

## Summary of Disposition and Development Agreement

The following summary has been prepared to provide an overview of the contents of the Disposition and Development Agreement ("DDA") the Urban Renewal Agency of Boise, Idaho, also known as the Capital City Development Corporation ("Agency"), will prepare for execution with the selected developer for the property located at 1715 W. Idaho Street, Boise, Ada County, Idaho (the "Property").

The DDA will contain 13 sections. The sections will cover the following:

1. Section 1 will contain definitions of relevant terms contained in the DDA
2. Section 2 will identify the parties to the agreement and reference the Agency's urban renewal plan. This section will also cover the powers and limitations of an urban renewal agency when disposing of real property, which are contained in Idaho Code § 50-2011.
3. Section 3 will cover the pre-closing due diligence period, property investigation, and title issues that may arise.
4. Section 4 will deal with the selected developer's proposed financing for the project and the Agency's assessment of the financial viability of the proposed project, based on the firm commitments from lenders and financiers and when such commitments are required.
5. Section 5 covers the disposition and conveyance of the property to the developer and the property closing details.
6. Section 6 will detail the condition of the property and any representations made by the Agency concerning the same. The Agency anticipates disposing of the property in "as is" condition.
7. Section 7 will set forth the development of the project and memorialize the proposed project. The Agency anticipates providing some assistance to the developer for the project. The assistance will be based on the completion of the proposed project as detailed in Section 7.
8. Section 8 provides the Agency's requirements for insurance and indemnification of the Agency.
9. Section 9 sets forth the project completion, purchase price adjustment and the mechanism the Agency will use to determine the difference between the fair market value of the Property and the fair reuse value of the Property. By law, the Agency cannot dispose of real property for an amount less than the fair reuse value of the property. The fair reuse value of the Property will be calculated by assessing the design and construction costs of the proposed project to determine the minimum land acquisition cost that would enable the developer to construct the proposed project and earn a profit from the endeavor, as opposed to suffering a financial loss. The fair reuse value will be determined by an appraiser engaged by the Agency, who will consider the construction and design costs, financing costs, the marketability of the proposed project, and the developer's entrepreneurial incentive.

10. Section 10 will contain post-development and construction obligations concerning the continued use of the Property in compliance with the Plan and the obligation of the Property owner to pay real property taxes assessed by the County Assessor. The Agency does not assess property taxes.

11. Section 11 will cover the potential for developer or Agency defaults of the DDA and remedies for the parties.

12. Sections 12 and 13 will contain standard contract provisions concerning assignment rights, notices and demands, conflicts of interest, attorney fees, dispute resolution, and how the parties will coordinate with each other.

END OF SUMMARY