

SECOND ADDENDUM TO SETTLEMENT AGREEMENT

This Second Addendum to Settlement Agreement (hereinafter "Addendum") is entered into as of the dates set forth below by and between the Post Falls Urban Renewal Agency, an Idaho urban renewal agency, P.O. Box 236, Post Falls, Idaho 83877-0236 (hereinafter "PFURA"), and J.R. Watson & Associates Development Co., P.O. Box 610, Seal Beach, California 90740, James R. Watson and Judy Watson, husband and wife, 250 Ocean Avenue, Seal Beach, California 90740, each in their individual capacity and on behalf of their marital community (hereinafter collectively referred to as "WATSON").

RECITALS:

WHEREAS, PFURA is an Idaho urban renewal agency created by and existing under the authority of and pursuant to the laws of the State of Idaho.

WHEREAS, the City of Post Falls, Idaho, by the adoption of Ordinance No. 990 on November 6th, 2001 and Ordinance No. 1011 on November 5th, 2002 duly formed and adopted the Expo Urban Renewal Plan and created the Expo Urban Renewal District (hereinafter referred to as the "Plan" and the "District").

WHEREAS, WATSON is the sole developer within the District who has participated in the Plan by constructing public improvements contemplated by such Plan.

WHEREAS, in 2007 PFURA and WATSON entered into a Settlement Agreement regarding the amount of reimbursement that WATSON is entitled to under the Plan for the construction of public improvements.

WHEREAS, in 2010 PFURA and WATSON approved a First Addendum to the Settlement Agreement, which primarily related to restating WATSON'S obligation to pay PFURA'S Annual Administrative Fee.

WHEREAS, PFURA and WATSON now wish to further amend the terms of the Settlement Agreement to reflect current cost estimates and plans for public improvement construction in the District.

NOW THEREFORE, in consideration of the above Recitals, the mutual covenants and agreements set forth herein and the benefits to be derived therefrom, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged,

1. Amendment to Section 3B. Section 3B of the Settlement Agreement is hereby amended as follows:

"All references to the sequential phasing of Projects within the Plan are deleted. The parties agree that the market shall dictate the manner in which the improvements set forth in the Plan are installed and that WATSON is free to utilize his development

experience and expertise to construct the Projects set forth in the Plan in any order which will enhance the development of the property in accordance with the Plan. WATSON has provided a consolidated line item budget to AGENCY which is consistent with the individual line item budgets set forth in the Plan, and with Section 5 of the Plan, for each of the sequential phases contemplated in the original Plan (Provided in Schedules 1 and 2 attached)."

2. Amendment of Section 3C. Section 3C of the Settlement Agreement is hereby amended as follows: "The cost estimates allocated to the specific line items set forth in Schedules 1 and 2 shall be deemed to be fungible, meaning that savings realized with respect to one line item may be reallocated to the total costs projected for another line item, so long as the total estimated cost of the Projects does not exceed the total of the amounts set forth in such Schedules."

3. Amendment of Section 3D. Section 3D of the Settlement Agreement is hereby amended as follows:

"WATSON'S entitlement to reimbursement for the hard costs incurred/to be incurred in constructing public improvements within the District shall be determined based on specific verification of the amount of improvements installed and payment shall be based solely upon the percentage of completion method as applied to each hard cost line item set forth in Schedules 1 and 2. Correspondingly, for improvements already constructed, WATSON and AGENCY agree that as of the date of this Second Addendum, WATSON is entitled to reimbursement from the AGENCY'S available tax increment revenue solely derived from this District, in the agreed upon amount of \$154,259.97. The term "hard costs" refers to those costs incurred by WATSON that are contemplated in Section 5 of the Plan, excluding bond costs, miscellaneous costs and administrative costs, which are referred to herein as "soft costs".

4. Amendment of Section 3E. Section 3E of the Settlement Agreement is hereby amended as follows:

"WATSON shall be reimbursed for certain budgeted soft costs set forth in the Plan, to the extent that they have been incurred or are to be incurred in constructing public improvements within the District to the extent that such costs do not exceed the estimates provided in Schedules 1 and 2 and provided that the respective Project to which such costs are allocated has been certified as complete by the City Engineer. The Administrative Costs and Miscellaneous Costs represent 2.39% and 5.00% of hard costs (total costs less bond costs, Miscellaneous Costs and Administrative Costs, as set forth in Exhibit "C") respectively. These percentages shall be applied to the work approved by the City Engineer for reimbursement purposes. Payment of such soft costs shall be calculated based on the percentage of

completion of the overall improvements set forth in Schedules 1 and 2. Soft costs do not include reimbursement for financing costs which shall be reimbursed in accordance with current Agency policy"

5. Addition of Section 3M. The following Section 3M is hereby added to the Settlement Agreement:

Reimbursement for those costs set forth in Schedule 2 is contingent upon (1) verification acceptable to the AGENCY that the scope of work will wholly take place within the boundaries of the Expo Urban Renewal District, or (2) completion of a boundary adjustment for the Expo Urban Renewal District to assure that the scope of work will not exceed the boundaries of such District.

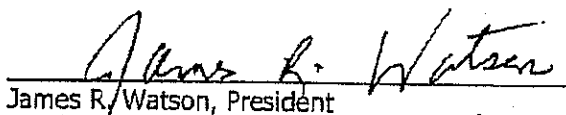
4. Remainder of Settlement Agreement. The other terms of the Settlement Agreement shall remain in full force and effect unless amended by this Addendum or any other valid modifications executed by the parties.

POST FALLS URBAN RENEWAL AGENCY

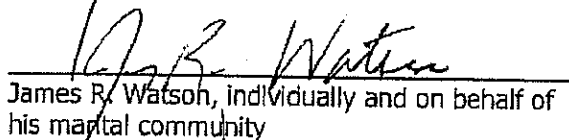


2-20-14
Date

J.R. WATSON & ASSOCIATES DEVELOPMENT CO.


James R. Watson, President

2-20-14
Date


James R. Watson, individually and on behalf of
his marital community

2-20-14
Date


Judy Watson, individually and on behalf of
her marital community

2/20/14
Date

SECOND ADDENDUM TO
SETTLEMENT AGREEMENT

EXPO
Project Costs Increment Required
December 2013

Project Costs & Increment Required

Project	Cost	Mobilization 5%	Total Hard Cost	Soft Costs 12%	Admin. & Misc. 7.39%	Total Project
Creative Way	457,068	19,744	476,812	57,217	35,236	569,265
Expo Parkway	1,667,408	72,026	1,739,434	208,732	128,544	2,076,710
Jacklin Road	729,801	31,525	761,326	91,359	56,262	908,948
Total Project Costs	2,854,277	123,295	2,977,572	357,309	220,043	3,554,923
New Increment Needed for Debt Coverage						888,731
			Increment necessary if 1.25 Debt Coverage			4,443,654

Based on Engineering Estimates

Soft Costs subject to URA Policy

Admin & Misc. per 2007 Settlement Agreement

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EXPO
 Jacklin Road Extension
 December 2013

Project Costs & Increment Required

Project	Cost	Mobilization 5%	Total Hard Cost	Soft Costs 12%	Adm. & Misc. 7.39%	Total Project
Jacklin Road Extension	114,783	4,958	119,741	14,369	8,849	142,959
New Increment Needed for Debt Coverage						35,740
						<u>178,699</u>
						Increment necessary if 1.25 Debt Coverage

CREATIVE WAY EXTENSION

Date:

9/13/2013

Preliminary Engineer's Estimate

SIZE	Description	Quantity	Units	Unit Price	Amount
	Mobilization	1	ls	\$ 19,743.75	\$ 19,743.75
Upfront Costs Subtotal:					\$ 19,743.75
Water Improvements		Water Improvements			
	Tie into Exist Water Main	1	ea	\$ 1,000.00	\$ 1,000.00
	Tie into Exist Water Main w/Fittings	1	ea	\$ 3,000.00	\$ 3,000.00
	12" water main	1181	lf	\$ 37.50	\$ 44,287.50
	Fire Hydrants	1	ea	\$ 3,950.00	\$ 3,950.00
	6" Water Service w/ Blow off	8	ea	\$ 3,500.00	\$ 28,000.00
Water Subtotal:					\$ 80,237.50
Sewer Improvements		Sewer Improvements			
	Tie into Exist Sewer/Doghouse Manhole	1	ea	\$ 3,500.00	\$ 3,500.00
	8" Sewer	1077	lf	\$ 30.00	\$ 32,310.00
	Manholes	5	ea	\$ 2,250.00	\$ 11,250.00
	6" Sewer Services	9	ea	\$ 1,050.00	\$ 9,450.00
Sewer Subtotal:					\$ 56,510.00
Hard Surface Improvements		Hard Surface Improvements			
	Sidewalk 5' Concrete	11330	sf	\$ 3.75	\$ 42,487.50
	Standard Curb & Gutter	2300	lf	\$ 14.50	\$ 33,350.00
	Ped Ramps	2	ea	\$ 725.00	\$ 1,450.00
	Curb Cuts	41	ea	\$ 90.00	\$ 3,690.00
	Roadway - 3" AC / 6" BC	5450	sy	\$ 16.00	\$ 87,200.00
	Roadway Pavement Markings	1	ls	\$ 5,000.00	\$ 5,000.00
Hard Surface Subtotal:					\$ 173,177.50
Earthwork		Earthwork			
	Strip Topsoil	4000	cy	\$ 3.00	\$ 12,000.00
	Excavation/Borrow to Embank	4000	cy	\$ 4.25	\$ 17,000.00
Earthwork Subtotal:					\$ 29,000.00
Stormwater Improvements		Stormwater Improvements			
	Dry Wells 600 gal Type 1	4	ea	\$ 2,250.00	\$ 9,000.00
	Swale hydroseed	19400	sf	\$ 1.25	\$ 24,250.00
Stormwater Subtotal:					\$ 33,250.00
Misc Cost		Misc Costs			
	Street Signs	2	ea	\$ 450.00	\$ 900.00
	Traffic Control	1	ls	\$ 1,500.00	\$ 1,500.00
	Utility Trenching & Bedding	1200	lf	\$ 4.25	\$ 5,100.00
	Street Trees	46	ea	\$ 200.00	\$ 9,200.00
	Street lights - Cobra head	8	ea	\$ 750.00	\$ 6,000.00
Misc Subtotal:					\$ 22,700.00
Total COST					\$ 394,875.00
Total COST with 5% mobilization					\$ 414,618.75
15% Contingency					\$ 62,192.81
Construction Total					\$ 476,811.56
Engineering/Surveying/Construction Management (15%)					\$ 71,521.73
GRAND TOTAL					\$ 548,333.30

This estimate does NOT include the cost of electric, telephone, cable TV or natural gas utilities.

Preliminary Engineer's Estimate

STATE	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	Mobilization	1 ls		\$ 72,026.25	\$ 72,026.25
				Upfront Costs Subtotal:	\$ 72,026.25
Water Improvements		Water Improvements			
	Tie into Exist Water Main	1 ea		\$ 1,500.00	\$ 1,500.00
	12" water main	3,000 lf		\$ 37.50	\$ 112,500.00
	8" water main	120 lf		\$ 25.00	\$ 3,000.00
	Fire Hydrants	7 ea		\$ 3,950.00	\$ 27,650.00
	6" Water Service w/ Blow off	8 ea		\$ 3,500.00	\$ 28,000.00
				Water Subtotal:	\$ 172,650.00
Sewer Improvements		Sewer Improvements			
	Tie into Exist Sewer	1 ea		\$ 1,500.00	\$ 1,500.00
	15" Sewer	3,000 lf		\$ 57.50	\$ 172,500.00
	8" Sewer	120 lf		\$ 30.00	\$ 3,600.00
	Manholes	10 ea		\$ 2,250.00	\$ 22,500.00
	6" Sewer Services	8 ea		\$ 1,050.00	\$ 8,400.00
				Sewer Subtotal:	\$ 208,500.00
Hard Surface Improvements		Hard Surface Improvements			
	Sidewalk 6' Concrete	19,000 sf		\$ 4.50	\$ 85,500.00
	Standard Curb & Gutter	6,500 lf		\$ 14.50	\$ 94,250.00
	Ped Ramps	6 ea		\$ 725.00	\$ 4,350.00
	Curb Cuts	120 ea		\$ 90.00	\$ 10,800.00
	Roadway - 4" AC / 6" BC	25,000 sy		\$ 21.50	\$ 537,500.00
	10' Multi-use Trail - 2" AC / 4" BC	3,500 sy		\$ 12.25	\$ 42,875.00
	Roadway Pavement Markings	1 ls		\$ 25,000.00	\$ 25,000.00
				Hard Surface Subtotal:	\$ 800,275.00
Earthwork		Earthwork			
	Excavation/Borrow to Embank	20,000 cy		\$ 4.25	\$ 85,000.00
				Earthwork Subtotal:	\$ 85,000.00
Stormwater Improvements		Stormwater Improvements			
	Dry Wells 1000 gal Type 2	12 ea		\$ 2,250.00	\$ 27,000.00
	Swale hydroseed, topsoil, final grade	60,000 sf		\$ 1.25	\$ 75,000.00
				Stormwater Subtotal:	\$ 102,000.00
Misc Cost		Misc Costs			
	Street Signs	30 ea		\$ 450.00	\$ 13,500.00
	Barricades	13 ea		\$ 450.00	\$ 5,850.00
	Traffic Control	1 ls		\$ 1,000.00	\$ 1,000.00
	Utility Trenching & Bedding	3,000 lf		\$ 4.25	\$ 12,750.00
	Street Trees	120 ea		\$ 200.00	\$ 24,000.00
	Street lights - Cobra head	20 ea		\$ 750.00	\$ 15,000.00
				Misc Subtotal:	\$ 72,100.00
				Total COST	\$ 1,440,525.00
				Total COST with 5% mobilization	\$ 1,512,551.25
				15% Contingency	\$ 226,882.69
				Total Construction Cost	\$ 1,739,433.94
				Engineering/Surveying/Construction Management (15%)	\$ 260,915.09
				GRAND TOTAL	\$ 2,000,349.03

This estimate does NOT include the cost of electric, telephone, cable TV or natural gas utilities.

JACKLIN ROAD EXTENSION

Date:

9/13/2013

Preliminary Engineer's Estimate

SIZE	Description	Quantity	Units	Unit Price	Amount
	Mobilization	1	ls	\$ 31,524.90	\$ 31,524.90
	Upfront Costs Subtotal:				\$ 31,524.90
Water Improvements		Water Improvements			
	Tie into Exist Water Main	1	ea	\$ 2,500.00	\$ 2,500.00
	8" water main	75	lf	\$ 25.00	\$ 1,875.00
	6" Water Service (52lf) w/Blow-off	2	ea	\$ 3,000.00	\$ 6,000.00
	12" water main		lf	\$ 37.50	\$ -
	Re-locate existing Fire Hydrant	3	ea	\$ 1,500.00	\$ 4,500.00
	Fire Hydrants	1	ea	\$ 3,950.00	\$ 3,950.00
	Flush Hydrant	1	ea	\$ 1,250.00	\$ 1,250.00
	Water Subtotal:				\$ 20,075.00
Sewer Improvements		Sewer Improvements			
	Adjust Manhole Rim to grade	8	ea	\$ 500.00	\$ 4,000.00
	Sewer Subtotal:				\$ 4,000.00
Hard Surface Improvements		Hard Surface Improvements			
	Sidewalk 5' wide	16500	sf	\$ 3.75	\$ 61,875.00
	Standard Curb & Gutter	6400	lf	\$ 14.50	\$ 92,800.00
	Ped Ramps	2	ea	\$ 725.00	\$ 1,450.00
	Curb Cuts	66	ea	\$ 90.00	\$ 5,940.00
	10' Bike Path 2" AC / 4" BC	800	sy	\$ 12.25	\$ 9,800.00
	Roadway - 3" AC / 6" BC	16838	sy	\$ 16.00	\$ 269,408.00
	32' wide Concrete Commercial Approach	3	ea	\$ 3,500.00	\$ 10,500.00
	Roadway Pavement Markings	1	ls	\$ 10,000.00	\$ 10,000.00
	Hard Surface Subtotal:				\$ 461,773.00
Earthwork		Earthwork			
	Excavation/Borrow to Embank	5500	cy	\$ 4.25	\$ 23,375.00
	Earthwork Subtotal:				\$ 23,375.00
Stormwater Improvements		Stormwater Improvements			
	Dry Wells 1000 gal Type 2	6	ea	\$ 2,250.00	\$ 13,500.00
	Swale hydroseed, topsoil, final grade	44000	sf	\$ 1.25	\$ 55,000.00
	Stormwater Subtotal:				\$ 68,500.00
Misc Cost		Misc Costs			
	Street Signs	23	ea	\$ 450.00	\$ 10,350.00
	Barricades	9	ea	\$ 450.00	\$ 4,050.00
	Traffic Control	1	ls	\$ 1,000.00	\$ 1,000.00
	Utility Trenching & Bedding	3500	lf	\$ 4.25	\$ 14,875.00
	Street Trees	45	ea	\$ 200.00	\$ 9,000.00
	Street lights Cobra head	18	ea	\$ 750.00	\$ 13,500.00
	Misc Subtotal:				\$ 52,775.00
	Total COST				\$ 630,498.00
	Total COST with 5% mobilization				\$ 662,022.90
	15% Contingency				\$ 99,303.44
	Total Construction Cost				\$ 761,326.34
	Engineering/Surveying/Construction Management (15%)				\$ 114,198.95
	GRAND TOTAL				\$ 875,525.29

This estimate does NOT include the cost of electric, telephone, cable TV or natural gas utilities.

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JACKLIN ROAD EXTENSION

JACKLIN ROAD EXTENSION - URD

11/18/2013

Preliminary Engineer's Estimate

SIZE	Description	Quantity	Units	Unit Price	Amount
	Mobilization	1	ls	\$ 4,958.23	\$ 4,958.23
Upfront Costs Subtotal:					\$ 4,958.23
Water Improvements		Water Improvements			
	Tie into Exist Water Main	0	ea	\$ 2,500.00	\$ -
	8" water main	0	lf	\$ 25.00	\$ -
	6" Water Service (52lf) w/Blow-off	0	ea	\$ 3,000.00	\$ -
	12" water main	0	lf	\$ 37.50	\$ -
	Re-locate existing Fire Hydrant	0	ea	\$ 1,500.00	\$ -
	Fire Hydrants	0	ea	\$ 3,950.00	\$ -
	Flush Hydrant	0	ea	\$ 1,250.00	\$ -
Water Subtotal:					\$ -
Sewer Improvements		Sewer Improvements			
	Adjust Manhole Rim to grade	3	ea	\$ 500.00	\$ 1,500.00
Sewer Subtotal:					\$ 1,500.00
Hard Surface Improvements		Hard Surface Improvements			
	Sidewalk 5' wide	4420	sf	\$ 3.75	\$ 16,575.00
	Standard Curb & Gutter	884	lf	\$ 14.50	\$ 12,818.00
	Ped Ramps	0	ea	\$ 725.00	\$ -
	Curb Cuts	8	ea	\$ 90.00	\$ 720.00
	10' Bike Path 2" AC / 4" BC	0	sy	\$ 12.25	\$ -
	Roadway - 3" AC / 6" BC	2504	sy	\$ 16.00	\$ 40,064.00
	32' wide Concrete Commercial Approach	0	ea	\$ 3,500.00	\$ -
	Roadway Pavement Markings	1	ls	\$ 2,500.00	\$ 2,500.00
Hard Surface Subtotal:					\$ 72,677.00
Earthwork		Earthwork			
	Excavation/Borrow to Embank	1000	cy	\$ 4.25	\$ 4,250.00
Earthwork Subtotal:					\$ 4,250.00
Stormwater Improvements		Stormwater Improvements			
	Dry Wells 1000 gal Type 2	1	ea	\$ 2,250.00	\$ 2,250.00
	Swale hydroseed, topsoil, final grade	5970	sf	\$ 1.25	\$ 7,462.50
Stormwater Subtotal:					\$ 9,712.50
Misc Cost		Misc Costs			
	Street Signs	3	ea	\$ 450.00	\$ 1,350.00
	Barricades	0	ea	\$ 450.00	\$ -
	Traffic Control	1	ls	\$ 1,000.00	\$ 1,000.00
	Utility Trenching & Bedding	700	lf	\$ 4.25	\$ 2,975.00
	Street Trees	6	ea	\$ 200.00	\$ 1,200.00
	Street lights Cobra head	6	ea	\$ 750.00	\$ 4,500.00
Misc Subtotal:					\$ 11,025.00
Total COST					\$ 99,164.50
Total COST with 5% mobilization					\$ 104,122.73
15% Contingency					\$ 15,618.41
Total Construction Cost					\$ 119,741.13
Engineering/Surveying/CM (15%)					\$ 17,961.17
GRAND TOTAL					\$ 137,702.30

This estimate does NOT include the cost of electric, telephone, cable TV or natural gas utilities.