

**THE URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS**

Date: June 18, 2014

To: Urban Renewal Agency of the City of Twin Falls

From: Melinda Anderson, URA Executive Director

Request:

Consideration of a request to approve a Purchase/Sale Agreement for sale of property located 242 2nd Avenue South, including Lots 9-12, Block 119 to TSJTF, LLC for \$1 and other considerations.

Background:

At the April 14, 2014 TFURA board meeting, the board approved the Response from TSJTF, LLC to acquire the property and redevelop the warehouse in a new office for their use and to redevelop the vacant lot into a parking lot. The Response came from a February 28, 2014 notice published in the front page section of the Times-News requesting responses from interested developers.

At its June 16, 2014 meeting the City Historic Preservation Commission approved a Letter of Appropriateness to TSJTF, LLC in regards to the exterior changes they plan to make to the current warehouse. That enables the company to get a building permit to begin the changes.

Attached are the purchase/sale agreement, the Response with architectural drawings of the exterior, interior, and planned parking lot construction, and a bank commitment letter for up to \$300,000 to TSJTF, LLC. Construction would begin within 30 days of closing and would be completed 6 months after that.

Fritz Wonderlich has reviewed the agreement and is satisfied.

Approval Process:

Approval in open meeting by a majority of the Board. If this is approved, staff and legal counsel will work to provide a warranty deed to TSJTF, LLC and move forward with the closing.

Budget Impact:

None.

Conclusion:

The response by TSJTF shows how their acquisition and renovation achieves the goals that TFURA has created for acquiring downtown property owned by TFURA – quality renovation, property value increase, job creation, and customer attraction. Staff recommends the Board approve this request.

Attachments:

1. Purchase/Sale Agreement
2. TSJTF LLC Response
3. Bank Commitment Letter

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this “**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 (hereafter “**URA**”), and TSJTF, LLC, an Idaho limited liability company (hereafter “**Developer**”).

RECITALS

WHEREAS, URA, an independent public body, corporate and politic, is an urban renewal agency created by and existing under the authority of and pursuant to the Idaho Urban Renewal Law of 1965, being Idaho Code, Title 50, Chapter 20, as amended and supplemented;

WHEREAS, URA issued a request for proposals (the “**RFP**”) for the redevelopment of the Site (defined in Section 2.A below) and, pursuant to Idaho Code Section 50-2011, the URA may dispose of the Site for the purposes of private redevelopment in this manner;

WHEREAS, URA has selected the Developer under the terms and conditions of the RFP to develop the Site pursuant to the goals and objectives of URA, and a copy of the Developer’s RFP response is attached hereto as Exhibit A (hereafter “**RFP Response**”);

WHEREAS, the Site is located in the URA’s Urban Renewal District (the “**District**”) and Development (defined in Section 2.B below) of the Site in accordance with the goals and objectives of URA would enhance and revitalize the District and the downtown area;

WHEREAS, the Development would generate revenue allocation proceeds to URA;

WHEREAS, URA has been asked to provide title to the Site for a purchase price of one dollar (\$1.00) in conjunction with the Development provided such Development and the funding of same are in conformance with URA’s goals and objectives;

WHEREAS, as a result of Developer’s commitment to proceed with the construction of the Development and Agency’s commitment to provide title to the Site, the parties desire to enter into this Agreement to define their respective obligations.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals, which are incorporated into this Agreement, and other good and valuable considerations, the Parties hereby agree as follows:

1. AGREEMENT EFFECTIVENESS

The parties acknowledge that this Agreement has been approved and executed prior to Developer’s closing of the purchase of the Site from URA. This Agreement shall become effective as of Agency’s full approval and execution of this Agreement.

2. SUBJECT OF AGREEMENT

A. The Site. The “**Site**” is that certain real property located at 242 2nd Avenue South in Twin Falls and is legally described as Lots 9 – 12 of Block 119, Twin Falls Townsite, Twin Falls County, Idaho, including all fixtures and improvements located thereon and all appurtenances thereto.

B. The Development. The term “**Development**” shall mean the building and parking lot to be restored and/or constructed by Developer upon the Site in substantial conformance with the RFP Response and to be occupied by Fisher’s Document Systems, Inc. Technology. The Development shall also comply with applicable City of Twin Falls building and zoning ordinances.

3. EVIDENCE OF DEVELOPER FINANCING

Developer shall submit to URA (or URA’s designee) evidence satisfactory of adequate financing to fund the Development and that Developer has the equity capital and commitments for financing necessary to construct the Development. URA shall notify Developer of its approval or disapproval of Developer’s evidence of financing within five (5) business days after its receipt thereof. If the URA disapproves of Developer’s evidence of financing, URA shall set forth the reasons for such disapproval. Developer shall then endeavor to modify such evidence of financing and resubmit to URA for approval. This process shall repeat until URA approves Developer’s evidence of financing.

It is the purpose of this procedure to ensure to the satisfaction of URA that the Development, including the sale of the Site to the Developer and the URA-funded public improvements, will not be commenced unless and until there are sufficient financing commitments to commence and complete the construction of the Development. Nothing herein is deemed to grant the URA the right to disapprove of a particular lender or source of funds, but rather the URA requires proof of funding in place to be sure the Development will be constructed and developed in the manner contemplated by this Agreement and not be abandoned.

4. **TITLE REVIEW**. As soon as practical after the Effective Date of this Agreement, Developer shall procure from Escrow Agent an ALTA commitment for title insurance for the purchase and development of the Site (the “**Title Commitment**”). Developer shall not be required to close if any matter in the Title Commitment disapproved by Developer cannot be removed by closing; provided, however, that Developer may elect to waive its disapproval and close on the remaining terms. Notwithstanding the foregoing, URA shall remove any defect or encumbrance attaching by, through or under URA after the date of this Agreement.

5. SALE OF THE SITE TO DEVELOPER

A. Closing Date. The closing shall take place on a mutually convenient date not later than ten (10) business days after URA notifies Developer that Developer has provided satisfactory proof of Developer financing as described in Section 3 above, or such other date as the parties may agree (the “**Closing Date**”).

B. Escrow Closing. The closing shall take place at the offices of Alliance Title & Escrow Corp., 1141 Falls Avenue East, Twin Falls, Idaho 83301, telephone: (208) 733-8014 (“**Escrow Agent**”). On or before the Closing Date, Developer and URA shall deposit with Escrow Agent all instruments, documents and monies (payable in cash, by wire funds or official bank check), as necessary to complete the transaction in accordance with this Agreement, including due authority resolutions and title affidavits as may be requested by Escrow Agent. Developer shall pay Escrow Agent’s closing fees and the premium for any title insurance. Developer shall be responsible for all real estate and personal property taxes and assessments assessed and levied on the Site from and after the Closing Date. All other expenses not specifically referenced in this Agreement and incurred by URA or Developer with respect to this transaction shall be borne and paid exclusively by the party incurring the same without reimbursement.

C. Conveyance of Title. At closing, URA shall execute and deliver to Developer a warranty deed that is to be marketable and insurable except for rights reserved in federal patents, building or use restrictions, building and zoning regulations and ordinances of any governmental unit, rights of way and easements established or of record and any other liens, encumbrances or defects approved by Developer.

D. Possession. Developer shall be entitled to possession of the Site on the Closing Date.

E. Title Insurance. As a condition precedent to Developer’s obligation to close, Escrow Agent shall irrevocably commit to provide Developer an ALTA standard coverage title insurance policy pursuant to the Title Commitment dated as of the closing and insuring Developer in the amount requested by Developer against loss or damage by reason of any defect in Developer’s title to the Property subject only to the printed exclusions and general exceptions shown on the Title Commitment or appearing in the policy form and the exceptions approved by Developer.

F. Risk of Loss, Condemnation. Risk of loss of or damage to the Property shall be borne by URA until the Closing Date. If the Property is or becomes the subject of any condemnation proceeding prior to closing, then Developer may, at its option, terminate this Agreement by giving notice of such termination to URA on or before the Closing Date. Upon such termination this Agreement shall be of no further force or effect; provided, however, that Developer may elect to purchase the Property.

G. Purchase As-Is. Except for URA’s warranties in the warranty deed, Developer’s election to proceed with the purchase of the Property shall be deemed an acknowledgement that Developer has had an opportunity to inspect the Property and perform a due diligence analysis of the Property and is acquiring the Property in an “as is” condition solely in reliance on Developer’s own inspection and that neither URA nor any agent, representative or employee of URA has made any representation or warranty, express or implied, verbal or written, with respect to any aspect of the Property or its fitness for any particular use

6. POST CLOSING COVENANTS

A. Developer shall commence construction of the Development on the Site promptly after Closing Date and diligently continue the construction of the Development until complete. If Developer fails to commence construction of the Development within thirty days (30) after the Closing Date, or if Developer fails to complete the Development within one hundred eighty (180) days after the Closing Date (except when excused by an event of force majeure), URA shall have the right, exercisable by written notice to Developer within thirty (30) days after such event, to purchase the Site from Developer on the same terms of this Agreement, but for a purchase price equal to the cost incurred by Developer in the construction of the Development.

B. Developer shall notify URA when Developer has completed the construction of the Development. URA shall then inspect the Development to confirm in writing whether or not the Development is in substantial conformance with the RFP Response, which confirmation shall not be unreasonably withheld, conditioned or delayed. If the URA does not confirm the Development is in substantial conformance with the RFP Response, URA shall set forth the reasons for such disapproval. Developer shall then address such reasons for disapproval and request URA for approval. This process shall repeat until URA approves the Development as being in substantial conformance with the RFP Response. Upon Developer's receipt of such confirmation, Developer's obligations under this Agreement shall be deemed fulfilled.

7. MISCELLANEOUS

A. Attorney's Fees. In any controversy relating to this Agreement, the prevailing party shall be awarded its attorney fees and costs (including, but not limited to, the costs for arbitrator(s), mediator(s) and expert witnesses) in any proceeding brought in a court of law, arbitration, and/or mediation, including any bankruptcy or appeal proceeding.

B. Partial Invalidity. In the event any portion of this Agreement or part hereof shall be determined invalid, void or otherwise unenforceable, the remaining provisions hereunder, or part thereof, shall remain in full force and effect, and shall in no way be affected, impaired or invalidated thereby, it being understood that such remaining provisions shall be construed in a manner most closely approximating the intention of the parties with respect to the invalid, void or unenforceable provision or part thereof.

C. Paragraph Headings. The paragraph headings of this Agreement are for clarity in reading and are not intended to limit or expand the contents of the respective paragraphs.

D. Time of the Essence. Time is specifically declared to be of the essence for this Agreement.

E. Amendments. This Agreement may not be amended, modified, altered or changed in any respect whatsoever, except by further agreement duly executed by the parties hereto.

F. Survival of Provisions. Each covenant, condition, warranty and representation herein made shall survive the closing and not merge into the closing documents. All provisions which are to be performed or applied to circumstances subsequent to closing shall likewise survive the closing. If the Warranty Deed and this Agreement conflict in any manner, the terms of the Warranty Deed shall control.

G. Binding Effect. This Agreement shall be binding upon the heirs, estates, personal representatives, successors and assigns of the parties hereto.

H. Parties' Further Assurance. The parties each for themselves do further covenant to the other to execute any and all other documents which may be necessary to effect the conveyances contemplated by this Agreement.

IN WITNESS THEREOF, the effective date of this Agreement shall be the date when this Agreement has been signed by all of the parties.

For URA:

_____, 2014

Urban Renewal Agency of the City of Twin Falls

By: _____

Name: Cindy Bond

Its: Chairperson

For Developer:

_____, 2014

TSJTf, LLC, an Idaho Limited Liability Company

By: _____

Name: J. T. Jones

Its: Member

STATE OF IDAHO)
 :ss.
County of Twin Falls)

On this ____ day of June, 2014 before me, the undersigned, a Notary Public in and for the State of Idaho, personally appeared _____, known to me to be the **Chairperson** of the **Urban Renewal Agency for the City of Twin Falls, Idaho**, and acknowledged to me that s/he executed the foregoing instrument on behalf of the Urban Renewal Agency of the City of Twin Falls, Idaho, and acknowledged to me that the Urban Renewal Agency of the City of Twin Falls, Idaho executed the same.

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

NOTARY PUBLIC
Residing: _____
My Commission Expires: _____

STATE OF IDAHO)
 : ss.
County of Twin Falls)

On this ____ day of June, 2014, before me, the undersigned, a Notary Public in and for said State, personally appeared **J.T. Jones**, known to me to be the **Member** of **TSJTF, LLC**, an Idaho limited liability company, and acknowledged to me that he executed the foregoing instrument on behalf of said company, and that said company executed the same.

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

NOTARY PUBLIC
Residing: _____
My Commission Expires: _____

EXHIBIT A
RFP RESPONSE

[Attached]



PROPOSAL FOR ACQUISITION

242 2ND Avenue South and adjacent parking lot- Block 119, Lots 9 & 10

Proposed use and ownership of the building

The intended use of the building will be to house the Twin Falls branch of Fisher's Technology. The ownership group will be an LLC consisting of the three principals of Fisher's Technology, Chris Taylor, Eric Strand and JT Jones. The legal entity entering into any agreements will be TSJTF LLC.

Fisher's Technology provides office technology solutions consisting of printing equipment (copiers, printers, fax machines, wide format printers, etc.); software solutions (document management software); IT Services and other related services. The building will be remodeled into office space consisting of a reception area, private offices, a showroom and conference area as well as a warehouse area for shipping and receiving equipment. See EXHIBIT A: *Conceptual Office layout*.

WHY DOWNTOWN?

In any community there are new areas of growth and highly visible locations, as well as chains and franchises that hold a consistent look from town to town. It isn't until you venture to the downtown area of a community that you see what makes that city special and unique. In other words, Downtown is the soul of a community. Since Fisher's is a destination business, we don't rely on high traffic counts and premium office space. This gives us an opportunity to find a location that has "character." The idea of repurposing this historic warehouse makes this proposal as much about improving the town we love as it is finding a new place to conduct business. We are excited about the energy flowing through downtown right now and want to do our part to amplify the ripple effect of positive change that is happening in the city's core.

- a. **Benefit to the taxpayers in the City of Twin Falls.** With \$250,000+ being invested in this project, the taxpayers of Twin Falls will benefit from the tax revenue of the improved space will generate. While this is the obvious benefit, it will raise the bar for the type of renovations that can be justified in this part of town. There are several other buildings in the area that could be repurposed or at least remodeled adding higher values and tax revenue.
- b. **Benefit to the property owners and property values in the City of Twin Falls.** Currently, 2nd Avenue South has several buildings that need updating. In addition to the subject property sitting vacant and run down, the neighboring property has several vacant suites and hasn't had any updating for decades. By filling up this one empty warehouse, it helps everyone trying to draw people to their businesses in the vicinity. What make our proposal even more attractive is the "2nd Avenue Building" (250 2nd Avenue South) is being acquired and renovated as part of a master plan agreement between our group and another



group of investors involved with Fisher's (Chad Bertoni and Jeff Blick). This not only brings an empty warehouse to life, but will also give the whole block a much needed facelift. Adding to the aesthetics of the neighborhood as well as giving businesses a new reason to locate in this part of town benefits the whole community.

Professional designer drawings of exterior; materials to be used, etc. Proposed changes to the exterior including signage will need to be approved by the City's Historic Preservation Commission.

Our intent is to restore this building to its former glory. We are not trying to make it a modern building with new materials and design elements. Instead, we want to make it look like it did when it was new. The plan is to repoint the brick with new mortar, replace the windows that are now boarded up and identify the building(s) with signage consistent with the historic warehouse district guidelines. In addition plans are in the works for the neighboring property (250 2nd Ave) to be revamped to have a period look more consistent with the brick warehouse rather than the tile and stucco that dates it currently. While some stucco elements will be used in the renovation, it will be more of a classic, softer look, not a heavy trowel style that was specific to the 70's and 80's.

See EXHIBIT B: *Rendering for elevation concept.*

See EXHIBIT C: *Signage proposal from Lytle Signs.*

Expected redevelopment of adjacent vacant lot.

For the adjacent lot, we intend to grade and pave with asphalt. A concrete valley gutter (128' x 3' x 8" thick valley gutter with 2 continuous #4 rebar) will be installed in the center. On the far side of the lot, a planter area will be created (approx. 128' x 5'). Approximately 12" of top soil, irrigation and planting material will be added. Should the city require storm retention on the property, a dry well will be installed. Separate from our request on the building, we would like to ask for financial assistance from the URA to help with the cost of the dry well if required (est. \$8,230.00). This would be a potential infrastructure cost should the city require it, but a cost we wouldn't have in our budget otherwise. See EXHIBIT D: *Parking Lot Construction bid estimate.*

Investment amount and Financing by developer.

Our preliminary estimates are \$130,900 for interior improvements, \$11,000 for signage and \$41,240 for parking lot improvements (EXHIBIT D). In addition \$46,000 will be invested on restoring the exterior (including 250 2nd Ave S) to a preserved state. Glass will be reinstalled where currently boarded up, the brick will be repointed with mortar, and the garage door and store front area will be improved. The neighboring property at 250 2nd Ave. S will also get an estimated \$28,300 in interior improvements and is planned to serve as a month-to-month home to Fishers in three of the suites during construction, leaving an improved space to attract more new business to the area. This will have a significant impact on the overall revitalization of the entire block.



Successful proposer will need to show evidence that financing for the project is in place.

TSJTF LLC has financing arranged with Washington Trust Bank to renovate this project. See EXHIBIT E, *Bank Letter*.

Number of employees at this site.

Currently the Twin Falls Branch of Fisher's Technology consists of Chad Bertoni, Branch Manager; Jeff Blick, Account Manager; Courtney Shewmaker, Contract Administrator; Jared Karns, Lead Technician and Rex Bateman, Technician. At the new site, Fisher's will have room to expand and add another technician and Account Manager. The growth of additional technicians and account managers will continue as more equipment is placed in the field. In addition, the renovations being done at the neighboring property are sure to attract more tenants to the area. Currently that building only has half of its suites rented.

Attraction of customers to the site.

One thing that is unique about Fisher's is the events they host at their offices. Many times these events are lunch seminars while on a regular (roughly quarterly) basis, Fisher's hosts after hours events that usually consist of invited business guests and caterers. In the past, these events draw 75-100 people. With this space, the size of those events is likely to increase.

Timeline of construction completion and occupancy of the property.

TSJTF LLC is currently working with Creative Carpentry on this renovation. It would be our goal to finish this project within 6-9 months from issuance of building permit with a complete start to finish window of one year or less.

Total proposed payment (and terms, if any) of Respondent's offer to purchase.

Without paying anything for the building, it is anticipated that \$220,000-270,000 will be invested in building improvements and parking lot. It is our opinion that the community as a whole would benefit more from enhancements made to the building than any part of that same budget going to acquisition costs. At this price, it is right at the edge of feasibility for what the market can support, but it will need that much of an investment to become a building Fisher's and the neighborhood can be proud of. This will continue the positive trend of tired and neglected parts of downtown becoming bright spots of activity. We respectfully ask the agency to invest in that vision by selling TSJTF LLC the subject property and adjacent lot for \$1.00.

Signed,

A handwritten signature in black ink, appearing to read "J.T. Jones", is written over a white oval background.

J.T. Jones, Member TSJTF LLC

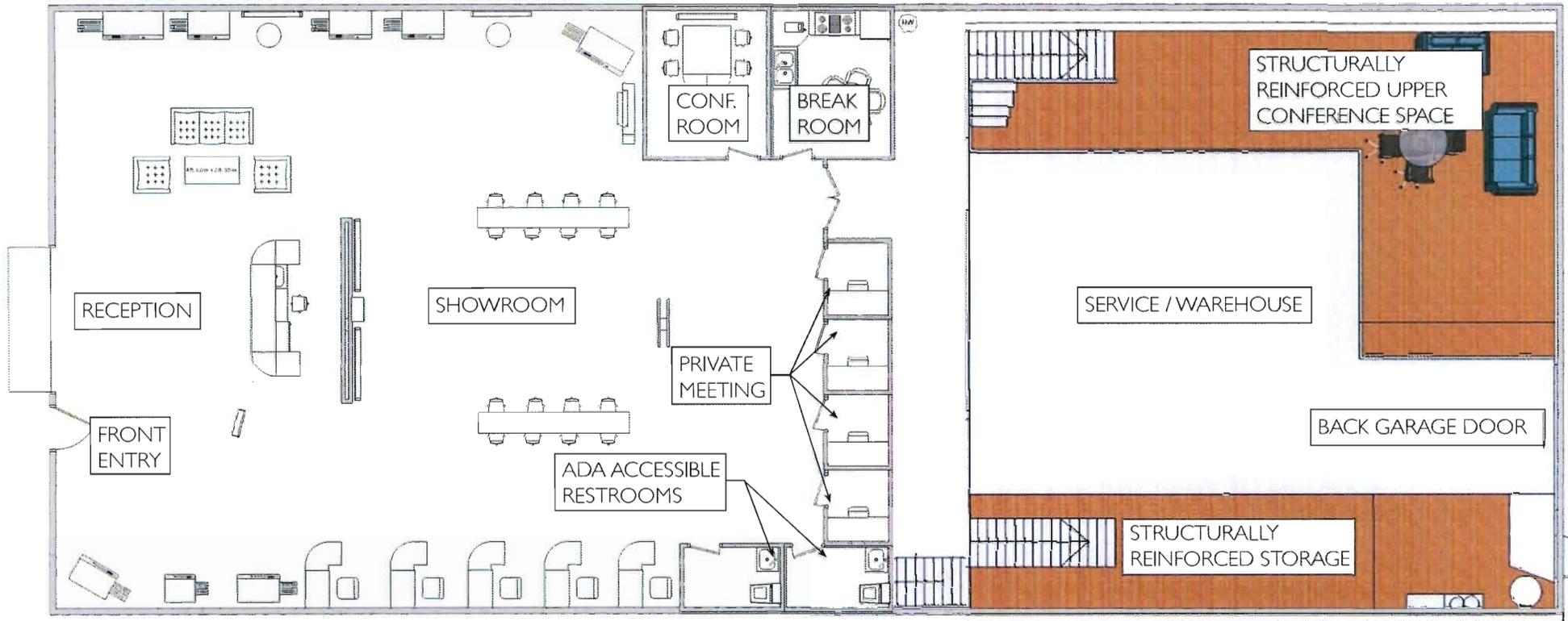
EXHIBIT A

CONCEPTUAL INTERIOR RENOVATION

TSJTF LLC PROPOSAL
DBA Fisher's Technology

242 2ND AVE SOUTH AND ADJACENT PARKING LOT- BLOCK 119, LOTS 9 & 10





FISHERS TECHNOLOGY
 242 2ND AVE. SOUTH
 TWIN FALLS, ID 83301

FIRST FLOOR PLAN



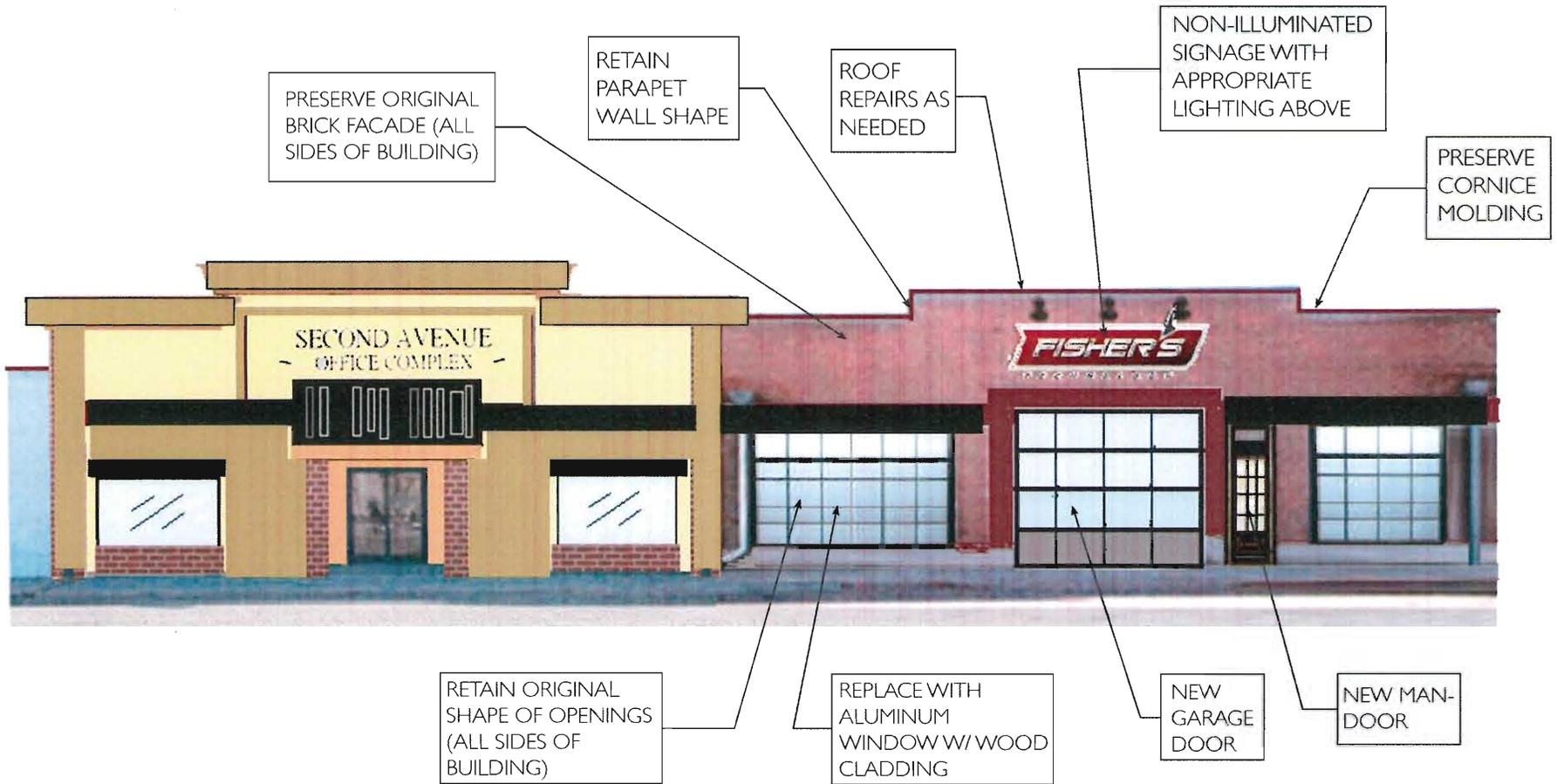
EXHIBIT B

CONCEPTUAL EXTERIOR RENOVATION

TSJTF LLC PROPOSAL
DBA Fisher's Technology

242 2ND AVE SOUTH AND ADJACENT PARKING LOT- BLOCK 119, LOTS 9 & 10

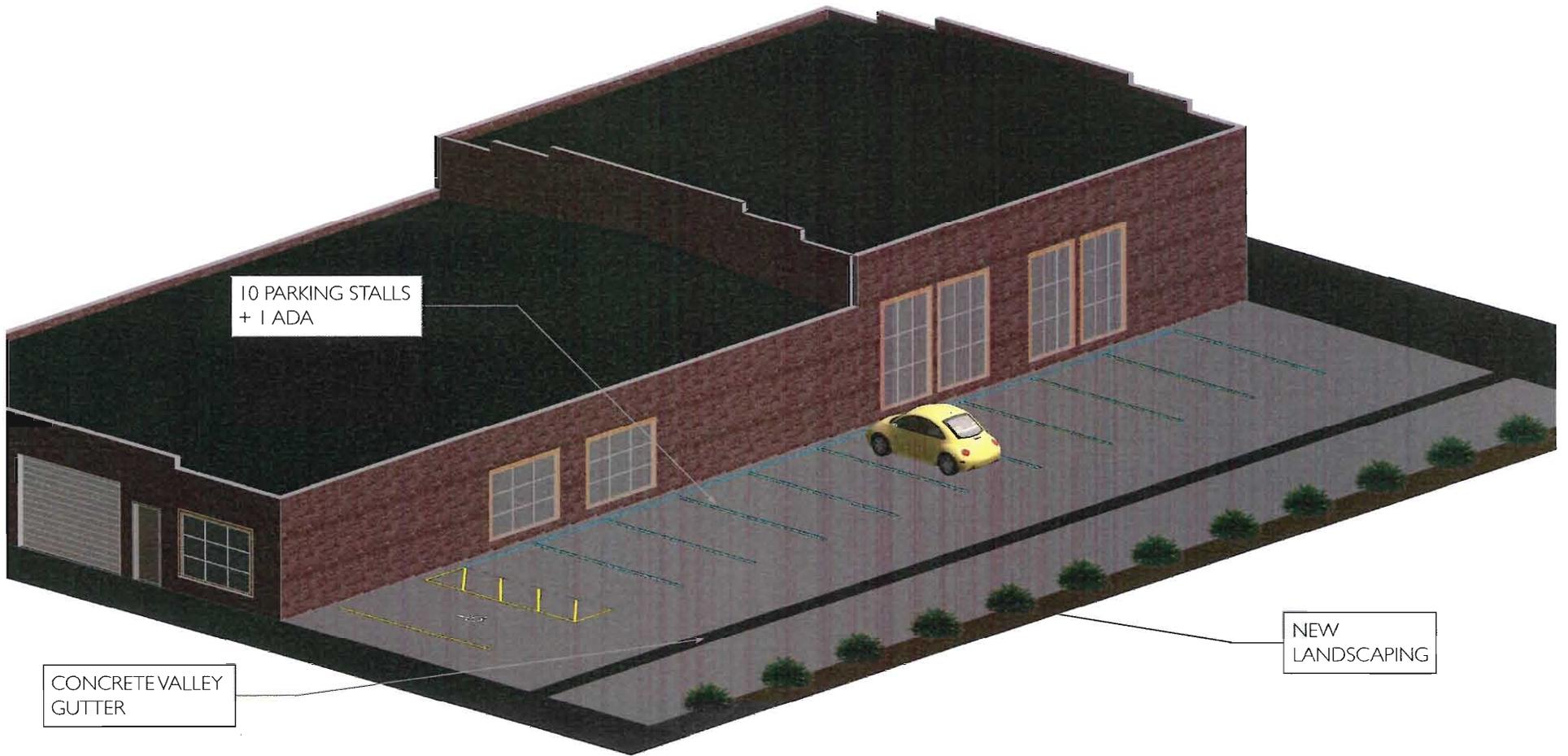




FISHERS TECHNOLOGY
 242 2ND AVE. SOUTH
 TWIN FALLS, ID 83301

FRONT ELEVATION





10 PARKING STALLS
+ 1 ADA

CONCRETE VALLEY
GUTTER

NEW
LANDSCAPING

FISHERS TECHNOLOGY
242 2ND AVE. SOUTH
TWIN FALLS, ID 83301

SITE PLAN



June 13, 2014

JT Jones
Chief Financial Officer
Fisher's Document Systems
575 E. 42nd St.
Boise, ID 83714

Re: *Financing Commitment*

Dear JT:

Washington Trust Bank (Bank) is pleased to provide the following Financing Commitment to you for your consideration. We look forward to working with you and your company in developing a strong relationship, and hope the commitments listed below meet with your approval.

Commitment #1 – Construction Loan:

Borrower:	TSJTF LLC
Purpose:	Construction remodel of 242 Second Avenue South in Twin Falls, Idaho
Amount:	\$300,000
Interest Rate:	30 day Libor + 375 basis points
Loan Fee:	1%
Guarantors:	Fisher's Management Company, Chris Taylor, Eric Strand and J.T. Jones.
Advances:	Monthly advances based on percentage complete. One advance per month.
Repayment:	Interest payable monthly with principle due at maturity.
Maturity:	6 months
Collateral:	A first lien position on 242 Second Avenue South in Twin Falls, Idaho and Assignment of Rents

Commitment #2 Term Real Estate Loan:

Borrower: TSJTF LLC

Purpose: To payoff construction loan and term out balance

Amount: \$300,000

Interest Rate: FHLB 5 year Bullet Rate plus 2.85%.

Loan Fee/ Structure: Zero loan fee.

Guarantors: Fisher's Management Company, Chris Taylor, Eric Strand and J.T. Jones..

Repayment: Monthly principal and interest payments until maturity.

Maturity: 10 years.

Amortization: 20 years

Collateral: A first lien position on 242 Second Avenue South in Twin Falls, Idaho and Assignment of Rents.

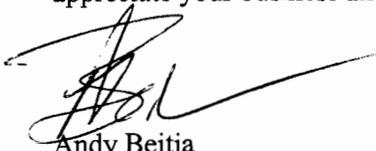
Loan Covenants:

- Annual debt service coverage measured annually as of FYE 6/30 to be a minimum of 1.10x.

Contingency:

- Acceptable environmental review.
- Loan amount for Loan #1 and #2 to be limited to 75% Loan to Value.

This Commitment Letter is intended as a summary of our proposal to you. While this commitment letter does not include all terms, conditions, covenants, representations, warranties and other provisions that will be included in the loan documents, it highlights the general terms of our Commitment. We appreciate your business and look forward to working with you on this project.



Andy Beitia
Vice President, Team Leader
Washington Trust Bank
208-884-2713