporting economic development and job creation. Additionally, the Agency reserves the authority to expend revenue allocation funds to join, participate and support non-profit organizations established to support Agency best practices and administration. The line item of Operating Expenses within the Study shall be deemed to include expenditures for the purposes described in this section as may be deemed appropriate during the annual budgetary process.

600 ACTIONS BY THE CITY AND OTHER PUBLIC ENTITIES

The City shall aid and cooperate with the Agency in carrying out this Plan and shall take all actions necessary to ensure the continued fulfillment of the purposes of this Plan and to prevent the recurrence or spread in the area of conditions causing deterioration. Actions by the City may include, but not be limited to, the following:

a. Institution and completion of proceedings necessary for changes and improvements in private and publicly owned public utilities within or affecting the Project Area.

b. Revision of zoning (if necessary) within the Project Area to permit the land uses and development authorized by this Plan.

c. Imposition, wherever necessary, of appropriate controls within the limits of this Plan upon parcels in the Project Area to ensure their proper development and use.

d. Provision for administrative enforcement of this Plan by the City after development. The City and the Agency may develop and provide for enforcement of a program for continued maintenance by owners of all real property, both public and private, within the Project Area throughout the duration of this Plan.

e. Building Code enforcement.

f. Performance of the above actions and of all other functions and services relating to public peace, health, safety, and physical development normally rendered in accordance with a schedule which will permit the development and/or redevelopment of the Project Area to be commenced and carried to completion without unnecessary delays.

g. The undertaking and completing of any other proceedings necessary to carry out the Project.

h. Administration of Community Development Block Grant funds that may be made available for this Project.

i. Appropriate agreements with the Agency for administration, supporting services, funding sources, and the like.

j. Assist with coordinating and implementing the public improvements in the Project Area identified in the Study.

The foregoing actions, if taken by the City, do not constitute any commitment for financial outlays by the City.

601 Maintenance of Public Improvements

The Agency has not identified any commitment or obligation for long-term maintenance of the public improvements identified. The Agency will need to address this issue with the appropriate entity, public or private, who has benefited from or is involved in the ongoing preservation of the public improvement. The Agency expects to dedicate public improvements to the City.

700 ENFORCEMENT

The administration and enforcement of this Plan, including the preparation and execution of any documents implementing this Plan, shall be performed by the Agency and/or the City.

800 DURATION OF THIS PLAN, TERMINATION, AND ASSET REVIEW

Except for the nondiscrimination and nonsegregation provisions which shall run in perpetuity, the provisions of this Plan shall be effective, and the provisions of other documents formulated pursuant to this Plan, shall be effective for twenty (20) years from the effective date of the Plan subject to modifications and/or extensions set forth in Idaho Code § 50-2904 and 50-2905(7). The revenue allocation authority will expire on December 31, 2042, except for any revenue allocation proceeds received in calendar year 2043, as contemplated by Idaho Code § 50-2905(7). The Agency may use proceeds in 2043 to complete the projects set forth herein. As stated in the Plan, any owner participation agreement or disposition and development agreement obligations will cease as of December 31, 2042.

Idaho Code § 50-2903(5) provides the Agency shall adopt a resolution of intent to terminate the revenue allocation area by September 1. In order to provide sufficient notice of termination to the affected taxing districts to allow them to benefit from the increased budget capacity, the Agency will use its best efforts to provide notice of its intent to terminate this Plan and its revenue allocation authority by May 1, 2043, or if the Agency determines an earlier terminate date, then by May 1 of the early termination year:

a. When the Revenue Allocation Area plan budget estimates that all financial obligations have been provided for, the principal of and interest on such moneys, indebtedness, and bonds have been paid in full or when deposits in the special fund or funds created under this chapter are sufficient to pay such principal and interest as they come due, and to fund reserves, if any, or any other obligations of the Agency funded through revenue allocation proceeds shall be satisfied and the Agency has determined no additional project costs need be funded through revenue allocation financing, the allocation of revenues under Idaho Code § 50-2908 shall thereupon cease; any moneys in such fund or funds in excess of the amount necessary to pay such principal and interest shall be distributed to the affected taxing districts in which the Revenue Allocation Area is located by the

County Clerk in the same manner and proportion as the most recent distribution to the affected taxing districts of the taxes on the taxable property located within the Revenue Allocation Area; and the powers granted to the urban renewal agency under Idaho Code § 50-2909 shall thereupon terminate.

b. In determining the termination date, the Plan shall recognize that the Agency shall receive allocation of revenues in the calendar year following the last year of the revenue allocation provision described in the Plan.

c. For the fiscal year that immediately predates the termination date, the Agency shall adopt and publish a budget specifically for the projected revenues and expenses of the Plan and make a determination as to whether the Revenue Allocation Area can be terminated before January 1 of the termination year pursuant to the terms of Idaho Code § 50-2909(4). In the event that the Agency determines that current tax year revenues are sufficient to cover all estimated expenses for the current year and all future years, by May 1, but in any event, no later than September 1, the Agency shall adopt a resolution advising and notifying the local governing body, the county auditor, and the State Tax Commission, recommending the adoption of an ordinance for termination of the Revenue Allocation Area by December 31 of the current year, and declaring a surplus to be distributed as described in Idaho Code § 50-2909 should a surplus be determined to exist. The Agency shall cause the ordinance to be filed with the office of the county recorder and the Idaho State Tax Commission as provided in Idaho Code § 63-215.

Upon termination of the revenue allocation authority of the Plan to the extent the Agency owns or possesses any assets, subject to the following paragraph, the Agency intends to dispose of any remaining assets by granting or conveying or dedicating such assets to the City, unless based on the nature of the asset, disposition to another public entity is more appropriate.

As allowed by Idaho Code § 50-2905(8), the Agency may retain assets or revenues generated from such assets as long as the Agency shall have resources other than revenue allocation funds to operate and manage such assets. Similarly, facilities which provide a lease income stream to the Agency for full retirement of the facility debt will allow the Agency to meet debt services obligations and provide for the continued operation and management of the facility. For those assets which do not provide such resources or revenues, the Agency will likely convey such assets to the City, depending on the nature of the asset.

900 PROCEDURE FOR AMENDMENT OR MODIFICATION

Modification of this Plan results in a reset of the base value for the year immediately following the year in which the modification occurred to include the current year's equalized assessed value of the taxable property in the revenue allocation area, effectively eliminating the Agency's revenue stream as more fully set forth in Idaho Code § 50-2903A subject to certain limited exceptions contained therein, including the exception to allow an amendment to support growth of an existing commercial or industrial project. I.C. § 50-2903A(1)(a)(iv). As more specifically identified above, the Agency's projections are based on estimated values, estimated levy rates, estimated future development, and estimated costs of future construction/improvements. Annual adjustments, as more specifically set forth in the Agency's annual budget, will be required to account for more/less estimated revenue and prioritization of projects. Any adjustments for these stated purposes are technical and ministerial and are not deemed a modification under Idaho Code § 50-2903A(1)(a)(i).

1000 SEVERABILITY

If any one or more of the provisions contained in this Plan to be performed on the part of the Agency shall be declared by any court of competent jurisdiction to be contrary to law, then such provision or provisions shall be null and void and shall be deemed separable from the remaining provisions in this Plan and shall in no way affect the validity of the other provisions of this Plan.

1100 ANNUAL REPORT AND OTHER REPORTING REQUIREMENTS

Under the Law, the Agency is required to file with the City, on or before March 31 of each year, a report of the Agency's activities for the preceding calendar year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such calendar year. This annual report shall be considered at a public meeting to report these findings and take comments from the public.

Additionally, the Agency must comply with certain other reporting requirements as set forth in the local government registry portal, Idaho Code §§ 67-1076 and 50-2006(5)(c), State of Idaho Controller's Office, and Idaho Code § 50-2913, the tax commission plan repository, and Idaho Code § 50-2903A, the tax commission's plan modification annual attestation. Failure to report the information requested under any of these statutes results in significant penalties, including loss of increment revenue, and the imposition of other compliance measures by the Twin Falls County Board of County Commissioners.

1200 APPENDICES, ATTACHMENTS, EXHIBITS, TABLES

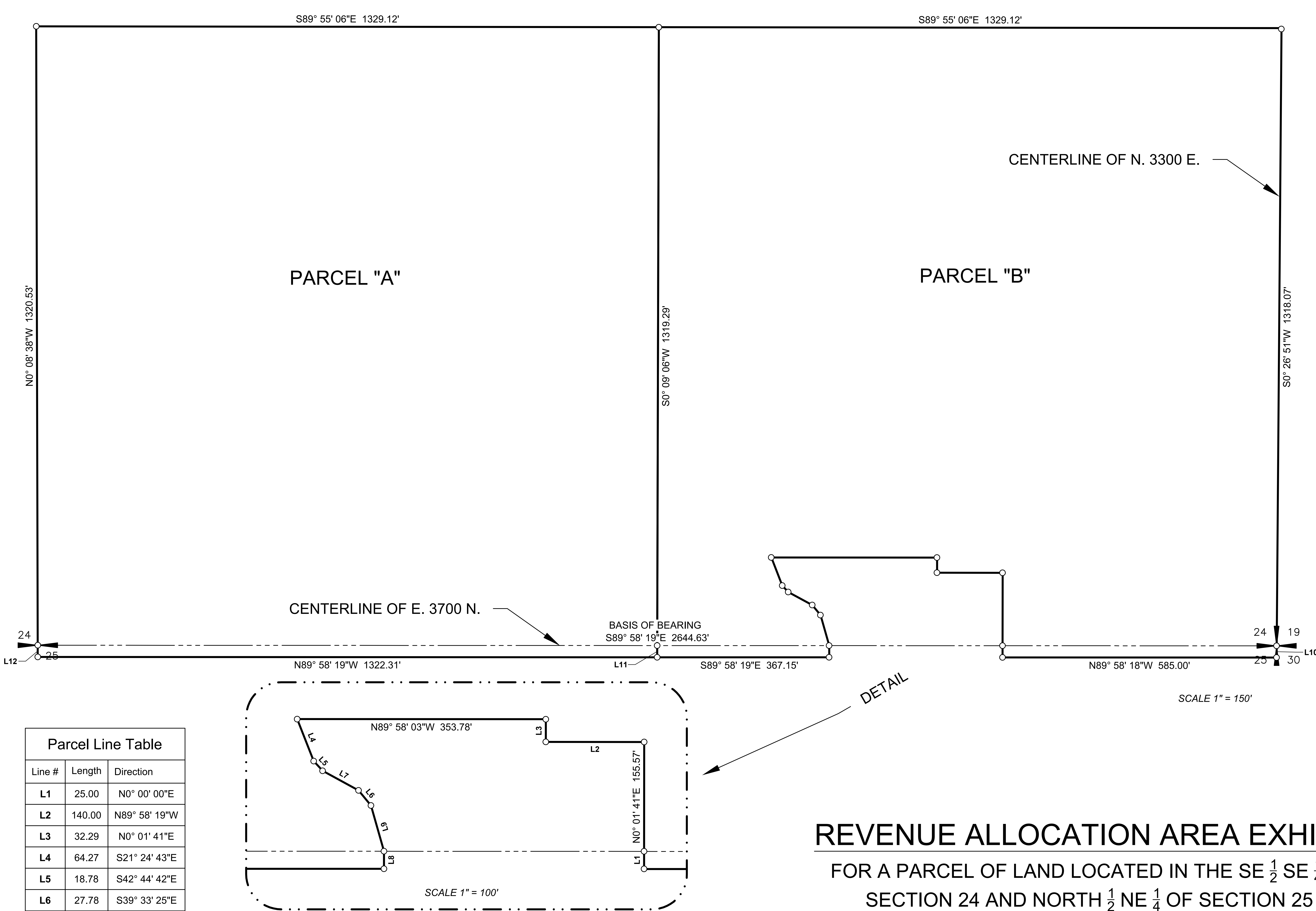
All attachments and tables referenced in this Plan are attached and incorporated herein by their reference. All other documents referenced in this Plan but not attached are incorporated by their reference as if set forth fully.

Attachment 1

Boundary Map of Urban Renewal Project Area and Revenue Allocation Area

SCALE: AS NOTED

SCALE ONLY VALID FOR 18" X 27" PAPER



Parcel Line Table

Line #	Length	Direction
L1	25.00	N0° 00' 00"E
L2	140.00	N89° 58' 19"W
L3	32.29	N0° 01' 41"E
L4	64.27	S21° 24' 43"E
L5	18.78	S42° 44' 42"E
L6	27.78	S39° 33' 25"E
L7	58.22	S61° 23' 58"E
L8	25.00	S0° 00' 00"E
L9	67.62	S15° 52' 59"E
L10	25.00	S0° 00' 00"W
L11	25.00	S0° 00' 00"E
L12	25.00	N0° 00' 00"E

LEGEND

- PROPOSED BOUNDARY
- SECTION LINE
- BOUNDARY POINT
- 24 19 / 25 30 SECTION CORNER. MON.
- 24 / 25 QUARTER SECTION MON.

REVENUE ALLOCATION AREA EXHIBIT

FOR A PARCEL OF LAND LOCATED IN THE SE $\frac{1}{2}$ SE $\frac{1}{4}$ OF SECTION 24 AND NORTH $\frac{1}{2}$ NE $\frac{1}{4}$ OF SECTION 25
T. 10 S., R. 17 E., BOISE MERIDIAN
TWIN FALLS COUNTY, IDAHO

DATE	30 AUG 2022
SHEET	1 OF 1

Attachment 2

Legal Description of Urban Renewal Project Area and Revenue Allocation Area

Civil Science
Engineers | Surveyors | Solutions

376 Falls Avenue
Twin Falls, ID 83301
208-737-0007

Parcel "A"

A parcel of land located in the SW1/4 SE1/4, Section 24 and the NW1/4 NE1/4, Section 25, T. 10 S., R. 17 E., Boise Meridian, Twin Falls County, Idaho, more particularly described as follows:

BEGINNING at the S1/4 Corner of said Section 24 which is a brass cap from which the SE Corner of said Section 24 which is a brass cap bears S 89°58'19" E, 2644.63 ft. the Basis of Bearing of this description, run thence N 00°08'38" W along the westerly boundary of said SW1/4 SE1/4 a distance of 1320.53 ft. to the NW Corner of the SW1/4 SE1/4 which is a ½" rebar;

Thence S 89°55'06" E along the northerly boundary of said SW1/4 SE1/4 a distance of 1329.12 ft. to the NE Corner of the SW1/4 SE1/4 which is a ½" rebar with a plastic cap;

Thence S 00°09'06" W along the easterly boundary of said SW1/4 SE1/4 a distance of 1319.29 ft. to the SE Corner of the SW1/4 SE1/4;

Thence South a distance of 25.00 ft. to a point on the southerly right-of-way of Orchard Drive East;

Thence N 89°58'19" W along said southerly right-of-way a distance of 1322.31 ft.;

Thence North a distance of 25.00 ft. to the POINT OF BEGINNING.

PARCEL CONTAINS 40.93 ACRES

CivilScience
Engineers | Surveyors | Solutions
376 Falls Avenue
Twin Falls, ID 83301
208-737-0007

Parcel "B"

A parcel of land located in the SE1/4 SE1/4, Section 24 and the NE1/4 NE1/4, Section 25, T. 10 S., R. 17 E., Boise Meridian, Twin Falls County, Idaho, more particularly described as follows:

BEGINNING at the SE Corner of said Section 24 which is a brass cap from which the S1/4 Corner of said Section 24 which is a brass cap bears N 89°58'19" W, 2644.63 ft. the Basis of Bearing of this description, run thence South a distance of 25.00 ft. to a point on the southerly right-of-way of Orchard Drive East;

Thence N 89°58'18" W along said southerly right-of-way a distance of 585.00 ft.;

Thence North a distance of 25.00 ft. to a point on the southerly boundary of Section 24;

Thence N 00°01'41" E a distance of 155.57 ft. to a ½" rebar with a plastic cap;

Thence N 89°58'19" W a distance of 140.00 ft. to a ½" rebar with a plastic cap;

Thence N 00°01'41" E a distance of 32.29 ft. to a ½" rebar with a plastic cap;

Thence N 89°58'03" W a distance of 353.78 ft. to a ½" rebar with a plastic cap;

Thence S 21°24'43" E a distance of 64.27 ft. to a ½" rebar with a plastic cap;

Thence S 42°44'42" E a distance of 18.78 ft. to a ½" rebar with a plastic cap;

Thence S 61°23'58" E a distance of 58.22 ft.;

Thence S 39°33'25" E a distance of 27.78 ft. to a ½" rebar with a plastic cap;

Thence S 15°52'59" E a distance of 67.62 ft. to a ½" rebar with a plastic cap located at the southerly boundary of said Section 24;

Thence South a distance of 25.00 ft. to a point on said southerly right-of-way of Orchard Drive ;

Thence N 89°58'19" W along said southerly right-of-way a distance of 367.15 ft.;

Thence North 25.00 ft. to the SW Corner of said SE1/4 SE1/4 of Section 24;

Thence N 00°09'06" E along the westerly boundary of said SE1/4 SE1/4 a distance of 1319.29 ft. to the NW Corner of said SE1/4 SE1/4 which is a ½" rebar with a plastic cap;

Thence S 89°55'06" E along the northerly boundary of said SE1/4 SE1/4 a distance of 1329.12 ft. to the NE Corner of said SE1/4 SE1/4 which is a 5/8" rebar;

Thence S 00°26'51" W along the easterly boundary of said SE1/4 SE1/4 a distance of 1318.07 ft. to the POINT OF BEGINNING.

CivilScience
Engineers | Surveyors | Solutions
376 Falls Avenue
Twin Falls, ID 83301
208-737-0007

PARCEL CONTAINS 38.94 ACRES

Attachment 3

Private Properties Which May Be Acquired by the Agency

1. The Agency has not identified any particular parcel to be acquired for the construction of public improvements or for private redevelopment. Properties which may be subject to acquisition include parcels to:

   a) assemble with adjacent parcels to facilitate redevelopment;
   b) assemble with adjacent rights-of-way to improve configuration and enlarge parcels for redevelopment;
   c) reconfigure sites for development and possible extension of streets or pathways;
   d) assemble for future transfer to qualified developers to facilitate the development of commercial and industrial uses; or
   e) assemble for the construction of certain public improvements, including but not limited to streets, streetscapes, water and sewer improvements, environmental remediation/site preparation, parking, community facilities, parks, pedestrian/bike paths and trails, recreation access points, multi-purpose athletic and performance facilities, and other public facilities, including fire, police, EMS facilities.

2. The Agency reserves the right to acquire any additional right-of-way or access routes near or around existing or planned rights-of-way.

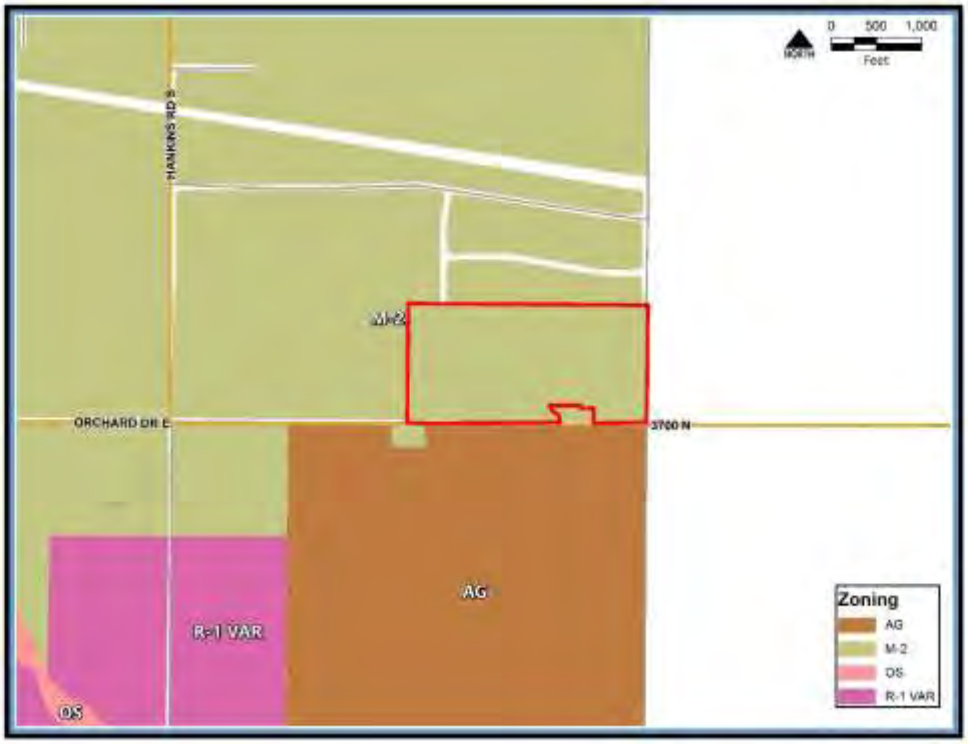
3. The Agency reserves the right to acquire property needed to provide adequately sized sites for high priority projects for the development of public improvements (the exact location of which has not been determined).

4. Other parcels may be acquired for the purpose of facilitating catalyst or demonstration projects, constructing public parking, constructing new streets or pathways, enhancing public spaces, or to implement other elements of the urban renewal plan strategy and/or any master plan for the Project Area.

Attachment 4

Maps Depicting Current Zoning Districts and Current Comprehensive Plan - Future Land Uses

Revenue Allocation Area and Project Area (boundary in Red)



Current Zoning:

M2 – Heavy Manufacturing

Comprehensive Plan – Future Land Use Map

Industrial

Attachment 5

Economic Feasibility Study (including Attachments 5.1, 5.2, 5.3, 5.4 and 5.5)

ATTACHMENT 5.1

Public Improvements within the Revenue Allocation Area

This Attachment includes a projected list of proposed public works or improvements within the Orchard Drive East Revenue Allocation Area (the "Project Area"). The proposed improvements within the Project Area include improvements to streets, utilities, and other public rights-of-way amenities as well as improvements to a major irrigation facility critical to the area economy.

The Public Facility Development Projects and Costs list for the Project Area, set forth below, was compiled by the developer of the proposed industrial park and identifies needed investments to support private investment in capital facilities. Capital facilities generally have long useful lives and significant costs. The overall project and the infrastructure to support it are all consistent with the vision articulated in the City of Twin Falls Comprehensive Plan and as required in City development regulations. The cost estimates provided by the developer are based upon prices for similar construction in the area.

Estimated costs expected to be incurred in implementing the urban renewal plan are as follows:

<u>Public Facility Development Projects and Costs</u>

Public Utilities	
Water System Improvements	$1,335,900
Sewer System Improvements	$ 455,105
Street Improvements	$3,602,005
Irrigation Canal Improvements	$2,425,100
Electric power and Natural Gas system improvements	$1,435,000
Total Public Facility Development Costs	**$9,253,110**

The projects and estimated costs have been provided by the developer. The costs are estimated in 2022 dollars and are not inflated. Costs will likely vary from the costs detailed here, as they will be subject to inflation and further project refinement and timing. The cost estimates used in this analysis are considered estimates for the purpose of financial planning.

The Twin Falls Orchard Drive East Revenue Allocation Area is estimated to generate $20,646,663 in tax increment revenue between 2022 and 2042[1] in addition to

[1] As the Idaho property tax system provides for taxes being paid in arrears, revenue allocation proceeds will be received in FY2043. However, the final year of income has not been considered in determining the economic feasibility of the Orchard Drive East Project.

the initial $75,000 loan from the Urban Renewal Agency of the City of Twin Falls (the "Agency" or "TFURA") and/or the property owners/developers pursuant to the terms of a memorandum of understanding to activate the program.

The total from both sources is estimated to be $20,721,663. There are presently $9,253,110 of project costs identified in the Public Facility Development Project and Costs list for public improvement costs provided by the developer. It is generally understood the Public Facility Development Projects will be advance funded by the owner/developer, which eligible costs as determined by the Agency would then be reimbursed through an owner participation agreement (OPA), or other similar agreement, from resources derived from the Project Area.

Administrative costs over the 20-year life of the district are estimated at $1,290,396 or approximately 6.25% of total estimated revenue. The initial advance funding to support startup costs is assumed to be repaid at 5% interest for a total obligation of $112,500.

The total estimated expenditures equal $20,307,279, leaving a $414,384 positive program balance of at the end of the 20-year term. See attached cash flow analysis for detailed estimates.

The Urban Renewal Plan for the Orchard Drive East Urban Renewal Project (the "Plan") provides for the Plan and Project Area to extend through its maximum term of 20 years.

<u>Project Funding</u>

Secure funding includes revenue allocation funds and is money the TFURA is highly likely to receive. The funds may not be in the TFURA's possession at the beginning of the Plan period, but it is virtually certain that the Agency will receive the funds. The TFURA may need to take specific actions to generate the funding, but those actions are within their powers. Despite the high probability of secure funding, no project can proceed until a specific, enforceable funding plan is in place.

Potential funding is money that might be received by the TFURA. In every case the TFURA is eligible for the funding, and the source of funding exists under current law. However, each potential funding source requires one or more additional steps or decisions before the TFURA can obtain the resources, and the ultimate decision is outside of the TFURA's independent control. An example of potential funding includes capital contributions from public entities and grant funding. Thus, potential funding is not assumed in determining financial feasibility.

Unfunded projects, or portions of projects lack secure or potential funding. At this time, all projects are anticipated to be funded.

The amount of tax increment contributed to the project will vary depending upon the actual cost of infrastructure.

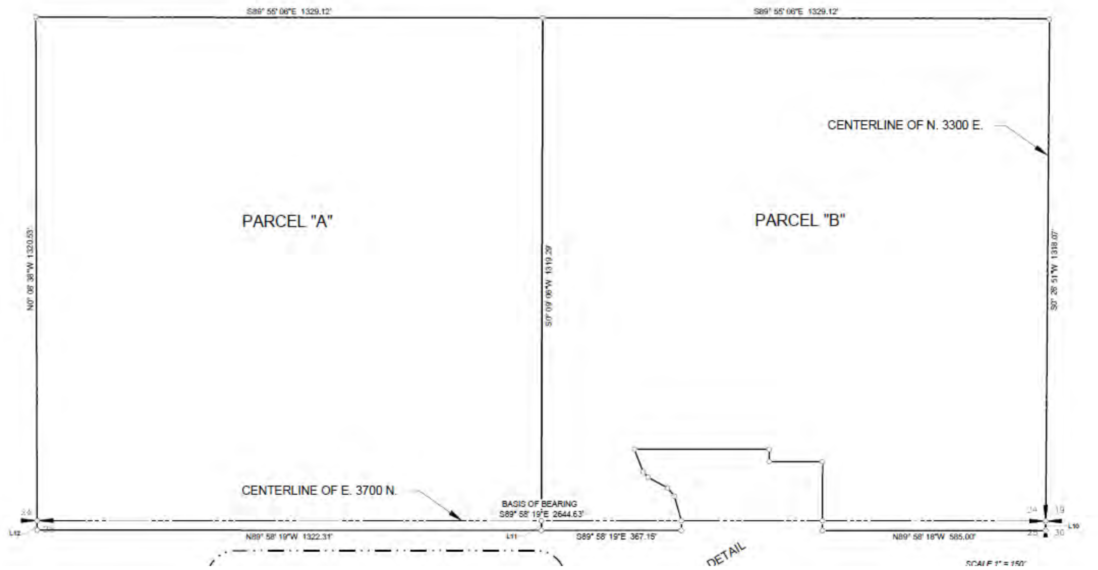
The Plan proposes certain public improvements that will facilitate development in the Project Area. The overall investment package will be funded from a variety of financing methods and sources. The primary method of financing the TFURA's obligation will be using tax increment revenue (i.e., incremental property taxes from the revenue allocation area). This Plan permits that at least a portion of the revenue allocation proceeds will be used to reimburse an owner/developer through a negotiated agreement for some or all of the eligible improvement costs. The issuance of bonds is not anticipated in this analysis of financial feasibility.

Other sources of funding for project may include, but are not limited to:

- Local Improvement District (LID)
- Business Improvement District (BID)
- Development Impact Fees
- Franchise Fees
- Grants from federal, state, local, regional agencies and/or private entities
- Other bonds, notes and/or loans
- Improvements and/or payments by developers

The total project costs and the amount of tax increment are estimates. The estimated project costs and revenues are based on the TFURA's present knowledge and expectations supported by detailed information from the developer based, in part, upon current construction projects in the broader community.

Map of Proposed Twin Falls Orchard Drive East Revenue Allocation Area



<u>Summary of Projects</u>

The following table setting forth the Public Facility Development Projects and Costs, and as set forth above, summarizes the estimated total costs for each project category.

Public Facility Development Projects and Costs Orchard Drive East Revenue Allocation Area	
Public Facility Development Costs	
Water System Improvements	$1,335,900
Sewer System Improvements	$ 455,105
Street Improvements	$3,602,005
Irrigation Canal Improvements	$2,425,100
Power Natural Gas System Improvements	$1,435,000
Total Public Facility Development Costs	$9,253,110

Cost of Operations and Improvements by Year (2022-2043)

Year	Secure Funding (TIF & TFURA Loan)	Potential Funding	District Operating Expenses	Capital and Program Expenses And Repay Advance Funding	Total Project Liabilities
2022	$75,000	$0	$0	$0	$0
2023	$266	$0	$25,000	$0	$25,000
2024	$91,596	$0	$25,000	$68,697	$93,697
2025	$178,204	$0	$25,237	$133,653	$156,890
2026	$295,465	$0	$50,000	$246,599	$296,599
2027	$436,842	$0	$50,000	$352,632	$402,632
2028	$651,594	$0	$65,159	$513,696	$578,855
2029	$757,881	$0	$75,000	$618,732	$693,732
2030	$886,280	$0	$75,000	$814,090	$889,090
2031	$1,089,496	$0	$75,000	$1,017,122	$1,092,122
2032	$1,144,069	$0	$75,000	$1,058,052	$1,133,052
2033	$1,201,368	$0	$75,000	$1,156,850	$1,231,850
2034	$1,261,529	$0	$75,000	$1,196,147	$1,271,147
2035	$1,324,694	$0	$75,000	$1,243,521	$1,318,521
2036	$1,391,014	$0	$75,000	$1,293,261	$1,368,261
2037	$1,460,647	$0	$75,000	$1,395,485	$1,470,485
2038	$1,533,757	$0	$75,000	$1,450,318	$1,525,318
2039	$1,610,520	$0	$75,000	$1,507,890	$1,582,890
2040	$1,691,116	$0	$75,000	$1,568,337	$1,643,337
2041	$1,775,738	$0	$75,000	$1,631,804	$1,706,804
2042	$1,864,587	$0	$75,000	$1,750,000	$1,825,000
2043	$0	$0	0		$0
Total	**$20,721,663**	**$0**	**$1,290,396**	**$19,016,883**	**$20,305,282**

Note: This analysis anticipates a positive fund balance of $414,384 at the end of the project.

ATTACHMENT 5.2

Economic Feasibility Study

The Urban Renewal Plan for the Orchard Drive East Urban Renewal Project (the "Plan"), as currently envisioned, is economically feasible because the proposed development is sufficient to fully cover the anticipated cost of redevelopment program.

The economic feasibility of the Plan is based on the following factors:

- The amount of development anticipated in the Project Area
- The timing of the proposed taxable development
- The nature of the proposed development
- The amount of tax revenue to be generated by the proposed development
- The cost of public improvement projects is to be funded through revenue allocation proceeds
- If revenue equals or exceeds project costs, the Plan is economically feasible.

The following is a summary of the analysis and estimates of the factors used to determine the economic feasibility of the Plan.

The Economic Feasibility Study

Summary:

Over the course of the Orchard Drive East Project Area, $20,646,663 Tax Increment Revenue will be generated using the development scenarios proposed by the developer. The Economic Feasibility Study assumes 10% of the annual revenue allocation proceeds will be used for administration of the Orchard Drive East Project Area with that amount capped at $75,000 per year, for a total of $1,290,396 for administration costs over the 20-year lifespan of the Project Area. The revenue allocation proceeds dedicated to administrative cost is augmented by an advanced funded loan ($75,000) to support the Orchard Drive East Project Area until sufficient revenue allocation resources become available. That loan is anticipated to be repaid by 2029 including 5% interest.

The attached spreadsheets entitled "Twin Falls Orchard Drive East Revenue Allocation Area Cash Flow Analysis" gives a more detailed outlook on the revenues and expenses of the development scenario.

The following assumptions were made in the formulation of the Economic Feasibility Study:

- Land Value Increase @ 6% / Year for 5 years, then 3% / year for the balance of the term.

- Improvement Value Increase @ 8% / Year for 5 years, then 4% / year for the balance of the term.
- Tax Rate is reduced 30% and held constant through the life of the Plan recognizing recently imposed property tax limitations on local governments in Idaho
- Total Cost of Improvements over the life of the project: $9,253,110 (Developer's estimates)
- Tax rate does not include levies excluded pursuant to Idaho Code 50-2908, such as voter approved bonds/levies after 2007, judgment levies or the School District Plant or supplemental levies excluded by law.

The Economic Feasibility Study shows that the project will generate adequate funds within the Project Area to fund the proposed Public Facility Development Costs and Project Area operating costs. Resources would be available under this scenario to consider terminating the Plan and Project Area before its 20-year life or to fund other legally allowed expenditures in the Revenue Allocation Area.

Attachment 5.3

Orchard Drive East Revenue Allocation Forecast with 30% Tax Rate Reduction

Year	Land Value (+6% annually for 5 years then 3%)	Initial Imprv. Value (+ 8% Annually for 5 years then 4%)	Total Assessed Value	Annual New Const. Value on tax roll	Cum. New Const Value + Inflation @ 10% for 5 years then 5%)	Cum total Taxable Value	Cumulative Homeowners ' Exemption	Taxable Value	Increment Value (H - Base Value)	Levy Rate (-30% then Flat)	Tax Increment Yield	Admin Costs (10%)	Funding for Capital Projects / Debt Service
2022	$ 273,126	$ 210,240	$ 483,366	$ -	$ -	$ 483,366	$ -	$ 483,366	$ -	0.008	$ -		
2023	$ 289,514	$ 227,059	$ 516,573	$ -	$ -	$ 516,573	$ -	$ 516,573	$ 33,207	0.008	$ 266	$ 27	$ 239
2024	$ 306,884	$ 245,224	$ 552,108	$ 11,380,700	$ 11,380,700	$ 11,932,808	$ -	$ 11,932,808	$ 11,449,442	0.008	$ 91,596	$ 9,160	$ 82,436
2025	$ 325,297	$ 264,842	$ 590,139	$ 9,650,000	$ 22,168,770	$ 22,758,909	$ -	$ 22,758,909	$ 22,275,543	0.008	$ 178,204	$ 17,820	$ 160,384
2026	$ 344,815	$ 286,029	$ 630,844	$ 12,400,000	$ 36,785,647	$ 37,416,491	$ -	$ 37,416,491	$ 36,933,125	0.008	$ 295,465	$ 29,547	$ 265,919
2027	$ 365,504	$ 308,912	$ 674,416	$ 13,950,000	$ 54,414,212	$ 55,088,627	$ -	$ 55,088,627	$ 54,605,261	0.008	$ 436,842	$ 43,684	$ 393,158
2028	$ 376,469	$ 321,268	$ 697,737	$ 24,100,000	$ 81,234,922	$ 81,932,660	$ -	$ 81,932,660	$ 81,449,294	0.008	$ 651,594	$ 65,159	$ 586,435
2029	$ 387,763	$ 334,119	$ 721,882	$ 9,200,000	$ 94,496,668	$ 95,218,551	$ -	$ 95,218,551	$ 94,735,185	0.008	$ 757,881	$ 75,000	$ 682,881
2030	$ 399,396	$ 347,483	$ 746,880	$ 11,300,000	$ 110,521,502	$ 111,268,382	$ -	$ 111,268,382	$ 110,785,016	0.008	$ 886,280	$ 75,000	$ 811,280
2031	$ 411,378	$ 361,383	$ 772,761	$ 19,850,000	$ 135,897,577	$ 136,670,338	$ -	$ 136,670,338	$ 136,186,972	0.008	$ 1,089,496	$ 75,000	$ 1,014,496
2032	$ 423,720	$ 375,838	$ 799,558		$ 142,692,456	$ 143,492,013	$ -	$ 143,492,013	$ 143,008,647	0.008	$ 1,144,069	$ 75,000	$ 1,069,069
2033	$ 436,431	$ 390,872	$ 827,303		$ 149,827,079	$ 150,654,381	$ -	$ 150,654,381	$ 150,171,015	0.008	$ 1,201,368	$ 75,000	$ 1,126,368
2034	$ 449,524	$ 406,507	$ 856,031	$ -	$ 157,318,432	$ 158,174,463	$ -	$ 158,174,463	$ 157,691,097	0.008	$ 1,261,529	$ 75,000	$ 1,186,529
2035	$ 463,010	$ 422,767	$ 885,777	$ -	$ 165,184,354	$ 166,070,131	$ -	$ 166,070,131	$ 165,586,765	0.008	$ 1,324,694	$ 75,000	$ 1,249,694
2036	$ 476,900	$ 439,677	$ 916,578	$ -	$ 173,443,572	$ 174,360,149	$ -	$ 174,360,149	$ 173,876,783	0.008	$ 1,391,014	$ 75,000	$ 1,316,014
2037	$ 491,207	$ 457,265	$ 948,472	$ -	$ 182,115,750	$ 183,064,222	$ -	$ 183,064,222	$ 182,580,856	0.008	$ 1,460,647	$ 75,000	$ 1,385,647
2038	$ 505,943	$ 475,555	$ 981,498	$ -	$ 191,221,538	$ 192,203,036	$ -	$ 192,203,036	$ 191,719,670	0.008	$ 1,533,757	$ 75,000	$ 1,458,757
2039	$ 521,122	$ 494,577	$ 1,015,699	$ -	$ 200,782,615	$ 201,798,314	$ -	$ 201,798,314	$ 201,314,948	0.008	$ 1,610,520	$ 75,000	$ 1,535,520
2040	$ 536,755	$ 514,360	$ 1,051,116	$ -	$ 210,821,746	$ 211,872,861	$ -	$ 211,872,861	$ 211,389,495	0.008	$ 1,691,116	$ 75,000	$ 1,616,116
2041	$ 552,858	$ 534,935	$ 1,087,793		$ 221,362,833	$ 222,450,626	$ -	$ 222,450,626	$ 221,967,260	0.008	$ 1,775,738	$ 75,000	$ 1,700,738
2042	$ 569,444	$ 556,332	$ 1,125,776		$ 232,430,974	$ 233,556,750	$ -	$ 233,556,750	$ 233,073,384	0.008	$ 1,864,587	$ 75,000	$ 1,789,587
				$ 111,830,700							**$ 20,646,664**	**$ 1,215,396**	**$ 19,431,268**

Assumptions

Land Values inflates at 6% per year for 5 years then at 3% for remainder of the Plan term

Improvement Values inflate at 8% per year for 5 years then at 4% for remainder of the Plan term

Tax rate reduced by 30% from 2021 certified rate then held constant for the remainder of the Plan term

None of the parcels qualify for the Homeowner's Property Tax Exemption

Revenue Allocation proceeds flow to the District in the year after Certificate of Occupancy (C.O.)

Potential Development Projects within District based upon Developer's Projections (Total Taxable Investment @ $111,830,700)

- Block 1 - C.O. in 2023 ~ $11,380,700
- Block 5 - C.O. in 2024 ~ $ 9,650,000
- Block 2 - C.O. in 2025 ~ $12,400,000
- Block 3 - C.O. in 2026 ~ $13,950,000
- Block 4 - C.O. in 2027 ~ $24,100,000
- Block 6 - C.O. in 2028 ~ $ 9,200,000
- Block 7 - C.O. in 2029 ~ $11,300,000
- Block 8 - C.O. in 2030 ~ $19,850,000

Grand Total Taxable Investment ~ $111,830,700

10% of annual revenue allocation yield will be paid to the Twin Falls Urban Renewal Agency for administrative costs, capped at $75,000 annually

Balance of Revenue Allocation yield will be available for capital investment and program expenses

* Administrative amount subject to annual appropriation by the TFURA Board

Note 1: 2021 Assessed Values Used in forecast. (Latest Certified Values)

Note 2: TFURA will receive revenue allocation funds in 2043, but that amount has not been considered in determining economic feasibility.

Note 3: Note: Total District Operating Costs represent the 10% annual allocation from projected Revenue Allocation proceeds plus draws from the initial $75,000 "start-up" loan

Attachment 5.4

Twin Falls Orchard Drive East Revenue Allocation Area

Cash Flow Analysis ~ Current Tax Rate Reduced by 30% Then Remains Constant

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Beginning Balance	$ -	$ 75,000	$ 50,266	$ 48,165	$ 67,479	$ 66,345	$ 100,556	$ 173,295	$ 237,444	$ 234,634	$ 232,008
Source of Funds											
Total Revenue Allocation	$ -	$ 266	$ 91,596	$ 178,204	$ 295,465	$ 436,842	$ 651,594	$ 757,881	$ 886,280	$ 1,089,496	$ 1,144,069
Advance funding (MOU or other) *	$ 75,000		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Funds Available	$ 75,000	$ 75,266	$ 141,862	$ 226,369	$ 362,944	$ 503,187	$ 752,150	$ 931,176	$ 1,123,724	$ 1,324,130	$ 1,376,077
Use of Funds											
District Operating Expenses	$ -	$ 25,000	$ 25,000	$ 25,237	$ 50,000	$ 50,000	$ 65,159	$ 75,000	$ 75,000	$ 75,000	$ 75,000
Repay MOU or other @ 5%	$ -	$ -	$ -	$ -	$ 25,000	$ 25,000	$ 25,000	$ 37,500	$ -	$ -	$ -
OPA Reimbursement @ 75% of TIF Yield		$ -	$ 68,697	$ 133,653	$ 221,599	$ 327,632	$ 488,696	$ 568,411	$ 664,710	$ 817,122	$ 858,052
Total Funding Commitments	$ -	$ 25,000	$ 93,697	$ 158,890	$ 296,599	$ 402,632	$ 578,855	$ 680,911	$ 739,710	$ 892,122	$ 933,052
Discretionary Advance OPA Payment or other allowable project costs		$ -	$ -	$ -	$ -	$ -	$ -	$ 12,821	$ 149,380	$ 200,000	$ 200,000
TOTAL Expenses		$ 25,000	$ 93,697	$ 158,890	$ 296,599	$ 402,632	$ 578,855	$ 693,732	$ 889,090	$ 1,092,122	$ 1,133,052
Ending Balance	$ 75,000	$ 50,266	$ 48,165	$ 67,479	$ 66,345	$ 100,556	$ 173,295	$ 237,444	$ 234,634	$ 232,008	$ 243,025

	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Total
Beginning Balance	$ 243,025	$ 212,543	$ 202,926	$ 209,099	$ 231,853	$ 222,014	$ 230,454	$ 258,084	$ 305,863	$ 374,797	
Source of Funds											
Total Revenue Allocation	$ 1,201,368	$ 1,261,529	$ 1,324,694	$ 1,391,014	$ 1,460,647	$ 1,533,757	$ 1,610,520	$ 1,691,116	$ 1,775,738	$ 1,864,587	$ 20,646,663
Advance funding (MOU or other)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 75,000
Total Funds Available	$ 1,444,393	$ 1,474,072	$ 1,527,620	$ 1,600,113	$ 1,692,500	$ 1,755,771	$ 1,840,974	$ 1,949,200	$ 2,081,601	$ 2,239,384	$ 20,721,663
Use of Funds											
District Operating Expenses	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 1,290,396
Repay MOU or other @ 5%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 112,500
OPA Reimbursement @ 75% of TIF Yield	$ 901,026	$ 946,147	$ 993,521	$ 1,043,261	$ 1,095,485	$ 1,150,318	$ 1,207,890	$ 1,268,337	$ 1,331,804	$ -	$ 14,086,358
Total Funding Commitments	$ 976,026	$ 1,021,147	$ 1,068,521	$ 1,118,261	$ 1,170,485	$ 1,225,318	$ 1,282,890	$ 1,343,337	$ 1,406,804	$ 75,000	$ 15,489,254
Discretionary Advance OPA Payment or other allowable project costs	$ 255,824	$ 250,000	$ 250,000	$ 250,000	$ 300,000	$ 300,000	$ 300,000	$ 300,000	$ 300,000	$ 1,750,000	$ 4,818,025
TOTAL Expenses	$ 1,231,850	$ 1,271,147	$ 1,318,521	$ 1,368,261	$ 1,470,485	$ 1,525,318	$ 1,582,890	$ 1,643,337	$ 1,706,804	$ 1,825,000	$ 20,307,279
Ending Balance	$ 212,543	$ 202,926	$ 209,099	$ 231,853	$ 222,014	$ 230,454	$ 258,084	$ 305,863	$ 374,797	$ 414,384	

Assumptions

Initial District Start-up costs supported by MOU and/or inter-fund loan of $75,000 to be repaid at 5% Interest

10% of annual TIF yield dedicated to Twin Falls Urban Renewal Agency for District operating Expenses, capped at $75,000, Yr.

Developer allowable cost of $9,254,110 for public infrastructure repaid through Owner Participation Agreement @5% interest (18-year Obligation $14,086,508) ~ Reduced if paid early

Twin Falls Orchard Drive East Revenue Allocation Area
Cash Flow Analysis ~ Current Tax Rate Reduced by 30% Then Remains Constant

Incremental Revenue generated from taxable investment as per schedule provided by developer
Block 1 - C.O. in 2023 ~ $11,380,700
Block 5 - C.O. in 2024 ~ $ 9,650,000
Block 2 - C.O. in 2025 ~ $12,400,000
Block 3 - C.O. in 2026 ~ $13,950,000
Block 4 - C.O. in 2027 ~ $24,100,000
Block 6 - C.O. in 2028 ~ $ 9,200,000
Block 7 - C.O. in 2029 ~ $11,300,000
Block 8 - C.O. in 2030 ~ $19,850,000
Total Taxable Investment = $111,830,700
Land Values will increase at an average of 6% annually for 5 years then at 3% over the remaining life of the District
Improvement Values will increase at a rate of 8% for 5 years then at 4% over the remaining life of the District
The Model assumes the entire public infrastructure investment would be made upfront. However, it is likely the investment will occur in phases thus impacting the repayment schedule in the OPA
Note: Total District Operating Costs represent the 10% annual allocation from projected Revenue Allocation proceeds plus draws from the initial $75,000 "start-up" loan

Attachment 5.5

(still to come)

Attachment 6

Agricultural Operation Consents

AGRICULTURAL OPERATION CONSENT FORM

COMES NOW Gregg Hamann, Chief Financial Officer and Secretary of HS Vista Oaks, Inc., the general partner of Twins Industrial, LP, a California limited partnership ("Twins Industrial"), and states that Twins Industrial owns that certain property generally described as Parcel Identification Numbers RP10S17E248400 and RP10S17E241810 in the real property records of Twin Falls County, Idaho, and more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Property"), and hereby certifies:

(1) that the Property has been used, within the last three (3) years, as an agricultural operation; and

(2) that the undersigned has reviewed the materials provided in Exhibit B, and has had an opportunity to review the urban renewal eligibility report, dated January 2022, entitled Orchard Drive East Urban Renewal District (Proposed) Eligibility Report, prepared by Kushlan | Associates and as attached hereto as Exhibit C.

Further, Gregg Hamann, Chief Financial Officer and Secretary of HS Vista Oaks, Inc., the general partner of Twins Industrial, LP, a California limited partnership hereby provides his consent and approval that the subject Property may be included within a proposed urban renewal area and may be deemed appropriate for inclusion within an urban renewal project area as defined by the Idaho Urban Renewal Law of 1965, Chapter 20, Title 50, Idaho Code, as amended, and the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended, as the property possesses certain characteristics of eligibility.

DATED this 19 day of September, 2022.

Twins Industrial, LP, a California Limited Partnership

By: HS Vista Oaks, Inc., its general partners

Name: Gregg Hamann
Title: CFO/Secretary

EXHIBIT A

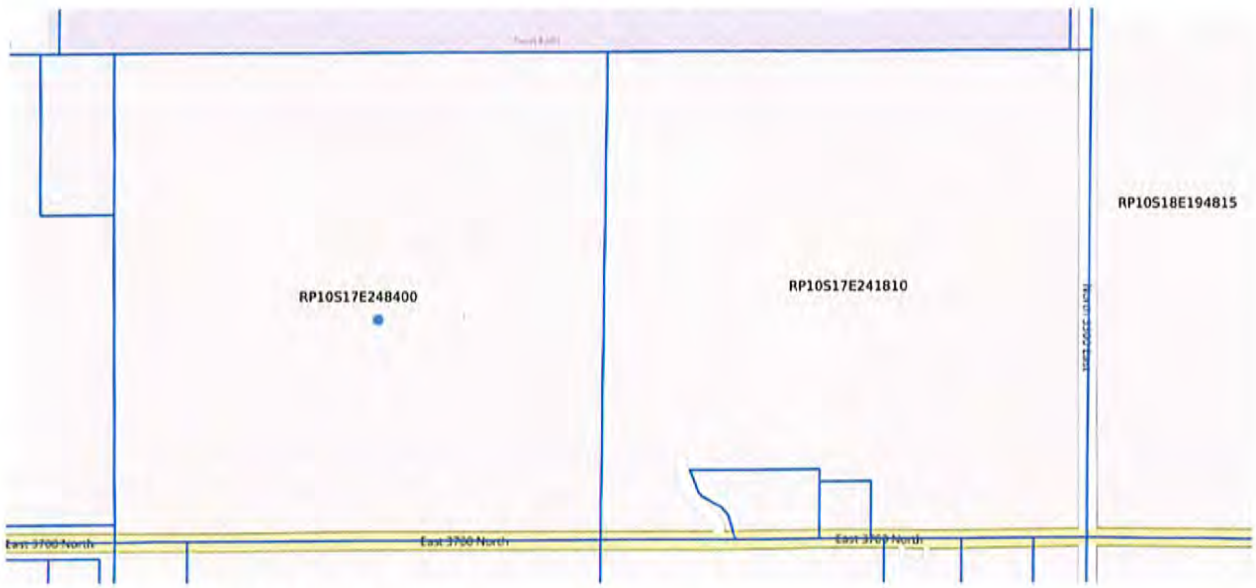
PARCEL NUMBER

RP10S17E248400 and RP10S17E241810

ADDRESS

3262 3700 N Twin Falls, Idaho

DESCRIPTION



Description for RP10S17E248400:

A parcel of land located in the SW1/4 SE1/4, Section 24 and the NW1/4 NE1/4, Section 25, T. 10 S., R. 17 E., Boise Meridian, Twin Falls County, Idaho, more particularly described as follows:

BEGINNING at the S1/4 Corner of said Section 24 which is a brass cap from which the SE Corner of said Section 24 which is a brass cap bears S 89°58'19" E, 2644.63 ft. the Basis of Bearing of this description, run thence N 00°08'38" W along the westerly boundary of said SW1/4 SE1/4 a distance of 1320.53 ft. to the NW Corner of the SW1/4 SE1/4 which is a ½" rebar;

Thence S 89°55'06" E along the northerly boundary of said SW1/4 SE1/4 a distance of 1329.12 ft. to the NE Corner of the SW1/4 SE1/4 which is a ½" rebar with a plastic cap;

Thence S 00°09'06" W along the easterly boundary of said SW1/4 SE1/4 a distance of 1319.29 ft. to the SE Corner of the SW1/4 SE1/4;

Thence South a distance of 25.00 ft. to a point on the southerly right-of-way of Orchard Drive East;

Thence N 89°58'19" W along said southerly right-of-way a distance of 1322.31 ft.;

Thence North a distance of 25.00 ft. to the POINT OF BEGINNING.

PARCEL CONTAINS 40.93 ACRES

Description for RP10S17E241810:

A parcel of land located in the SE1/4 SE1/4, Section 24 and the NE1/4 NE1/4, Section 25, T. 10 S., R. 17 E., Boise Meridian, Twin Falls County, Idaho, more particularly described as follows:

BEGINNING at the SE Corner of said Section 24 which is a brass cap from which the S1/4 Corner of said Section 24 which is a brass cap bears N 89°58'19" W, 2644.63 ft. the Basis of Bearing of this description, run thence South a distance of 25.00 ft. to a point on the southerly right-of-way of Orchard Drive East;

Thence N 89°58'18" W along said southerly right-of-way a distance of 585.00 ft.;

Thence North a distance of 25.00 ft. to a point on the southerly boundary of Section 24;

Thence N 00°01'41" E a distance of 155.57 ft. to a ½" rebar with a plastic cap;

Thence N 89°58'19" W a distance of 140.00 ft. to a ½" rebar with a plastic cap;

Thence N 00°01'41" E a distance of 32.29 ft. to a ½" rebar with a plastic cap;

Thence N 89°58'03" W a distance of 353.78 ft. to a ½" rebar with a plastic cap;

Thence S 21°24'43" E a distance of 64.27 ft. to a ½" rebar with a plastic cap;

Thence S 42°44'42" E a distance of 18.78 ft. to a ½" rebar with a plastic cap;

Thence S 61°23'58" E a distance of 58.22 ft.;

Thence S 39°33'25" E a distance of 27.78 ft. to a ½" rebar with a plastic cap;

Thence S 15°52'59" E a distance of 67.62 ft. to a ½" rebar with a plastic cap located at the southerly boundary of said Section 24;

Thence South a distance of 25.00 ft. to a point on said southerly right-of-way of Orchard Drive ;

Thence N 89°58'19" W along said southerly right-of-way a distance of 367.15 ft.;

Thence North 25.00 ft. to the SW Corner of said SE1/4 SE1/4 of Section 24;

Thence N 00°09'06" E along the westerly boundary of said SE1/4 SE1/4 a distance of 1319.29 ft. to the NW Corner of said SE1/4 SE1/4 which is a ½" rebar with a plastic cap;

Thence S 89°55'06" E along the northerly boundary of said SE1/4 SE1/4 a distance of 1329.12 ft. to the NE Corner of said SE1/4 SE1/4 which is a 5/8" rebar;

Thence S 00°26'51" W along the easterly boundary of said SE1/4 SE1/4 a distance of 1318.07 ft. to the POINT OF BEGINNING.

PARCEL CONTAINS 38.94 ACRES

EXHIBIT B

EXCERPTS OF STATUTES

IDAHO CODE §§ 50-2018(8) AND (9)

(8) "Deteriorated area" shall mean an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare. Provided however, this definition shall not apply to any agricultural operation, as defined in section 22-4502(2), Idaho Code, absent the consent of the owner of the agricultural operation or to any forest land as defined in section 63-1701(4), Idaho Code, absent the consent of the forest landowner, as defined in section 63-1701(5), Idaho Code, except for an agricultural operation or forest land that has not been used for three (3) consecutive years.

(9) "Deteriorating area" shall mean an area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use; provided, that if such deteriorating area consists of open land the conditions contained in the proviso in section 50-2008(d), Idaho Code, shall apply; and provided further, that any disaster area referred to in section 50-2008(g), Idaho Code, shall constitute a deteriorating area. Provided however, this definition shall not apply to any agricultural operation, as defined in section 22-4502(2), Idaho Code, absent the consent of the owner of the agricultural operation or to any forest land as defined in section 63-1701(4), Idaho Code, absent the consent of the forest landowner, as defined in section 63-1701(5), Idaho Code, except for an agricultural operation or forest land that has not been used for three (3) consecutive years.

IDAHO CODE § 50-2008

50-2008. PREPARATION AND APPROVAL OF PLAN FOR URBAN RENEWAL PROJECT. (a) An urban renewal project for an urban renewal area shall not be planned or initiated unless the local governing body has, by resolution, determined such area to be a deteriorated area or a deteriorating area or a combination thereof and designated such area as appropriate for an urban renewal project.

(b) An urban renewal agency may itself prepare or cause to be prepared an urban renewal plan, or any person or agency, public or private, may submit such a plan to an urban renewal agency. Prior to its approval of an urban renewal project, the local governing body shall submit such plan to the planning commission of the municipality, if any, for review and recommendations as to its conformity with the general plan for the development of the municipality as a whole. The planning commission shall submit its written recommendations with respect to the proposed urban renewal plan to the local governing body within sixty (60) days after receipt of the plan for review. Upon receipt of the recommendations of the planning commission, or if no recommendations are received within said sixty (60) days, then without such recommendations, the local governing body may proceed with the hearing on the proposed urban renewal project prescribed by subsection (c) hereof.

(c) The local governing body shall hold a public hearing on an urban renewal project, after public notice thereof by publication in a newspaper having a general circulation in the area of operation of the municipality. The notice shall describe the time, date, place and purpose of the hearing, shall generally identify the urban renewal area covered by the plan, and shall outline the general scope of the urban renewal project under consideration.

(d) Following such hearing, the local governing body may approve an urban renewal project and the plan therefor if it finds that (1) a feasible method exists for the location of families who will be displaced from the urban renewal area in decent, safe and sanitary dwelling accommodations within their means and without undue hardship to such families; (2) the urban renewal plan conforms to the general plan of the municipality as a whole; (3) the urban renewal plan gives due consideration to the provision of adequate park and recreational areas and facilities that may be desirable for neighborhood improvement, with special consideration for the health, safety and welfare of children residing in the general vicinity of the site covered by the plan; and (4) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise: Provided, that if the urban renewal area consists of an area of open land to be acquired by the urban renewal agency, such area shall not be so acquired unless (1) if it is to be developed for residential uses, the local governing body shall determine that a shortage of housing of sound standards and design which is decent, safe and sanitary exists in the municipality; that the need for housing accommodations has been or will be increased as a result of the clearance of slums in other areas; that the conditions of blight in the area and the shortage of decent, safe and sanitary housing cause or contribute to an increase in and spread of disease and crime and constitute a menace to the public health, safety, morals, or welfare; and that the acquisition of the area for residential uses is an integral part of and essential to the program of the municipality, or (2) if it is to be developed for nonresidential uses, the local governing body shall determine that such nonresidential uses are necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives, which acquisition may require the exercise of governmental action, as provided in this act, because of defective or unusual conditions of title, diversity of ownership, tax delinquency, improper subdivisions, outmoded street patterns, deterioration of site, economic disuse, unsuitable topography or faulty lot layouts, the need for the correlation of the area with other areas of a municipality by streets and modern traffic requirements, or any combination of such factors or other conditions which retard development of the area.

(e) An urban renewal plan may be modified at any time: Provided that if modified after the lease or sale by the urban renewal agency of real property in the urban renewal project area, such modification may be conditioned upon such approval of the owner, lessee or successor in interest as the urban renewal agency may deem advisable and in any event shall be subject to such rights at law or in equity as a lessee or purchaser, or his successor or successors in interest, may be entitled to assert.

(f) Upon the approval by the local governing body of an urban renewal plan or of any modification thereof, such plan or modification shall be deemed to be in full force and effect for the respective urban renewal area, and the urban renewal agency may then cause such plan or modification to be carried out in accordance with its terms.

(g) Notwithstanding any other provisions of this act, where the local governing body certifies that an area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe respecting which the governor of the state has certified the need for disaster assistance under 42 U.S.C. section 5121, or other federal law, the local governing body may approve an urban renewal plan and an urban renewal project with respect to such area without regard to the provisions of subsection (d) of this section and the provisions of this section requiring a general plan for the municipality and a public hearing on the urban renewal project.

(h) Any urban renewal plan containing a revenue allocation financing provision shall include the information set forth in section 50-2905, Idaho Code.

IDAHO CODE §50-2903(8)

(8) "Deteriorated area" means:

(a) Any area, including a slum area, in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare.

(b) Any area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

(c) Any area which is predominately open and which because of obsolete platting, diversity of ownership, deterioration of structures or improvements, or otherwise, results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality. The provisions of section 50-2008(d), Idaho Code, shall apply to open areas.

(d) Any area which the local governing body certifies is in need of redevelopment or rehabilitation as a result of a flood, storm, earthquake, or other natural disaster or catastrophe respecting which the governor of the state has certified the need for disaster assistance under any federal law.

(e) Any area which by reason of its proximity to the border of an adjacent state is competitively disadvantaged in its ability to attract private investment, business or commercial development which would promote the purposes of this chapter.

(f) "Deteriorated area" does not mean not developed beyond agricultural, or any agricultural operation as defined in section 22-4502(1), Idaho Code, or any forest land as defined in section 63-1701(4), Idaho Code, unless the owner of the agricultural operation or the forest landowner of the forest land gives written consent to be included in the deteriorated area, except for an agricultural operation or forest land that has not been used for three (3) consecutive years.

EXHIBIT C

ELIGIBILITY REPORT

Orchard Drive East
Urban Renewal District
(Proposed)

Eligibility Report

Prepared for

The Urban Renewal Agency of the City of Twin Falls

January 2022

Kushlan | Associates
Boise, Idaho

Introduction: Kushlan | Associates was retained by The Urban Renewal Agency of the City of Twin Falls, Idaho, also known as the Twin Falls Urban Renewal Agency (the "TFURA") to assist in their consideration of establishing a new revenue allocation area[1] in the City of Twin Falls, Idaho, and its area of operation.

Elected Officials serving the City of Twin Falls are:

Mayor:	Ruth Pierce
Vice Mayor:	Chris Reid
Council Members:	Shawn Barigar
	Nikki Boyd
	Jason Brown
	Spencer Cutler
	Craig Hawkins

City Staff

City Manager:	Travis Rothweiler

Idaho Code § 50-2006 states: "URBAN RENEWAL AGENCY. (a) There is hereby created in each municipality an independent public body corporate and politic to be known as the "urban renewal agency" that was created by resolution as provided in section 50-2005, Idaho Code, before July 1, 2011, for the municipality..." to carry out the powers enumerated in the statutes. The Twin Falls City Council adopted Resolution No.909 on July 19, 1965, bringing forth those powers within the City of Twin Falls.

The Mayor, with the confirmation of the City Council, has appointed seven members to the TFURA Board of Commissioners (the "TFURA Board"). The TFURA Board currently oversees the implementation of four revenue allocation areas. The first, revenue allocation area #4-1 (the "Old Towne District") was established by the City Council's adoption of Ordinance No. 2579 in May 1998 and is focused on the revitalization of downtown Twin Falls and adjacent areas. This revenue allocation area has been amended several times. The second revenue allocation area (#4-3) (Chobani) was established with the adoption of Ordinance No. 3022 on December 12, 2011. The third revenue allocation area (#4-4) (ClifBar) was established by Ordinance No. 3097 adopted on June 1, 2015. Both revenue allocation areas #4-3 and #4-4 are focused on economic development on the eastern edge of the city. The fourth revenue allocation area (Washington Street South) was established by Ordinance No. 2019-015 adopted on December 16, 2019, but not effective until January 10, 2020, and also focuses on economic development goals for the community.

The current membership of the Commission is as follows:

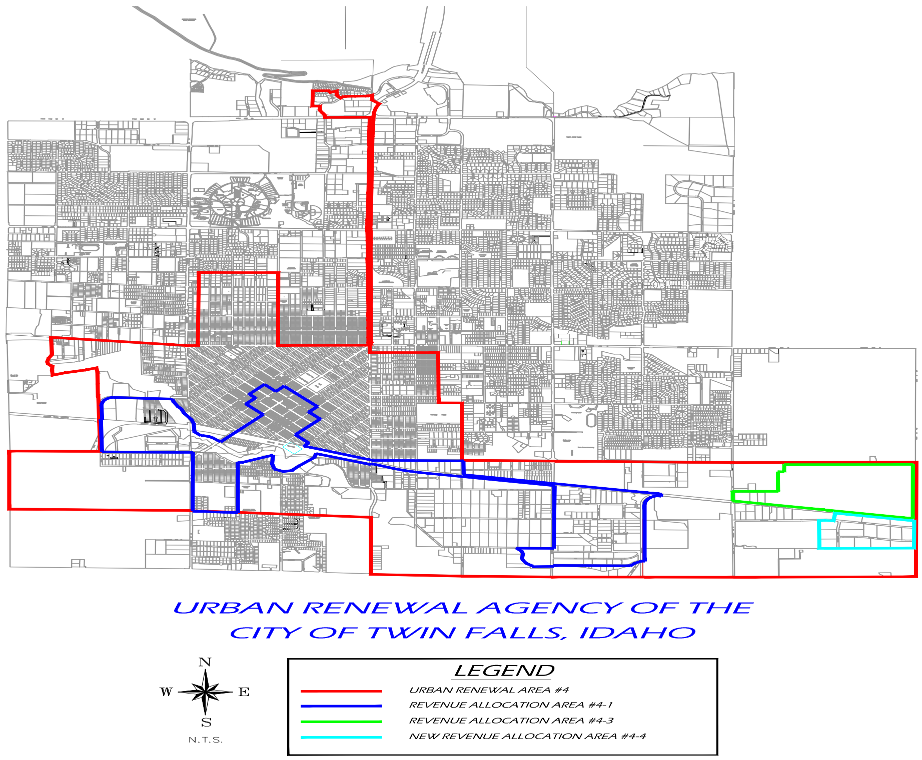
Chair:	Rudy Ashenbrenner
Vice Chairman	Andy Hohwieler
Secretary	Dan Brizee
Commissioners	Alexandra Caval
	Jan Rogers
	JJ McBride
	Dave McAlindin

[1] Throughout this Study, urban renewal/revenue allocation area will be referred to as an "revenue allocation area"

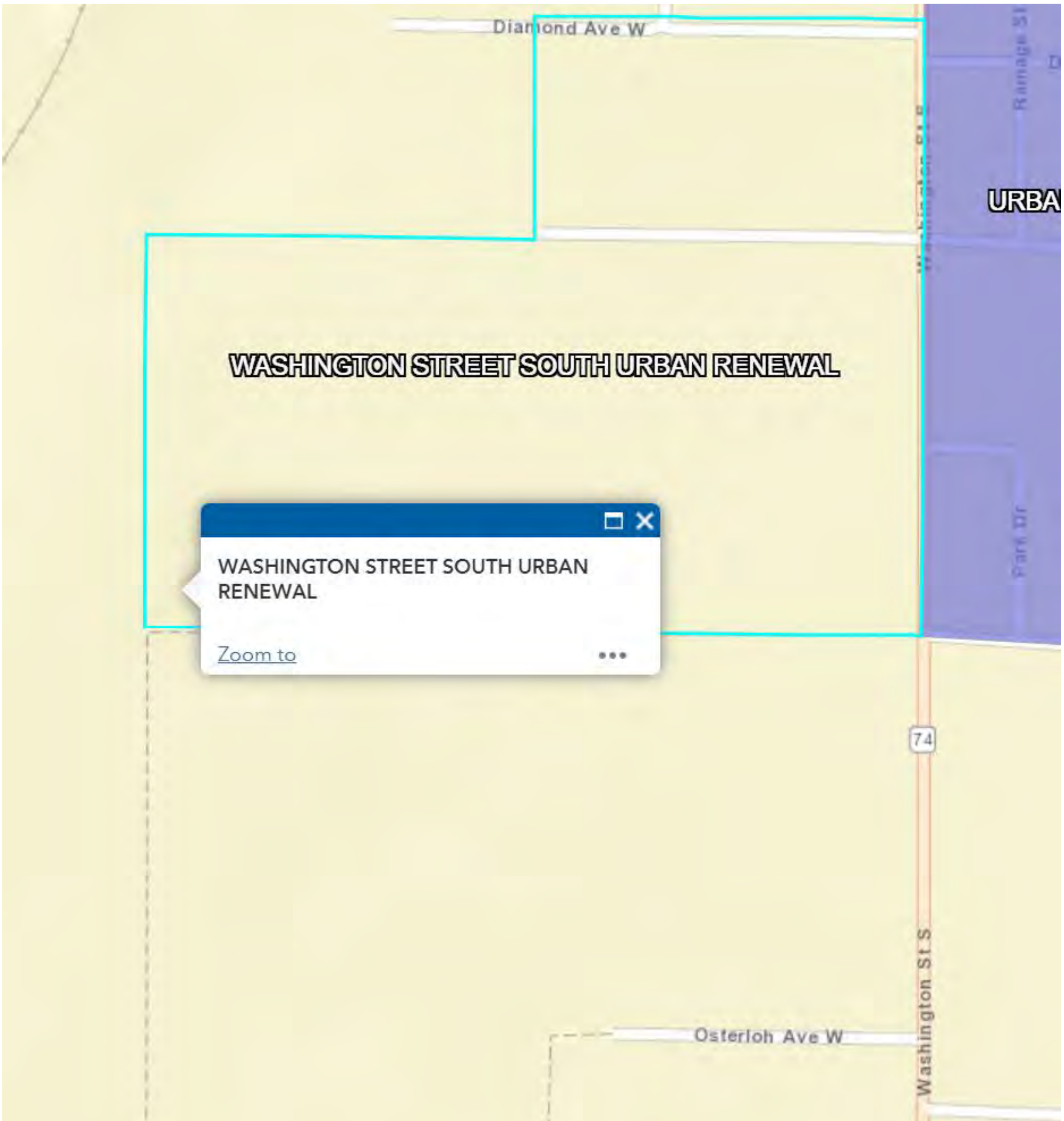
Staff:

Urban Renewal Administrator:	Travis Rothweiler
Administrative Assistant:	Lorrie Bauer

Map of the Twin Falls Revenue Allocation Areas 4-1, 4-3 and 4-4



Map of Washington Street South Revenue Allocation District



Background:

While Native Americans inhabited the area for millennia, the development of the community of Twin Falls, as we know it today, was initiated in 1900. I. B. Perrine had farmed in the Snake River Canyon since 1884, providing sustenance to the Wood River mines and the surrounding area in South Central Idaho. In response to the adoption of the Carey Act in 1894 that encouraged the development of facilities to irrigate traditionally arid lands, Perrine led an effort to create the Twin Falls Land and Water Company (TFLWC) in 1900 supported by Salt Lake City and Eastern financial interests. The first infrastructure investment was the construction of Milner Dam on the Snake River on which construction was commenced in 1903 and completed in 1905. Construction of distribution facilities in the Main Line, Highline and Lowline canals set the stage for the establishment of the community of Twin Falls with the original plat being filed on May 12, 1904, with formal incorporation occurring in 1905.

The Idaho State Legislature created Twin Falls County (the "County") on February 21, 1907, naming the City of Twin Falls as County Seat. The County had previously been part of Cassia County and Owyhee County at different times in its history. As farming grew as the lead component of the area's economy, the community grew to support those engaged in that enterprise.

Over time the community has grown and prospered, often influenced by transportation improvements impacting the region. The Minidoka and Southwestern Railroad (M&SW) arrived in the community on August 7, 1904. The M&SW was acquired by the Oregon Short Line Railroad, a division of the Union Pacific Railroad, in 1912. The Twin Falls – Jerome Intercounty Bridge was opened in 1927 connecting the communities north and south of the Snake River. Now called the I.B. Perrine Bridge, it serves as the crossing for US Highway 93 that connects Mexico and Canada through Nevada, Idaho, and Montana. U.S. 93 runs through the city, as do US Highway 30 and State Highways 50 and 74. Interstate 84 now carries its east-west traffic approximately 3 miles north of the city.

In support of the continuing economic vitality of the region, the community turned to the Urban Renewal Law in 1965 with the creation of the TFURA by Resolution No. 909 adopted by the City Council on July 19, 1965. In 1997, the City Council adopted Resolution No. 1603 that consolidated prior existing urban renewal areas into a new combined Area 4. Subsequent to that action, the City Council established four revenue allocation areas to pursue specific objectives. Those areas are noted below with their expiration dates[2]:

Area 4-1 (Old Towne)	December 31, 2022
Area 4-3 (Chobani)	December 12, 2031
Area 4-4 (ClifBar)	June 1, 2035
Washington Street South	December 31, 2040

Demographics: According to the US Census Bureau, the 2020 population of the city is 51,807 and has grown by 17.4% since 2010. This is similar to the growth rate experienced statewide which was 17.3% during that period.

At 27.3%, the City's percentage of people under 18 years of age exceeds the statewide percentage of 25.1% by 2.2%. The percentage of population under 5 years of age exceeds the statewide figure by 1.0% (7.5% vs. 6.5%). The percentage of the City's population over 65 years of age (13.8%) is less than the statewide percentage (16.3%) by 2.5%. These statistics reflect a population base that is slightly younger than that found statewide.

The population is predominately white at 90.6% as compared to the statewide percentage of 93.0%. The Hispanic population exceeds the statewide percentage by 3.4% (16.2% vs. 12.8%).

[2] Pursuant to Idaho Code Section 50-2905(8) it is recognized the Agency shall receive allocation of revenues in the calendar year following the termination date.

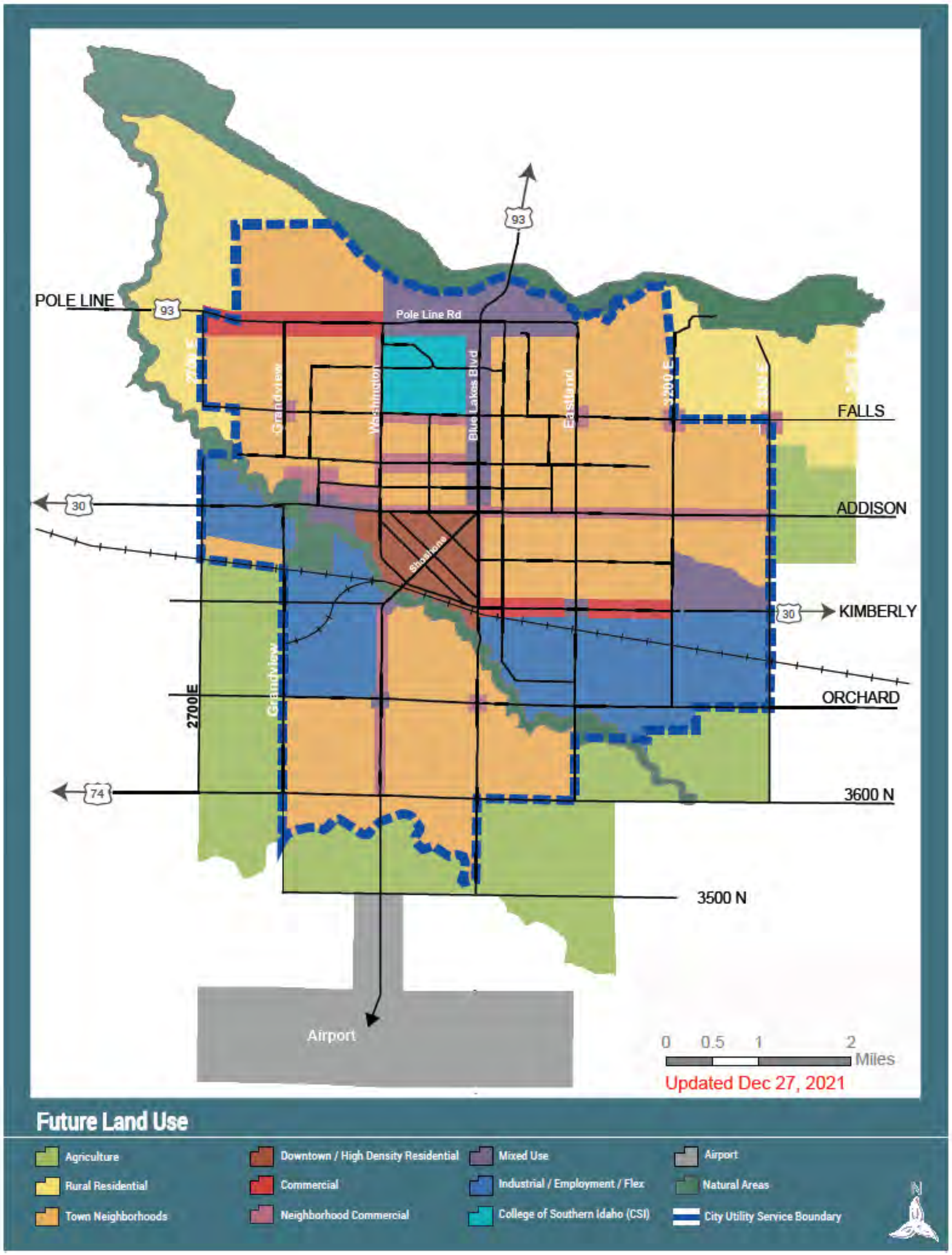
Housing units are 62.9% owner-occupied as opposed to the statewide statistic of 70.0%. Median value of owner-occupied housing units is $162,000 as compared to $212,300 statewide. Monthly owner costs with mortgage are $1,140 as compared to the statewide figure of $1,270. Median gross rent in the city is reported as $818 as compared to $853 statewide.

When income statistics are compared to statewide numbers, we see that the population of the city lags the rest of Idaho in these categories as well. The median household income in the city is $50,739, approximately 9.1% below the statewide figure of $55,785. Per capita income for the city's population is $24,933 as compared to the statewide number of $27,970. The percentage of the City's population below poverty level is 14.8% as compared to the statewide number of 10.1%.

These statistics suggest that the City's population may have limited capacity to fund new or increasing revenue sources to support economic development efforts in addition to on-going operational requirements. Thus, utilizing existing investment mechanisms such as found in Title 50, Chapters 20 and 29 is a prudent exercise of local legislative authority.

Investment Capacity: Cities across the nation actively participate in the economic vitality of their communities through investment in infrastructure. Water and sewer facilities as well as transportation, communication, electrical distribution, and other systems are all integral elements of an economically viable community. Idaho cities have a significant challenge in responding to these demands along with the on-going need to reinvest in their general physical plant to ensure it does not deteriorate to the point of system failure. They face stringent statutory and constitutional limitations on revenue generation and debt as well as near total dependence upon state legislative action to provide funding options. These strictures severely constrain capital investment strategies.

The tools made available to cities in Title 50, Chapters 20 and 29, the Urban Renewal Law and the Local Economic Development Act, are some of the few that are available to assist communities in their efforts to support economic vitality. New sources of State support are unlikely to become available in the foreseeable future, thus the City of Twin Falls' interest in exploring the potential for establishing their fifth urban renewal district is an appropriate public policy consideration.


POLE LINE
93
Pole Line Rd
FALLS
30
ADDISON
KIMBERLY
ORCHARD
2700E
74
3600 N
3500 N
Airport
0 0.5 1 2
Miles
Updated Dec 27, 2021
Future Land Use
Agriculture
Rural Residential
Town Neighborhoods
Downtown / High Density Residential
Commercial
Neighborhood Commercial
Mixed Use
Industrial / Employment / Flex
College of Southern Idaho (CSI)
Airport
Natural Areas
City Utility Service Boundary

Steps in Consideration of Revenue Allocation Area:

The first step in consideration of establishing a revenue allocation area in Idaho is to define a potential geographic area for analysis as to whether conditions exist within it to qualify for redevelopment activities under the statute. We have called this the "Study Area."

The next step in the process is to review the conditions within the Study Area to determine whether the area is eligible for creating a district. The State Law governing urban renewal sets out the following criteria, at least one of which must be found, for an area to be considered eligible for urban renewal activities:

1. The Presence of a Substantial Number of Deteriorated or Deteriorating Structures and Deterioration of Site or Other Improvements [50-2018(9) and 50-2903(8)(b); 50-2903(8)(c)]

2. Age or Obsolescence [50-2018(8) and 50-2903(8)(a)]

3. Predominance of Defective or Inadequate Street Layout [50-2018(9) and 50-2903(8)(b)]

4. Faulty Lot Layout in Relation to Size, Adequacy, Accessibility, or Usefulness; Obsolete Platting [50-2018(9) and 50-2903(8)(b); 50-2903(8)(c)]

5. Insanitary or Unsafe Conditions [50-2018(9) and 50-2903(8)(b)]

6. Diversity of Ownership [50-2018(9) and 50-2903(8)(b); 50-2903(8)(c)]

7. Tax or Special Assessment Delinquency [50-2018(9) and 50-2903(8)(b)]

8. Defective or Unusual Conditions of Title [50-2018(9) and 50-2903(8)(b)]

9. Results in Economic Underdevelopment of the Area [50-2903(8)(b); 50-2903(8)(c)]

10. Substantially Impairs or Arrests the Sound Growth of a Municipality [50-2018(9) and 50-2903(8)(b); 50-2903(8)(c)]

If the Eligibility Report finds that one or more of the conditions noted above exists within the Study Area, then the Agency may accept the findings and forward the Eligibility Report to the City Council for their consideration. If the City Council concurs with the determination of the Agency, they may direct that an Urban Renewal Plan be developed for the area that addresses the issues raised in the Eligibility Report.

The Agency then acts to prepare the Urban Renewal Plan for the new District establishing a Revenue Allocation Area to fund improvements called for in the Plan. Once the Plan for the District and Revenue Allocation Area are completed, the Agency Board forwards it to the City Council for their consideration.

The City Council must refer the Urban Renewal Plan to the Planning and Zoning Commission to determine whether the Plan, as presented, is consistent with the City's

Comprehensive Plan and make a corresponding finding. At the same time, other taxing entities levying property taxes within the boundaries of the proposed Revenue Allocation Area are provided a thirty-day opportunity to comment on the Plan to the City Council. While the taxing entities are invited to comment on the Plan, their concurrence is not required for the City Council to proceed with formal consideration.

Based on legislative changes to Idaho Code § 50-2908(2)(a), effective July 1, 2020, the Twin Falls County Highway District (the "Highway District") is allocated all of the taxes levied by the Highway District within a revenue allocation area first formed or expanded to include property on or after July 1, 2020 (including taxes levied on the base and increment values), unless the City creating the revenue allocation area has responsibility for the maintenance of the roads or highways. Depending on the ultimate boundary of the revenue allocation area this provision may apply to this proposed district, if formed.

Assuming successful annexation into the City, the taxing entities levying property taxes within the proposed revenue allocation area are projected to be:

- The City of Twin Falls
- The Twin Falls School District #411
- Twin Falls County
- Twin Falls County Ambulance
- Twin Falls County Pest Abatement District
- College of Southern Idaho

Once the Planning and Zoning Commission makes their finding of conformity and the thirty-day comment period has passed, the City Council is permitted to hold a public hearing and formally consider the adoption of the Plan creating the new Urban Renewal District and Revenue Allocation Area.

The City Council must also find that the taxable value of the district to be created plus the Base Assessed Value of any existing Urban Renewal / Revenue Allocation Area does not exceed the statutory maximum of 10% of the citywide assessed valuation.

If the City Council, in their discretion chooses to proceed, they will officially adopt the Urban Renewal Plan and Revenue Allocation Area and provide official notification of that action to the affected taxing districts, County Assessor and Idaho State Tax Commission.

The Agency then proceeds to implement the Plan.

Description of the Orchard Drive East Study Area:

The Study Area subject to the current review is located in unincorporated Twin Falls County immediately south of and contiguous with the current city limits. It is located on the west side of N 3300 Road E and north of Orchard Drive, East. The properties are included within the boundaries of the City of Twin Falls Area of City Impact and have been included in the City of Twin Falls Comprehensive Plan. (See Future Land Use Map above). As shown below, the Study Area consists of two (2) relatively large tax parcels, one consisting of 40 acres and one 38.26 acres. The two smaller parcels shown below are not included within the boundaries of the Study Area[3]. Annexation of the Study Area parcels is currently in progress and is anticipated to be completed prior to consideration of this report.

Orchard Drive East Revenue Allocation Area Study Area

Table 1

Parcel #	Ownership	Acreage	Land Value	Improvement Value	2021 Taxable Value
RP10S17E241810A	Twins Industrial, LP	38.26	$137,315	$27,540	$164,855
RP10S17E248400A	Herman Woebke	40.0	$135,811	$182,700	$318,511
Total Orchard Drive E. Study Area		78.26	$273,126	$210,240	$483,366

Description of the Orchard Drive East Study Area:

As noted in the table above, the Orchard Drive East Study Area consists of two (2) tax parcels.

The easterly parcel consists of 38.26 acres and its current use is irrigated crop land. It is zoned M-2 (Heavy Manufacturing) in unincorporated Twin Falls County. The property is

[3] Currently, the boundary line between the City and unincorporated Twin Falls County is unclear and requires further analysis. The Study Area boundary extends to the far side of the rights-of-way; however, to the extent the boundary line between the City and Twin Falls County is within the right-of-way, it may be the revenue allocation area boundary is ultimately smaller than the Study Area boundary.

located within the City of Twin Falls Area of City Impact (ACI) and has been included in the Future Land Use Map of the City's Comprehensive Plan. That document designates this property as "Industrial / Employment / Flex".

The westerly parcel consists of 40 acres, and its current use is irrigated crop land. It is currently zoned M-2 (Heavy Manufacturing) in unincorporated Twin Falls County. County Assessor records reflect the presence of an older (1923) residential structure on the property. No Homeowner Property Tax Exemption is reflected in the County Assessor records suggesting that it is not an owner-occupied structure. The property is also located within the City of Twin Falls Area of City Impact (ACI) and has been included in the Future Land Use Map of the City's Comprehensive Plan. That document designates this property as "Industrial / Employment / Flex".

Analysis of the Study Area:

A review of the Study Area reflects an area in transition. While the area remains in its historic agricultural use, it is immediately adjacent to the corporate boundary of the City of Twin Falls. That area has seen significant industrial development in recent years and remains one of the few industrial areas in South Central Idaho with adequate public services available to support large-scale development.

The current development plan for the Study Area calls for the phased development of a primarily "for lease" industrial area including an estimated 1,000,000 square feet of space that would be available to various businesses requiring between 5,000 and 200,000 square feet of space. Currently, public services available to the site are consistent with the historic agricultural usage of the property.

For the convenience of the reader, the statutory criteria are reiterated, at least one of which must be found to qualify an area for urban renewal activities. Those conditions are:

1. The Presence of a Substantial Number of Deteriorated or Deteriorating Structures and Deterioration of Site or Other Improvements [50-2018(9) and 50-2903(8)(b); 50-2903(8)(c)]

2. Age or Obsolescence [50-2018(8) and 50-2903(8)(a)]

3. Predominance of Defective or Inadequate Street Layout [50-2018(9) and 50-2903(8)(b)]

4. Faulty Lot Layout in Relation to Size, Adequacy, Accessibility, or Usefulness; Obsolete Platting [50-2018(9) and 50-2903(8)(b); 50-2903(8)(c)]

5. Insanitary or Unsafe Conditions [50-2018(9) and 50-2903(8)(b)]

6. Diversity of Ownership [50-2018(9) and 50-2903(8)(b); 50-2903(8)(c)]

7. Tax or Special Assessment Delinquency [50-2018(9) and 50-2903(8)(b)]

8. Defective or Unusual Conditions of Title [50-2018(9) and 50-2903(8)(b)]

9. Results in Economic Underdevelopment of the Area [50-2903(8)(b); 50-2903(8)(c)]

10. Substantially Impairs or Arrests the Sound Growth of a Municipality [50-2018(9) and 50-2903(8)(b); 50-2903(8)(c)]

<u>Analysis: Orchard Drive East Study Area</u>

Criterion #1: The Presence of a Substantial Number of Deteriorated or Deteriorating Structures; and Deterioration of Site: The historic farmstead currently located in the Study Area consists of an older residential dwelling constructed in 1923 and updated in 1953 along with a few outbuildings consistent with the agricultural use of the property.

However, since these structures are the only ones in the Study Area, there is not a "substantial number of deteriorated or deteriorating structures" remaining within the Study Area. Therefore, criterion #1 is not met.

Criterion #2: Age or Obsolescence: Again, as noted above, the structures that remain in the Study Area, were built to serve the historic agricultural use. While the remaining structures remain serviceable for the current use, they are not of a nature to support the high-density industrial use envisioned in the Comprehensive Plan. Therefore, the remaining structures located along Orchard Drive East are obsolete in this context and as such, criterion #2 is met.

Criterion #3: Predominance of Defective or Inadequate Street Layout: As noted above, the Study Area has seen limited development of supportive infrastructure. The roads serving the area (N. 3300 E and Orchard Drive E) are typical county roads consisting of relatively narrow asphalt mats with gravel shoulders and no provision for the management of storm drainage beyond the roadside ditches common to rural roadways. There is no internal street system to provide access to the Study Area. Implementation of the vision articulated in the City's Comprehensive Plan will require substantial upgrades to the streets serving the expanded demand. Therefore, criterion #3 is met

Criterion #4: Faulty Lot Layout in Relation to Size, Adequacy, Accessibility or Usefulness; Obsolete Platting: The parcels in the Study Area are of a size and configuration appropriate for the historic agricultural use for which they have been deployed for several decades. However, as the City and region have developed around these properties, the large lots are not properly configured to accommodate the development pattern envisioned in the Comprehensive Plan. A more fine-grained and high-density development pattern is represented in the adopted Plan. Therefore, criterion #4 is met.

Criterion #5: Insanitary or Unsafe Conditions: Again, given the current agricultural use and general lack of development "insanitary and unsafe conditions" are not present. However, when considering the anticipated development pattern, the Study Area is completely devoid of public water supply and distribution facilities. No provision for required fire flows nor any provision of sanitary sewer or storm drainage facilities adequate to the anticipated demand has been made. Therefore, criterion #5 is met.

Criterion #6: Diversity of Ownership: The ownership of the 78.26 acres in the Study Area has been in the hands of two (2) entities. However, the proposed developer of the industrial facility has acquired both parcels and envisions the properties to be developed together under a single development plan. Thus, the Study Area is controlled by only one entity. Therefore criterion #6 is not met.

Criterion #7: Tax or Special Assessment Delinquency: According to Twin Falls County Assessor records, no delinquencies exist. Therefore, criterion #7 is not met.

Criterion #8: Defective or unusual condition of title: No defective or unusual conditions of title are reflected in Twin Falls County records. Therefore, criterion #8 is not met.

Criterion #9: Results in Economic Underdevelopment of the Area: Economic development and high-wage job creation are high priorities for the broader Twin Falls community as reflected in various planning documents. The supply of industrial land to support the desired economic expansion is extremely limited. The high cost of infrastructure investment required to accommodate the desired levels of economic activity have proven a barrier to the expansion of the adjacent industrial areas. As a result, the Study Area remains in its historic agricultural usage immediately adjacent to one of the state's most vibrant industrial areas. Without a means to support the physical transition of the Study Area the area will likely remain in its current agricultural use for the indefinite future. Therefore, criterion #9 is met.

Criterion #10: Substantially Impairs or Arrests the Sound Growth of a Municipality: The City of Twin Falls and the and the Twin Falls Urban Renewal Agency have made substantial investment in the transportation and utility facilities serving the area within the corporate limits immediately adjacent and to the north of the Study Area. The City of Twin Falls has expressed its vision for this area by including it within the City's Comprehensive Plan, but without the capacity to provide full public infrastructure, the Study Area will remain an under-utilized area adjacent to one of the fastest growing areas in the State of Idaho. Criterion #10 is met.

<u>Findings: Orchard Drive East Study Area:</u> Conditions exist within the Study Area to allow the TFURA Board and the Twin Falls City Council to determine that the area is eligible for urban renewal activities as prescribed in State Law.

Summary of Findings

	Criteria	Met	Not Met
1	The Presence of a Substantial Number of Deteriorated or Deteriorating Structures; and Deterioration of Site		X
2	Age or Obsolescence	X	
3	Predominance of Defective or Inadequate Street Layout	X	
4	Faulty Lot Layout in Relation to Size, Adequacy, Accessibility or Usefulness; Obsolete Platting	X	
5	Insanitary or Unsafe Conditions	X	
6	Diversity of Ownership		X
7	Tax or Special Assessment Delinquency		X
8	Defective or unusual condition of title		X
9	Results in Economic Underdevelopment of the Area	X	

10	Substantially Impairs or Arrests the Sound Growth of a Municipality	X	

Analysis: Open Land Conditions: In addition to the eligibility conditions identified above, the geographic area under review is also required to satisfy the "open land" conditions. Idaho Code Section 50-2903(8)(c) states: "[a]ny area which is predominately open and which because of obsolete platting, diversity of ownership, deterioration of structures or improvements, or otherwise, results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality. The provisions of section 50-2008(d), Idaho Code, shall apply to open areas."

The eligibility criteria set forth in Idaho Code Section 50-2903(8)(c) for predominantly open land areas mirror or are the same as those criteria set forth in Idaho Code Sections 50-2018(9) and 50-2903(8)(b). "Diversity of ownership" is the same, while "obsolete platting" appears to be equivalent to "faulty lot layout in relation to size, adequacy, accessibility, or usefulness." "Deterioration of structures or improvements" is the same or similar to "a substantial number of deteriorated or deteriorating structures" and "deterioration of site or other improvements." There is also an additional qualification that the provisions of Idaho Code Section 50-2008(d) shall apply to open areas.

Idaho Code Section 50-2008 primarily addresses the urban renewal plan approval process and Idaho Code Section 50-2008(d)(4) sets forth certain conditions and findings for agency acquisition of open land as follows:

> the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise: Provided, that if the urban renewal area consists of an area of open land to be acquired by the urban renewal agency, such area shall not be so acquired unless (1) if it is to be developed for residential uses, the local governing body shall determine that a shortage of housing of sound standards and design which is decent, safe and sanitary exists in the municipality; that the need for housing accommodations has been or will be increased as a result of the clearance of slums in other areas; that the conditions of blight in the area and the shortage of decent, safe and sanitary housing cause or contribute to an increase in and spread of disease and crime and constitute a menace to the public health, safety, morals, or welfare; and that the acquisition of the area for residential uses is an integral part of and essential to the program of the municipality, or (2) if it is to be developed for nonresidential uses, the local governing body shall determine that such nonresidential uses are necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives, which acquisition may require the exercise of governmental action, as provided in this act, because of defective or unusual conditions of title, diversity of ownership, tax delinquency, improper subdivisions, outmoded street patterns, deterioration of site, economic disuse, unsuitable topography or faulty lot layouts, the need for the correlation of the area with other areas of a municipality by streets and modern traffic requirements, or any

combination of such factors or other conditions which retard development of the area.

In sum, there is one set of findings if the area of open land is to be acquired and developed for residential uses and a separate set of findings if the land is to be acquired and developed for nonresidential uses.

Basically, open land areas may be acquired by an urban renewal agency and developed for nonresidential uses if such acquisition is necessary to solve various problems, associated with the land or the infrastructure, that have delayed the area's development. These problems include defective or usual conditions of title, diversity of ownership, tax delinquency, improper subdivisions, outmoded street patterns, deterioration of site, and faulty lot layout. All the stated conditions are included in one form or another in the definition of a deteriorated area and/or a deteriorating area set forth in Idaho Code Sections 50-2903(8)(b) and 50-2018(9). The conditions listed only in Section 50-2008(d)(4)(2) (the open land section) include economic disuse, unsuitable topography, and "the need for the correlation of the area with other areas of a municipality by streets and modern traffic requirements, or any combination of such factors or other conditions which retard development of the area."

The conclusion of this discussion concerning open land areas is that the area qualifies if any of the eligibility conditions set forth in Idaho Code Sections 50-2018(9) and 50-2903(8)(b) apply. Alternatively, the area under consideration qualifies if any of the conditions listed only in Idaho Code Section 50-2008(d)(4)(2) apply. The parcel size, the lack of water and sewer facilities in the Study Area; a nonexistent access and internal street system; an inadequate storm drain system; and lack of fire protection, are all conditions which delay development of the Study Area.

Based on the above analysis, to the extent the Study Area is "predominantly open land," which is not a defined term, obsolete platting/faulty lot layout and economic underdevelopment are conditions found in the Study Area, and therefore, the open land condition is satisfied.

Other Relevant Issues:

Agricultural Landowners Concurrence:

The statutory provisions concerning the creation of an urban renewal district prohibit inclusion of any land used for an agricultural operation without the express written consent of the property owner. An agricultural operation is broadly defined in Idaho Code § 22-4502(2) and means "an activity or condition that occurs in connection with the production of agricultural products for food, fiber, fuel and other lawful uses…" As of the date of this Eligibility Study, both parcels appear, from a visual inspection, to be active agricultural operations. As a result, property owner consent is required prior to final consideration of the proposed district's creation.

CONCLUSION:

Based upon the data and the conditions that exist within the Study Area as noted above, the TFURA Board and the Twin Falls City Council may determine that the Orchard Drive East Study Area is eligible for the establishment of a revenue allocation area.

<u>10% Analysis:</u> In addition to the findings reported above, verification that the assessed value of the proposed Study Area is within the statutory limits, is needed. State Law limits the percentage of values on the combined base assessment rolls that can be included in urban renewal / revenue allocation districts to 10% of the current assessed valuation of all taxable property within the City. According to Twin Falls County Assessor records, the 2021 total certified value for the City of Twin Falls is $4,653,143,739 (does not include State assessed operating property). As shown in the analysis in Table 1 the current taxable value of the entire Study Area is estimated to be $483,336. This value then must be added to the Base Assessed Values of Area 4-1, 4-3, 4-4 and the Washington Street South Districts to test for the 10% limitation. The analysis for this purpose is presented in Table 2, below. The combined base assessment roll values are well below the statutory limit.

Table 2

Statutory 10% Limitation Analysis		
Area	Taxable Value	Percentage
• Total City	$4,653,143,739	100%
	Adjusted Base Values	
• Area 4-1 (Old Towne)	$23,760,191	0.51%
• Area 4-3 (Chobani)	$ 1,069,508	0.02%
• Area 4-4 (ClifBar)	$4,090,577	0.09%
• Washington Street South	$24,710,081	0.53%
• Proposed Orchard Drive East Area	$483,336	0.01%
Total UR Base Assessed Value Percentage	$54,113,693	1.16%

The effect of creating this district on the capacity of the City and TFURA to consider future districts should they choose to do so is also explored. The table below shows there is capacity to consider additional districts.

Table 3

Remaining Urban Renewal Capacity		
Maximum 10% Limitation	$465,314,373	10%
• Area 4-1 (Old Towne)	$23,760,191	0.51%
• Area 4-3 (Chobani)	$ 1,069,508	0.02%
• Area 4-4 (ClifBar)	$4,090,577	0.09%
• Washington Street South	$24,710,191	0.53%
• Proposed Orchard Drive East Area	$483,366	0.01%
Available AV within limitation	$411,200,681	8.84%