NOTICE AND AGENDA

NOTICE IS HEREBY GIVEN TO THE HILDALE CITY COUNCIL AND THE PUBLIC, THAT THE HILDALE CITY COUNCIL WILL HOLD A COUNCIL MEETING ON WEDNESDAY THE 13TH DAY OF NOVEMBER 2019 AT HILDALE CITY HALL, 320 EAST, NEWEL AVENUE, WHICH MEETING SHALL BEGIN AT 6:30 P.M. MDT.

THE AGENDA SHALL BE AS FOLLOWS:

1. WELCOME, INTRODUCTION AND PRELIMINARY MATTERS
2. PLEDGE OF ALLEGIANCE
3. CONFLICT OF INTEREST DISCLOSURES
4. PUBLIC COMMENT
5. COUNCIL COMMENTS
6. WORK SESSION
   A. REVISIONS TO RULES OF ORDER & PROCEDURE
   B. CREATION OF TOURISM AND RECREATION COMMITTEE
   C. OPTIONS FOR RESIDENTIAL MAIL DELIVERY
7. EXECUTIVE SESSION: strategy session to discuss pending or reasonably imminent litigation (Utah Code 52-4-204)
8. ACTION ITEMS:
   A. SETTLEMENT AGREEMENT WITH BRYAN CAVE LEIGHTON PAISNER
   B. SOUTH ZION ESTATES DEVELOPMENT AGREEMENT
   C. CERTIFICATION OF 2019 MUNICIPAL ELECTION
   D. SALE OF LOT 31 IN THE INDUSTRIAL PARK
9. SCHEDULING
10. ADJOURNMENT

Agenda items and any variables thereto are set for consideration, discussion, approval or other action. Council Members may be attending by telephone. Agenda is subject to change up to 24 hours prior to the meeting. Individuals needing special accommodations should notify the City Recorder at 435-874-2323 at least three days prior to the meeting.

RULES OF ORDER AND PROCEDURE

OF THE HILDALE CITY COUNCIL

The City Council for the City of Hildale, Utah has adopted these Rules of Order and Procedure (the "Rules") to govern its public meetings, with the objective that the Public's business should be carried out in a fair, open, civilized and orderly manner, in order to preserve the democratic principles that are necessary to good government. These Rules do not diminish the existing powers or authority of the Mayor and City Council under the Constitution of the State of Utah or under Utah law, including the Utah Municipal Code, Utah Code Annotated Section 10-1-101 *et seq*., and the Open and Public Meetings Act, Utah Code Annotated Section 52-4-101 *et seq*. Where these Rules may conflict with applicable provisions of state law, the latter shall govern.

1. Conduct of Meetings

1.1. Role of the Mayor.

1.1.1. The Mayor shall serve as meeting chair.

1.1.2. If the Mayor is absent, unable or unwilling to serve as chair of any meeting or portion thereof, the Council may elect a Councilmember to serve as Mayor Pro Tempore, who shall retain the voting rights of a Councilmember.

1.1.3. The Mayor has the primary responsibility for ensuring that these Rules are followed.

1.2. Types of Council Meetings

Meetings of the Council shall be categorized as follows:

1.2.1. Regular Council Meetings. A regular council meeting is convened at the date, time and place established by the Council for its regular meetings and published in the annual meeting schedule, or as rescheduled in a duly posted and published public notice. The purpose of a public meeting is for the Council to discuss or take final action on items of Council business that are permitted or required by law to be considered in a regular meeting. Regular council meetings are ordinarily open to the public, unless closed in accordance with these Rules and the Open and Public Meetings Act.

1.2.2. Work meetings. A work meeting may be called by the Mayor or by two Councilmembers and shall be chaired by the Mayor or the Mayor's designee. Generally, although work meetings may be called more frequently, the Council will hold at least one work meeting each month, on the last Wednesday of the month. The purpose of a work meeting is for the Council to discuss or study items of Council business that are not ready for final action, or to receive and discuss special training or presentations. No final action shall be taken in a work meeting unless the Council votes to suspend its Rules as provided for below. In a work meeting, the Mayor and Council may sit around a conference table or in any other informal arrangement that may facilitate the subject under discussion. Work meetings must be open to the public.

1.2.3. Special meetings. A special meeting may be called by the Mayor or by two Councilmembers and shall be chaired by the Mayor. The purpose of a special meeting is for the Council to discuss or take final action on items of Council business that are permitted or required by law to be considered in a special meeting. The order convening the meeting shall be included in the minutes and shall state the reason for calling a special meeting. Regular council meetings are ordinarily open to the public, unless closed in accordance with these Rules and the Open and Public Meetings Act.

1.2.4. Emergency Meetings. An emergency meeting may be called by the Mayor or by two Councilmembers and shall be chaired by the Mayor or the Mayor's designee. The purpose of an emergency meeting is for the Council to discuss or take final action on matters of an emergency or urgent nature, when unforeseen circumstances make it necessary to meet without advance public notice. The order convening the meeting shall be included in the minutes and shall state the reason for calling an emergency meeting. The Council must give the best notice practicable to the public and attempt to notify every Councilmember. An emergency meeting may only be convened after at least three hours' notice, and after a majority of the Councilmembers vote to do so. Emergency meetings must be open to the public, unless closed in accordance with these Rules and the Open and Public Meetings Act.

1.3. The Agenda

1.3.1. Before any item of Council business may be discussed in a meeting of the City Council, such item shall have been listed under an agenda item included in a public notice, unless:

1.3.1.1. The item is the proper subject of a closed meeting convened in accordance with the provisions of the Open and Public Meetings Act; or

1.3.1.2. The item is raised by a member of the public, but only at the discretion of the Mayor.

1.3.2. Before any final action may be taken on an item of Council business, such item shall have been listed under an agenda item included in a public notice, unless the item is the proper subject of an emergency meeting convened in accordance with the provisions of the Open and Public Meetings Act.

1.3.3. Items may be placed on the agenda by the Mayor, by the City Manager, or by any two Councilmembers.

1.3.4. To allow the Council adequate time to study agenda items in advance of meetings, all agenda items and packet materials must be received by the Mayor or City Manager by 8:00 a.m. on the Friday preceding the meeting in which the item will be considered, or the item will be placed on the agenda for the next following meeting.

1.4. Order of Business

Each regular meeting shall be conducted in the following order:

1.4.1. Opening Ceremonies

1.4.1.1. Welcome, Introduction and Preliminary Matters

1.4.1.2. Serious Moment of Reflection/Pledge of Allegiance

1.4.1.3. Special recognitions

1.4.2. Approval of Minutes. Councilmembers will have had prior opportunity to review the minutes of prior meetings. The Mayor will ask the Council if there are any changes or corrections. Requests for verbatim transcriptions are disfavored. Once changes and corrections have been made, if any, the Mayor will solicit a motion to adopt the minutes, and a vote will be taken. Once the minutes have been adopted, they become the final, official record of the relevant meeting.

1.4.3. Public Comment. Members of the public are encouraged to address the Council. Comments on any topic relevant to the public interest in the City are welcome but, at the Mayor's discretion, comments relating

to items on the agenda may be reserved until such agenda items are taken up. Commenters shall begin by stating their full name, place of residence, and any position or relationship relevant to the comment. If numerous public comments are anticipated, each commenter may be limited to three minutes per comment, at the discretion of the Mayor. In the Mayor's discretion, she or he may respond or ask questions to a commenter after a comment is made or may allow a Councilmember or member of the administration to respond or ask questions. No Council action can be taken on a topic raised in public comment until a subsequent council meeting.

1.4.4. Council Comments. Councilmembers may address brief comments to the Council or to the public at large, but the Council shall not discuss or take any action on councilmembers' comments.

1.4.5. Oversight Items

1.4.5.1. Financial and Check Registry Review and Approval

1.4.5.2. Ratification of Utility Board Actions

1.4.5.3. City Manager's Report. The City Manager reports to the Council every month in writing. This report is intended to be a brief oral summary of the written report, and an opportunity for Councilmembers to ask questions regarding the written report.

1.4.5.4. Mayor's Report. The Mayor will report, and councilmembers will have the opportunity to ask questions on the Mayor's recent activities, as well as any other matters the Mayor desires to present that do not require Council action, such as community events or correspondence to the City. The Mayor's Report will also be delivered to the Council in writing.

1.4.6. Action Items

1.4.6.1. Consent Agenda. The consent agenda lists Council action items which require no further discussion or which are routine in nature, such as contracts negotiated by the city administration. The Mayor may ask if any Councilmember has a question regarding a consent agenda item. All items on the consent agenda shall be adopted by a single motion and roll call vote. Prior to the motion to adopt the consent agenda, any Councilmember may

have an item removed from the consent agenda in order to permit discussion on that item under unfinished council business. A motion to adopt the consent agenda will list separately each consent agenda item proposed to be adopted by consent.

1.4.6.2. Appointments. After the Council has had the opportunity in a work meeting to be introduced to and ask questions of a candidate subject to appointment by the Mayor or City Manager to a board, committee, or public official position, the City Council gives its advice and consent for the appointment in a subsequent regular meeting.

1.4.6.3. Unfinished Council Business. Items of Council business that have been previously considered in a prior council meeting, may after discussion be taken up by motion for final action, or may be referred to another council meeting for further consideration.

1.4.6.4. New Council Business. New items of business being recommended for the Council's consideration for the first time will be presented by the item's sponsor (councilmember, mayor, staff member, or other presenter), whose name will be listed with the item on the agenda. If, in the Mayor's discretion, she or he deems that immediate action on the new business item is advisable, or the Council votes to suspend these Rules, the Council may take final action on the item by motion. Otherwise, the Council will discuss the new business item and may by motion (a) decline to address the proposed item, (b) postpone considering the item to a New Council Business agenda on a subsequent regular meeting, (c) refer the item to a work meeting for further study, or (d) refer the item to the unfinished counsel business agenda of a future regular council meeting for further action.

1.4.6.5. Public Hearing (if required). A public hearing provides an opportunity for all interested parties to be heard on a particular item of Council business. Public hearings are sometimes required by law before final action can be taken but may be called by the Council on any topic that the Council would like public input on. First, the Mayor or a member of the administrative staff having knowledge about the issue will present information about it and answer questions. Then, before the Council holds any discussion or takes any action, all parties interested in addressing the issue

will be invited to speak. When all input has been heard, the Mayor will close the public hearing. After discussion, the Council will take action on the topic of the public hearing by motion.

1.4.7. Executive Session. In certain circumstances, the Council may discuss a matter in a closed meeting with only the Councilmembers and essential administrative staff present. Such a meeting may be held upon the affirmative vote of 2/3 of the Councilmembers present at the meeting. (U.C.A. Sec. 52-4-204(1)(a)(iii)). Closed meetings may only be held for purposes deemed lawful under Utah State law, as provided in U.C.A. § 52-4-205, as amended, which are:

(a) Discussion of the character, professional competence, or physical or mental health of an individual;

(b) Strategy sessions to discuss collective bargaining;

(c) Strategy sessions to discuss pending or reasonably imminent litigation;

(d) Strategy sessions to discuss the purchase, exchange or lease of real property, including any form of a water right or water shares, if public discussion of the transaction would disclose the appraisal or estimated value of the property under consideration, or prevent the public body from completing the transaction on the best possible terms;

(e) Strategy sessions to discuss the sale of real property including any form of a water right or water shares, if: (1) public discussion of the transaction would disclose the appraisal or estimated value of the property under consideration or prevent the public body from completing the transaction on the best possible terms; (2) the public body previously gave public notice that the property would be offered for sale; and (3) the terms of the sale are publicly disclosed before the public body approves the sale;

(f) Discussion regarding deployment of security personnel, devices or systems; and

(g) Investigative proceedings regarding allegations of criminal misconduct.

The reason for holding a Closed Meeting and the vote, either for or against the proposition to hold such a meeting, cast by each member by name, shall be entered on the minutes of the meeting. No ordinance, resolution, rule, regulation, contract, or appointment shall be approved in a Closed Meeting. Unless a meeting is closed to discuss the character, professional competence, or physical or mental health of an individual or to discuss the deployment of security personnel, devices or systems, the City Council shall record the closed portion of the meeting, and may keep detailed written minutes that disclose the content of the closed portion of the meeting. Recordings and written minutes of closed meetings are protected records under Title 63G, Chapter 2, Government Records Access and Management Act (GRAMA) and unauthorized disclosure triggers criminal penalties. If the City Council closes a meeting exclusively to discuss the character, professional competence, or physical or mental health of an individual, or to discuss the deployment of security personnel, devices or systems, the person presiding shall sign a sworn statement affirming that such was the sole purpose for closing the meeting. Actions challenging the legality of a closed meeting are governed by U.C.A. § 52-4-304.

1.4.8. Calendar of Upcoming Events

1.4.9. Scheduling. The Recorder will inform those in attendance of the next regular council meeting. The Mayor will consult with the Council and schedule additional dates for work sessions or special meetings, as necessary.

1.4.10. Adjournment.

1.5. Processing of Action Items

Each council meeting shall progress according to the agenda, unless the Mayor by general consent takes up an agenda item out of sequence or postpones an agenda item until later in the meeting. Individual action items on the agenda shall proceed as follows:

1.5.1. The Mayor clearly announces the agenda item number and clearly states what the agenda item subject is.

1.5.2. The Mayor invites the appropriate person to report on the agenda item, including any recommendation that they might have.

1.5.3. The Mayor asks members of the Council if they have any technical questions of clarification.

1.5.4. If in the context of a public hearing, the Mayor invites public input on the agenda item. If numerous members of the public are anticipated to offer public input, the mayor may limit the time of public speakers. At the conclusion of the public input, the Mayor will announce that the public hearing is closed.

1.5.5. If there is no public hearing, the Mayor may invite public comment.

1.5.6. The Mayor invites a motion on the action item.

1.5.7. If no motion is forthcoming, the Mayor may ask for discussion and then invite a motion again.

1.5.8. Once a motion is made, the Mayor asks if any other Councilmember wishes to second the motion.

1.5.9. If there is no second for the motion, then the motion is deemed to have died.

1.5.10. If the motion is seconded, the Mayor will announce the name of the Councilmember who made the motion and the name of the Councilmember who seconded the motion, and restate the motion that has been made.

1.5.11. The Mayor invites discussion of the motion on the table. The sponsor of the motion will be allowed to speak first and last.

1.5.12. During discussion, any of the following procedural motions will be considered without debate:

1.5.12.1. Motion to recess

1.5.12.2. Motion to adjourn

1.5.12.3. Motion to adjourn at a set time

1.5.12.4. Motion to suspend the rules (requires a two-thirds majority)

1.5.12.5. Motion to call for a vote

1.5.12.6. Motion to table the motion to later in the same meeting

1.5.12.7. Motion to table the motion to a set time and date

1.5.12.8. Motion to table the motion indefinitely

1.5.12.9. Motion to refer the motion to a committee

1.5.12.10. Motion to limit debate on a motion

1.5.12.11. Motion to amend the motion

1.5.13. At any time before motion amendment or voting, the sponsor of the motion may withdraw the motion, with the consent of the Mayor.

1.5.14. Any Councilmember who wishes to speak must raise their hand after the current speaker finishes. The Mayor will call upon each member by name. Once a member has been recognized, they have the floor and may begin speaking. No interruptions will be allowed, except for a procedural motion, or to answer questions posed by the Councilmember who has the floor. After such a question has been answered, the Councilmember will retain the floor unless and until the Councilmember yields the floor.

1.5.15. If there is no discussion, or after the discussion has ended, the Mayor will call for a vote on the motion. The Mayor should repeat the motion again if there has been substantial discussion.

1.5.16. After a roll call vote, the Mayor announces the result of the vote and what action (if any) the Council has taken.

1.6. Motions

1.6.1. General Consent. For procedural motions that do not require a roll call vote, the Mayor may use general consent. After a motion has been made and seconded, and the Mayor feels the council is all in agreement, the Mayor asks if there are any objections to the motion. After a pause, if there are no objections the Mayor states that the motion is approved. If there is an objection, then the motion is put to a regular vote. A Councilmember may vote in favor of a motion after objecting, as when the member feels it is important to have a formal vote.

1.6.2. Motions to Reconsider. A Councilmember who voted on the prevailing side of an item previously voted on in the same or an

immediately preceding meeting may make a motion to reconsider the decision. A vote shall not be taken on a motion to reconsider made at a subsequent special meeting unless the number of Councilmembers present at the special meeting is greater than or equal to the number of Councilmembers who voted on the original motion. Any discussion on a motion to reconsider shall relate to the reason for reconsideration only, such as any new information received or mistake discovered since the action was taken, and not to the merits of the original motion. If the motion to reconsider is successful, the Mayor shall announce the names of the members who made and seconded the original motion, and restate the motion, then call for any discussion. If there is no discussion, or after discussion has concluded, the Mayor shall call for a new vote on the original motion.

1.6.3. Motions to Amend. The intent of an amendment is to modify the original motion by inserting, adding to, striking out, and striking out and inserting language in the original motion. A motion to amend a motion should relate to the same subject as the original motion. This ensures that the Council will vote on one matter at a time. A motion to amend should not have as its intent a reversal of the main motion. For example, if the main motion is to adopt an ordinance, it is not a proper motion to submit an amendment to "not" adopt the ordinance. Amendments to the main motion are discussed and voted on before the main motion. Only the amendment is discussed - not the main motion. If the amendment fails, then discussion and voting on the main motion, as originally stated, follows. If the amended motion passes, the amended motion becomes the main motion. The Mayor will proceed with an amendment motion in the same manner as a main motion. In conducting a Council discussion on an amendment motion, the sponsor of such motion is allowed to speak first. All other Council Members are allowed to address the issue after that. The author of the amendment motion is also allowed to make a summation. 19 Any Council Member may move to amend any proposed ordinance or proposed resolution; provided, however, that no amendment shall change the original purpose. Any amendments to a proposed ordinance or proposed resolution recommended by a committee of the Council shall be made to the appropriate document prior to its appearing on the Consent Agenda. Such amendment will be noted in the Council minutes

1.6.4. Voting

1.6.4.1. Voting shall be in the form of "yes," "no," or "abstain." All votes requiring a majority shall be a majority of the quorum present, except where State law require otherwise.

1.6.4.2. A Councilmember voting "abstain" shall be required to state the reason for abstaining and such reason shall be entered in the minutes of the meeting. An abstention shall not be counted as either a yes or a no vote, nor for purposes of calculating a majority. A Councilmember who abstains on a question, or is absent during voting, may not move to reconsider that question.

1.6.4.3. In the case of a tie vote, the Mayor shall cast the deciding vote.

1.6.4.4. Council members shall not explain their votes during the call of the roll or at the time of a voice vote. However, at the conclusion of the vote, any Council member may request a point of personal privilege to give an explanation of their vote.

1.7. Committees

1.7.1. The City Council may, from time to time, create, revise, or abolish any and all Council committees, or make any changes to the committee structure. The City Council may create any special or ad hoc committee for any specific purpose proper for Council consideration. When such committee is created, its purpose and a relevant time frame will be established.

1.7.2. Upon completion of a committee's purpose, the committee through its chair or designee shall deliver its written report in a meeting of the Council and may summarize the report orally. After the final report of the committee, the special or ad hoc committee of the Council will be abolished.

1.7.3. The City Council may or may not elect to formally participate, either by its own membership or its designees, in a committee being established by the Mayor.

1.7.4. Any standing committee, or the Council as a whole, may resolve to sit as an oversight committee for the purpose of investigating items

relating to the conduct of City business. However, no powers are accorded the committee other than those provided by state law.

1.7.5. All meetings of Council committees, standing, ad hoc, oversight, shall provide notice in conformance with the Utah Open and Public Meetings Act.

1.8. Rules to Govern Councilmember Conduct

1.8.1. At regular meetings of the City Council, Councilmembers shall speak only after being recognized by the Mayor. Any meeting designated as a work meeting shall be more informal and Councilmembers may freely participate as long as proper decorum is maintained.

1.8.2. Councilmembers shall conduct themselves at all times with decorum and respect.

1.8.3. Councilmembers shall refrain from making any disparaging remarks concerning any other member of the Council or the public.

1.8.4. Councilmembers shall avoid references to personalities, and refrain from questioning motives of other members or staff.

1.8.5. No Councilmember shall walk about, in or out of the Council Chamber while the Mayor is calling the vote.

1.8.6. Councilmembers should avoid engaging in private discourse or committing any other act which may tend to distract the attention of the Council or the audience from the business before the Council or interfere with any person's right to be heard after recognition by the Mayor.

1.8.7. When debating a specific subject before the Council, Councilmembers shall confine their remarks to the topic under discussion or debate. Anyone engaging in discussion or debate beyond the topic before the Council shall be ordered to stop by the Mayor.

1.8.8. Any Councilmember may be expelled from a portion or the remainder of a meeting in the event of : (a) disorderly conduct at the open public meeting; (b) a member's direct or indirect financial conflict of interest regarding an issue discussed at or action proposed to be taken at the open public meeting; or (c) commission of a crime during the open public meeting.

1.9. Rules to Govern Conduct of Members of the Public

1.9.1. Other than at public hearing or public comment portions of the meeting, members of the public shall not be allowed to participate in the meeting unless they are on the agenda or requested to present to the Council by the Mayor.

1.9.2. No member of the public shall be heard until recognized by the Mayor.

1.9.3. Members of the public shall avoid personal attacks, demonstrations, or outbursts without being recognized.

1.9.4. Members of the public must address their remarks directly to the Council as a body concerning the agenda business.

1.9.5. Members of the public shall observe proper decorum and must not behave disruptively.

1.9.6. When speaking or discussing before the Council, members of the public shall confine their remarks to the question under discussion, avoiding personalities. Anyone engaging in discussion beyond the question before the Council shall be ordered to stop by the Mayor, and no further discussion will be allowed by said person.

1.9.7. It is the Council's goal that residents of the City resolve their complaints for service or regarding employees' performance at the staff level. However, it is recognized that residents may from time to time believe it is necessary to speak to City Council on matters of concern. Accordingly, the City Council expects any person presenting to the city council to speak in a civil manner, with due respect for the decorum of the meeting, and with due respect for all persons attending.

1.9.8. Personal attacks made publicly toward any person or city employee are not allowed. Speakers are encouraged to bring their complaints regarding employee performance through the supervisory chain of command in accordance with the City's Personnel Policies.

1.9.9. Any member of the public interrupting City Council proceedings, approaching the dais without permission, otherwise creating a disturbance, or failing to abide by these rules of procedure in

addressing City Council, shall be deemed to have disrupted a public meeting and, upon a two-thirds vote of the Council, shall be removed from Council chambers by Police Department personnel or other agent designated by City Council or City Manager

1.10. Investigations

1.10.1. Hildale City takes seriously allegations of official misconduct of all kinds, whether malfeasance and nonfeasance; particularly regarding fraud, misrepresentation, theft, and ethical breaches of elected or appointed public officials and employees, and discrimination based on membership in any class protected by law.

1.10.2. If a member of the City Council or the public alleges or suspects that official misconduct has been or is being committed by a public official or city, they should notify the Mayor, the City Manager and the City Attorney. If the Mayor, City Manager and City Attorney determine there is a reasonable suspicion of official misconduct, the matter should be placed on the next council meeting agenda for an executive session. In the discretion of the Mayor, the individual accused of misconduct may or may not be invited to participate in the executive session. After the conclusion of the executive session provided for hereunder, the Mayor shall in an open meeting call for a motion to refer the matter for an investigation into the conduct discussed in the executive session, without being specific as to the nature of the alleged conduct or the identity of the alleged perpetrator. If such a motion is made and is successful, the Mayor shall direct the Recorder to prepare a summary of the executive session recording in a memorandum to the City Attorney. The City Attorney shall thereafter investigate the allegations and report their findings in writing to the Mayor and City Manager. If the City Attorney finds that official misconduct probably occurred, the Mayor and City Manager shall take any appropriate administrative action, then they shall place the matter on the next council meeting agenda for an executive session and there review their findings and actions taken with the members of the City Council.

1.10.3. No member of the public or the City Council may initiate investigative proceedings within the City except through the process described herein but may resort to any other processes and remedies provided by state law.

To: Hildale City Council and Mayor

From: Christian Kesselring, Acting Hildale City Manager

Date: November 6, 2019

Subject: Proposal re Creation of Tourism and Recreation Committee

Introduction

The Hildale City Administration is proposing for the Council's consideration the creation of a "Tourism and Recreation Committee," to be staffed with community stakeholders on a volunteer basis to help develop resources and plans for building local tourism and recreation.

Problem Definition

Tourism and recreation have been identified as significant priorities for the current council for at least a year, yet we have made limited progress in that direction during that time. While the topic does not demand immediate attention, it is something that is critical to the vitality of our local economy and the wellbeing of our residents.

The term "tourism and recreation" can be summed up as the marketing and provision of opportunities for locals and visitors alike to engage in the pursuit of leisure activities outside their usual environment and experiences. Such opportunities may in practice be provided directly by the City, by public lands management agencies, by private businesses and individuals, and by the landscape itself. Leisure activities may include lodging, picnicking, camping, hunting, outdoor play, field sports, trail sports (e.g., OHV riding, cycling, hiking, or climbing), dining out, drinking spirits or tea/coffee, and even amateur science (e.g., astronomy, geology, or botany). Settings for such activities can include parks, campgrounds, playgrounds, sports fields, open space, trails, backcountry areas, restaurants and bars, and hotels or short-term rentals.

Hildale City lacks multiple things that we would need to adequately support tourism and recreation in our community. We have very limited public recreation facilities, indoor and outdoor. Many people believe that Maxwell Park is not used to its full potential. There are no public campgrounds in town. Trail development and management is currently limited to only two marked trails – Water Canyon and Squirrel Canyon. The ways that visitors and locals can

even find their way to these places, either online, on foot, or in their cars, are extremely limited. There are several county, state and federal agencies that would like to help us, but they don't know how. On the side of private business, there is only one restaurant, and lodging is limited primarily to private campgrounds and "Airbnb's." Most outfitting operators are coming in from outside the city.

We have a few different paths toward solving these problems. One is partnerships – connecting with the various agencies that support local tourism and recreation, with those that manage the public lands, and with the local businesses trying to provide their own little piece of the puzzle. Two is planning – developing master plans for parks, trails, public facilities, and so forth. Three, infrastructure – building the signs, the welcome centers, the parks, the trails, the campgrounds.

The constraint on our ability to form partnerships is primarily just time and focus. Our council already volunteers many hours every month towards solving the myriad other problems facing the City. Not to mention just leading and listening to the public. Staff is similarly stretched. Outside the individual departments, we have three people in administration right now – the Mayor, the City Manager/Attorney, and the Recorder. The scope of work involved in running a city is very broad.

The constraint on our abilities to plan and to build infrastructure is mainly money. There are many different sources where we could be looking for that money – grants, fundraisers, private donations, and public-private partnerships. Yet bringing that money into the City requires, again, time and focus.

In short, without creating more available time and focus, tourism and recreation will continue to take a back burner to more pressing City business.

The Proposal

Committees are a classic way for cities to leverage people to solve these very kinds of problems. Committee membership would come – at least in part – from outside either Council or staff. This means that we can gain addition time, focus, and expertise from volunteers that we would not otherwise have. Committee members can go out as representatives of the City and attend events, take meetings, and research available resources. As a result, we get more exposure and we get more done.

If the Council would like to head in this direction, there is some advance work that will need to be done. The mission of the Committee will need to be defined, as will the rules by which it functions. Once there is enough definition, staff can draft the resolution to create the Committee and place it on an action agenda. That may be after one or more work meetings, or it could be in your very next regular council meeting. Once a resolution has been passed, the Mayor will appoint the membership of the Committee and present those appointments to the Council for your consent. That could potentially happen in the same meeting as passing the resolution.

As an alternative, if the Council does not want to set up a committee, then councilmembers could discuss and decide upon a plan for how and when tourism and recreation will be covered by the Council, staff, or some combination of the two. If the Council does not feel that tourism and recreation should take a high priority at this time, your decision could be to deprioritize it instead.

This proposal has been placed on the November 6, 2019 agenda for the Council's discussion. Thank you for your time and attention on this issue.

MUTUAL RELEASE AND SETTLEMENT AGREEMENT

This MUTUAL RELEASE AND SETTLEMENT AGREEMENT ("Agreement") is made and entered into as of the ____ day of November, 2019, by and between the City of Hildale, Utah and the Town of Colorado City, Arizona (collectively, the "Cities") on the one hand; and Bryan Cave Leighton Paisner LLP, an international law firm headquartered in St. Louis, Missouri ("BCLP") on the other hand. The Cities and BCLP are collectively referred to as the "Parties," and any one of the foregoing is referred to singly as a "Party").

RECITALS

WHEREAS, the United Effort Plan Trust ("UEP") was the owner of certain lands on the border of Arizona and Utah containing groundwater wells, and, from approximately 1996 to 2019, Twin Cities Water Works, Inc., a Utah nonprofit corporation ("TCWW"), withdrew water from the wells pursuant to an easement and supplied the water to the Cities;

WHEREAS, the UEP previously filed suit against TCWW challenging its right to withdraw water from the wells. During the pendency of the lawsuit, TCWW retained BCLP to provide legal services ("Legal Services") related to the wells and related assets, including the water rights, well casings, pumps, and other equipment used in extracting and providing water (collectively, the "Assets"). BCLP asserts that its representation of TCWW through February 2016 resulted in unpaid legal fees in the amount of $108,598.85, plus contractual interest ("Fees");

WHEREAS, during 2018, the UEP and TCWW negotiated a settlement to the lawsuit providing for, among other things, the transfers of the Assets from TCWW to the Cities ("Transfers"), which were effectuated in early 2019;

WHEREAS, prior to the transfer of the Assets, the Cities had notice of the Fees that TCWW owed to BCLP;

WHEREAS, a dispute has arisen between BCLP and the Cities because the Cities took possession of the Assets and did not pay BCLP's fees; and BCLP asserts the Transfers left TCWW insolvent, with no ability to pay the Fees and accrued interest thereon (all potential causes of action related thereto, collectively, the "BCLP Claims");

WHEREAS, to avoid the uncertainty, burden, and expense associated with litigating the BCLP Claims, the Parties: (i) have engaged in extensive, arm's-length negotiations and concluded that the execution and delivery by each respective Party of this Agreement will avoid protracted and expensive litigation; and (ii) acknowledge that each Party will receive substantial value and benefit if the settlement contained herein is consummated; and

WHEREAS, pursuant to the terms of this Agreement, the Parties now desire to settle, compromise, and resolve all of their respective differences, disagreements, disputes, legal, or contractual obligations, and any and all claims of any type by or against each of them related to the Legal Services, Assets, the Fees, the Transfers, and the BCLP Claims (collectively, the "Settled Claims").

AGREEMENT

NOW, THEREFORE, in consideration of the promises, releases, agreements, and covenants contained herein, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Party, intending to be legally bound hereby, agrees as follows:

1. Incorporation of Recitals. The Parties acknowledge and agree that the Recitals set forth above are true and accurate, and incorporate the Recitals into this Agreement as if fully set forth herein.

2. Payment by Cities to BCLP. By no later than December 1, 2019 or 14 calendar days after the Effective Date, whichever is later, the Cities are jointly and severally responsible to and shall pay BCLP the sum of Sixty Thousand and NO/100 Dollars ($60,000.00) ("Settlement Payment") in full and final satisfaction of the Settled ~~BCLP~~ Claims. The Cities shall make the Settlement Payment via wire transfer pursuant to the instructions attached as Exhibit A. BCLP agrees and understands that the Settlement Payment is the only payment that it will receive from the Cities with respect to the Settled Claims.

3. Effective Date. This Agreement is binding on the Parties when all of the foregoing has occurred ("Effective Date"): (i) each Party is in possession of a copy of this Agreement fully executed; ~~and~~ (ii) BCLP has provided the Cities, through counsel, with IRS Form W-9; and (iii) the Cities' respective Councils have voted to approve this Agreement during a properly-noticed public meeting.

4. Mutual Releases. Subject only to the right to enforce the terms of this Agreement, as of the Effective Date and upon the Cities making the Settlement Payment as provided herein, the Cities, on the one hand, and BCLP, on the other hand, on behalf of themselves and their predecessors, successors, affiliates, partners, equity holders, directors, officers, members, employees, managers, independent contractors, agents, representatives, principals, professionals, consultants, financial advisors, attorneys, accountants, insurers, Council members, elected and appointed officials, and anyone claiming on behalf of, under, or through them, hereby mutually fully and forever discharge, extinguish and release each other, together with all of their predecessors, successors, affiliates, partners, equity holders, directors, officers, members, employees, managers, independent contractors, agents, representatives, principals, professionals, consultants, financial advisors, attorneys, accountants, insurers, Council members, elected and appointed officials, and anyone claiming on behalf of, under, or through them, from any and all claims, causes of action, damages, costs, attorneys' fees, expenses, and civil liabilities of any type and of any kind whatsoever in law or in equity, whether known or unknown, accrued or unaccrued, which they could have, may have, or may in the future have against one another arising from or relating to the Settled Claims.

5. No Admissions. The execution of this Agreement by the Parties shall not be deemed as an admission of liability by any of them with respect to any matter whatsoever. The Parties specifically acknowledge and agree that this Agreement is made to compromise and settle the Parties' respective rights, defenses, claims, and counterclaims related to the Settled Claims, and that this Agreement cannot be introduced into evidence in any action or proceeding filed in

any court, or in any arbitration or other administrative proceeding, except to enforce the terms of this Agreement.

6. Attorneys' Fees, Costs, and Expenses. Each Party shall bear its own costs, expenses, and attorneys' fees in connection with the negotiation and execution of this Agreement. Should any Party breach the Agreement, then the prevailing party in any resulting litigation shall be entitled to recover their reasonable attorneys' fees and costs from the non-prevailing party.

7. Certain Representations and Warranties. Each Party represents and warrants to the other Parties, as an inducement for the others to enter into this Agreement:

(a) such Party has read and understands all of the terms and conditions set forth in this Agreement;

(b) such Party has had the benefit of legal counsel of its own choosing and has relied upon the advice of such counsel in deciding to execute this Agreement;

(c) such Party, without promise of benefit other than as set forth herein, is freely and voluntarily entering into this Agreement;

(d) such Party has the legal and actual authority to enter into this Agreement;

(e) such Party is the owner of all claims to be released by it herein, has not assigned or transferred, or purported to assign or transfer, voluntarily or involuntarily, or by operation of law, any of the claims released by it hereunder or any portion thereof;

(f) there is good and valid consideration to support such Party's entering into this Agreement and to bind such Party by the terms and conditions of this Agreement; and

(g) such Party was not coerced, threatened, or otherwise forced to sign this Agreement, and its signature appearing hereinafter is voluntary and genuine and was duly and validly authorized and given.

8. Entire Agreement. This Agreement sets forth all of the terms and conditions of the Parties' settlement of the claims and rights relating to the Settled Claims, and supersedes any prior negotiations between the Parties, or any written agreement or summary of this settlement among the Parties. The Parties each specifically warrant that this Agreement is executed without reliance upon any statement or representation by any other Party hereto, except as expressly stated herein.

9. Further Assurances. Each Party hereby agrees to execute such documents and take such other actions as may be reasonably necessary or appropriate to comply with the terms or intent of this Agreement.

10. Amendment. The terms of this Agreement shall not be altered, amended, modified, or otherwise changed in any respect except by a writing signed by all of the Parties.

11. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable. In lieu thereof, the Parties agree that there shall be added a provision as similar in terms and effect to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

12. Binding Agreement. This Agreement shall be binding upon the Parties and their respective representatives, predecessors, successors, and assigns and shall similarly inure to the benefit of their respective representatives, predecessors, successors, and assigns.

13. No Third-Party Beneficiaries. No person other than the Parties hereto and their respective successors, assigns, and representatives is intended to be or shall be a beneficiary of this Agreement.

14. Construction. Should any provision of this Agreement require interpretation, the Parties agree that the judicial body interpreting or construing such provision shall not apply any assumption that the terms of this Agreement shall be more strictly construed against any party because of the rule of construction that an instrument is to be construed more strictly against the drafting party, each party hereby acknowledging and agreeing that all Parties and their respective attorneys have participated in the preparation of this Agreement.

15. Section Headings; References; Gender; and Number. The titles of the sections herein have been inserted as a matter of convenience and for reference only and shall not control or affect the meaning or construction of any of the terms of the provisions herein. Words of any gender used in this Agreement shall be deemed to include the other gender or the neuter, and words in the singular shall be deemed to include the plural and the plural to include the singular when the sense requires.

16. Time is of the Essence. Time is of the essence with regard to all provisions of this Agreement.

17. **Governing Law**. **THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ARIZONA, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OF CONFLICT OR CHOICE OF LAW. IF THERE IS ANY DISPUTE OR LITIGATION OF ANY KIND RELATING TO THE TERMS, ENFORCEMENT, OR ANY OTHER MATTERS PERTAINING TO THIS AGREEMENT, THE MARICOPA COUNTY, ARIZONA STATE SUPERIOR COURT SHALL HAVE EXCLUSIVE JURISDICTION AND BE THE SOLE VENUE TO RESOLVE SUCH DISPUTE OR LITIGATION, AND THE PARTIES HEREBY CONSENT TO SUCH JURISDICTION IN ALL RESPECTS.**

18. Counterparts; Electronic Signatures. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Agreement, and the signature pages from any counterpart may be appended to any other counterpart to assemble fully-executed counterparts. Counterparts of this Agreement also may be exchanged via electronic machines, and an electronic facsimile or electronic mail copy of any Party's signature shall be deemed to be an original signature for all purposes.

~~*[Signatures appear on following page; remainder of page intentionally left blank.]*~~

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement or caused the same to be executed by their respective duly authorized officers as of the date first set forth above.

DATED: _____

BRYAN CAVE LEIGHTON PAISNER LLP

By: _____
Name: _____
Title: _____

DATED: _____

CITY OF HILDALE, UTAH

By: _____
Name: _____
Title: _____

DATED: _____

TOWN OF COLORADO CITY, ARIZONA

By: _____
Name: _____
Title: _____

DEVELOPMENT AGREEMENT

This Development Agreement (this "Agreement") is entered into this _____ day of November, 2019 by and between the City of Hildale, a Utah municipal corporation, hereafter referred to as "**City**" and South Zion Estates, LLC, a Utah limited liability company, hereafter referred to as "**Developer**".

RECITALS

A. City, acting pursuant to its authority under Utah Code Annotated Section 10-9a-102 (2) *et seq*., as amended and in furtherance of its land use policies, goals, objectives, ordinances, resolutions, and regulations, has made certain determinations with respect to the proposed subdivision development and, in exercise of its legislative discretion, has elected to enter into this Agreement.

B. Developer is the owner of certain real property located in Hildale, Utah, and generally known as Lots 1 through 64, Short ~~e~~Creek Subdivision #13, and Lots 17 through 35, and 38 through 48, Short ~~e~~Creek Subdivision # 14, hereafter referred to as the "**Property**". The Property is legally described on **Exhibit "A"** attached hereto and incorporated herein by reference.

C. Developer has prepared and presented to the City a development application for a single-family Planned Unit Development to be known as the South Zion Estates Subdivision (hereinafter referred to as the "**Project**"). The application package has been submitted and reviewed by the City pursuant to the requirements of the Hildale City Code (the "**City Code**") and related protocols and policies and other applicable zoning, engineering, fire safety and building requirements. The resulting concept plan (the "**Concept Plan**"), a copy of which is attached hereto as **Exhibit "B"**, and the preliminary and final approved subdivision plat(s), engineering construction drawings, conveyance documents, title reports and other documents submitted during the City's review and approval processes will be referred to herein as the "**Development Documents**."

D. The Developer and City desire to allow Developer to make improvements to the Property and develop the Project in accordance with the Concept Plan and the Development Documents.

E. The City has authorized the negotiation of and adoption of development agreements which advance the policies goals and objectives of the Hildale City General Plan.

F. Consistent with the foregoing authorization and the provisions of Utah State law, the City's governing body has authorized execution of this Agreement by resolution _____, a copy of which is attached to this Agreement as **Exhibit "C"**.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I
LEGAL AUTHORITY AND PURPOSE

1.1. **Purpose**. The City and Developer represent that they have the legal authority to enter into and perform their respective obligations under this Agreement and that the City has determined that this Agreement effectuates the above-referenced public purposes, objectives and benefits. This Agreement and the Development Documents and Land Use Laws (defined below) will govern the City and the Developer with respect to development of the Project.

1.2. **Recitals and Exhibits**. The above Recitals and all Exhibits hereto are hereby incorporated by reference into this Agreement.

1.3. **Conditions Precedent.** Each of the City and Developer is entering into this Agreement in anticipation of the satisfaction of certain conditions precedent, which, if not satisfied, will frustrate the purposes of this Agreement. Accordingly, if the Conditions Precedent are not satisfied or otherwise waived by the Parties, this Agreement shall be rendered null and void and none of the parties hereto shall have any further obligation to the other arising out of this Agreement. The Parties recognize that some of the Conditions Precedent may be satisfied contemporaneously with or prior to the execution of this Agreement, but such Conditions Precedent have been identified herein for purposes of setting forth the intent of the Parties. For purposes of this Agreement, the following shall constitute the "**Conditions Precedent**":

1.3.1. the final non-appealable approval and acceptance of this Agreement by the City Council; and

1.3.2. the final non-appealable approval and acceptance of the modified design standards set forth on the Modified Standards attached hereto as **Exhibit "D"** (the "**Modified Standards**") by the City Council; and

1.3.3. the final non-appealable approval and acceptance of the Concept Plan by the City Council.

~~1.3.3.~~1.4. **Modified Standards Subject to Revision.** The Parties agree that the Developer will be required to complete a traffic impact study prior to final site plan approval for the first phase of the Project, and that the Modified Standards identified in subsection 1.3.2 are subject to revision as determined to be necessary by the City's Engineer based upon the outcome of that traffic impact study.

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~~1.4.~~1.5. **Vested Rights.** Subject to satisfaction of the Conditions Precedent, Developer shall have the vested right to develop and construct the Project in Phases in accordance with the Development Documents and the zoning, subdivision, development, growth management, transportation, environmental, open space, and other land use plans, policies, processes, ordinances, and regulations of the City (together, the "**Land Use Laws**") in existence and effective on the date of final approval of this Agreement and applying the terms and conditions of this Agreement. Subject to the reservation of the City's legislative powers as set forth in Section 1.~~5~~6 below, to the extent of any inconsistency between this Agreement and the Land Use Laws, this Agreement and the approved Development Documents will govern the City and the Developer with respect to development of the Project.

~~1.5.~~1.6. **Reserved Legislative Powers**. Nothing in this Agreement shall limit the future exercise of the police power of the City in enacting generally applicable land use laws after the date of this Agreement. Notwithstanding the retained power of the City to enact such legislation under the police powers, such legislation shall only be applied to modify the vested rights described in Section 1.~~5~~4 based on a good faith application of the policies, facts, and circumstances meeting the compelling, countervailing public interest exception to the vested rights doctrine in the State of Utah. Any such proposed change, including the imposition of any moratoria, affecting the vested rights of the Developer granted under this Agreement shall be binding upon Developer only if (a) such change is of general application to all development activity in the City; and (b) the Developer receives, unless in good faith the City declares an emergency, prior written notice and an opportunity to be heard with respect to the proposed change and its applicability to the Project and the rights granted hereunder.

ARTICLE II
PROJECT DEVELOPMENT

2.1 **Development Obligations.**

2.1.1 **Conveyance or Dedication of Required Easements**. Developer shall convey or dedicate to the City or other applicable utility provider, at no cost, such required utility easements on or across the Project as are necessary to facilitate the extension of required utility services to and throughout the Project and as are shown on the various Final Plats for the Project. Without limitation, the easements shall include easements for access to and operation, maintenance, repair and replacement of public water, storm drain, natural gas and sanitary sewer facilities located within master planned rights-of-way for which dedication is deferred.

2.1.2 **Public Streets, Culinary Water, Sanitary Sewer and Storm Water Improvements~~— Developer Obligations~~On-Site Improvements.** Developer shall design, construct and dedicate to the City all public streets and other public infrastructure required by the Hildale City Code and City standards (as modified pursuant to the Modified Standards) and shown on the approved Final Plat and Plans and Specifications for a given Phase (hereinafter referred to as the

"**Developer Constructed ~~Project~~ On-Site Improvements**"), which Final Plat and Plans and Specifications (defined below) shall be approved unless they fail to materially comply with the Development Documents. Deferral of public improvement construction within a given Phase, if any, shall be addressed by separate agreement. Notwithstanding any other provisions of this Agreement, all Developer Constructed ~~Project~~ On-Site Improvements shall be constructed in compliance with engineering plans and specifications approved by the City in connection with the applicable Final Plat for a given Phase of the Project (the "**Plans and Specifications**"), which approval shall not be unreasonably withheld, conditioned or delayed.

2.1.3 **Public Streets, Culinary Water, Sanitary Sewer and Storm Water Improvements~~—System~~ Off-Site Improvements.** The Developer shall, at its initial cost and expense, construct those public streets, culinary water, natural gas, sanitary sewer, and storm water improvements specifically identified on **Exhibit "E"** that Developer and City have determined are necessary to provide access and utilities to the Project (the "**Developer Constructed ~~System~~ Off-Site Improvements**"). The City and Developer hereby agree that the ~~City Constructed System Improvements constitute all master planned or so called "system improvements" required in connection with the development of the Project, and that~~ Developer shall not be required to construct, install or otherwise complete any master planned or so called "system improvements" in connection with the Project, and that no additional improvement or public facilities shall be required by the City in connection with the completion or development of the Project, except for those roadways and other public facilities constituting so-called "project improvements" as identified in this Agreement ~~are shown on an approved Final Plats for each given Phase and included within the overall perimeter boundaries of the Project~~. The City shall not be required to permit connection at any location or by any method other than as shown on the applicable Final Plat or the Development Documents. ~~The City will reimburse Developer an amount equal to Developer's actual costs to construct the Developer Constructed System Improvements within [_____ ()] years after the Developer Constructed System Improvements have been completed, inspected and accepted by the City, such approval not to be unreasonably withheld, conditioned or delayed. Developer will provide original invoices and proof of payment to the City for confirmation of all costs associated with the completion of the Developer Constructed System Improvements that are to be reimbursed by the City pursuant to this Agreement.~~

2.1.4 **Payment of Fees.** All required fees associated with the recordation of a final plat for a given Phase shall be paid by Developer prior to recording the Final Plat for such Phase.

2.1.5 **Completion of Developer Constructed ~~Project~~ Infrastructure Improvements**. Notwithstanding any other provision in the City Code to the contrary, including, without limitation, Section ~~153-141~~152-39-13, City acknowledges and agrees that Developer shall only be required to provide completion guarantees or improvement

completion assurances (each a "**Completion Assurance**") with respect to Developer Constructed ~~Project~~ On-Site or Off-Site Improvements or landscaping if requested by Developer pursuant to the provisions of Utah Code Ann. Section 10-9a-604.5. Unless a Completion Assurance is posted with respect to the applicable Final Plat, Developer may not record such Final Plat until such time as the applicable ~~Developer Constructed Project Improvements~~ infrastructure improvements and landscaping to be completed in connection with such Final Plat are completed by Developer. Completion Assurances posted by Developer shall comply with the requirements of the City Code. All Completion Assurances, including but not limited to performance, warranty, and maintenance bonds, and related agreements are between the City, Developer, and the applicable financial institution. No other person shall be deemed a third-party beneficiary or have any rights under this subsection or any bond or agreement entered into pertaining to bonds. Any other person or entity, including but not limited to owners of individual units or lots, shall have no right to bring any action under any bond or agreement as a third-party beneficiary or otherwise. All Developer Constructed Project Improvements associated with a given Phase of the Project shall be constructed by Developer within two (2) years after recording the Final Plat for such Phase.

2.1.6 **Construction Process**. Following City approval of the Final Plat and Plans and Specifications for a given Phase of the Project, Developer shall not make any material changes to such Final Plat and Plans and Specifications without the prior written consent of the City.

2.2 **Provision of Certain Water and Sewer Utility Services**. The City agrees that it shall make available to the Project (subject to completion of the Developer Constructed ~~Project~~ On-Site and Off-Site Improvements to be completed in connection with each given Phase of the Project, application for service, issuance of applicable permits and payment of connection fees and applicable commodity usage rates) culinary water, natural gas, sanitary sewer and storm water, as well as garbage collection on public streets for residential properties and related services provided by the City to its citizens generally. ~~Culinary water, sanitary sewer and storm water utility services will be provided through City Constructed System Improvements constructed by the City and Developer Constructed Project Improvements constructed by the Developer in connection with each Phase of the Project.~~

2.3 **Vacation of Existing Subdivision, Streets and Rights-of-Way**. The City acknowledges and agrees that the Concept Plan identifies new public streets and rights-of-way within the Project (the "**Revised ROWs**"), and that in order for the proposed roadway system to function, the City's existing public streets and rights-of-way (the "**Existing ROWs**") will need to be vacated and the real property conveyed to the Developer. The City agrees that ~~upon the Developer's dedication of Revised ROWs to the City pursuant to the~~prior to approval and recordation of a Final Plat including dedication of Revised ROWs to the City for a given Phase, the City shall declare as surplus, vacate and convey to Developer all Existing ROWs included within the perimeter boundaries of the applicable Phase. In connection with the foregoing, the City has determined, on the basis of reasonable evidence

and in the exercise of its legislative discretion, that the value of the improved Revised ROWs within each Phase is equal to or higher than the value of the Existing ROWs in the various Phases, as generally identified on the Concept Plan. City and Developer acknowledge and agree that upon the recordation of a Final Plat for a given Phase, the existing subdivision lots of record (i.e. those lots created pursuant to the Short Creek Subdivision) located within the boundary of the applicable Phase, shall be deemed vacated in their entirety and that all future development of the portion of the Property within the boundaries of the applicable Final Plat shall be developed in accordance with such Final Plat without the need for any further amendment or vacation of the applicable portions of the official plats of the Short Creek Subdivision. Notwithstanding the foregoing, until such time as a Final Plat is recorded against an applicable portion of the Property consistent with the Concept Plan, the lots of record within the Short Creek Subdivision shall continue to be legal platted lots of record.

2.4 **Development to be Consistent with Final Plats and Plans and Specifications; Increased Density**. Except as expressly provided in this Agreement, all development, whether by the Developer or a successor in interest, will be consistent with this Agreement and the finally approved Final Plats and Plans and Specifications, which Final Plats and Specifications shall be approved by City if they are generally consistent with the Development Documents and provide for an overall residential density that does not exceed that allowed in the R1-10 zoning district of City. In connection with the foregoing sentence, City expressly acknowledges and agrees that the Concept Plan shows a residential density that is less than presently allowed in the R1-10 zoning district, and that Developer shall have the vested right under this Agreement to increase the residential density in the various Phases so long as such residential density does not exceed the minimum lot area or acreage or average lot area requirements of the R1-10 zoning district.

2.5 **Parks, Trails and Pathways**. Each Final Plat shall provide for public use spaces as are shown on the Concept Plan or otherwise proposed by the Developer. The Developer and City will cooperate in reasonably locating and/or refining the location of such open spaces, parks, trails and pathway systems as part of the platting process.

ARTICLE III
~~IMPACT FEES~~STORMWATER MANAGEMENT

~~3.1 **Impact Fees; Costs of Application Processing**. The Project and Concept Plan have been approved by the City Council as a Planned Unit Development in order to provide for more affordable housing within the City. Accordingly, Developer will not be assessed or required to pay any impact fees typically collected by the City pursuant to the Utah Impact Fees Act, all such impact fees being expressly waived by the City pursuant to this Agreement.~~

~~3.2~~3.1 **Maintenance of Detention Basins Appurtenant to or Within the Project.** The Developer shall initially be responsible for the maintenance of the detention basin within the Project. Notwithstanding the foregoing, at such time as the City develops a storm water collection system with respect to which the Project specific storm water collection system

may be reasonably connected, the City shall promptly make such connection and the Developer's obligation to maintain the detention basin for storm water detention purposes shall from and after such connection, cease in its entirety and the applicable real property may be re-purposed by the Developer in accordance with the terms of this Agreement and the Concept Plan. In the event the City's storm water collection system incorporates the detention basin as part of the larger City system, Developer shall convey the detention basin to the City and the City shall thereafter be responsible for the maintenance and operation of the detention basin. The consideration to be received by the Developer in connection with such dedication shall be determined at the time of the conveyance, taking into account the impact of stormwater flows attributable directly to the Project.

ARTICLE IV
DEFAULT AND COSTS

4.1 **Default**. In the event of a failure by any party to comply with the commitments set forth herein, within thirty (30) days of written notice of such failure from the other party, the non-defaulting party shall have the right to pursue any or all of the following remedies, which right shall be cumulative:

4.1.1 To cure such default or enjoin such violation and otherwise enforce the requirements contained in this Agreement; and

4.1.2 To enforce all rights and remedies available at law and in equity including, but not limited to, injunctive relief, specific performance and/or damages.

4.2 **Insolvency**. Insolvency, bankruptcy or any voluntary or involuntary assignment by any party for the benefit of creditors, which action(s) are unresolved for a period of 180 days shall be deemed to be a default by such party under this Article IV.

4.3 **Court Costs and Attorneys' Fees**. In the event of any legal action or defense between the Parties arising out of or related to this Agreement, or any of the documents provided for herein, the prevailing party shall be entitled, in addition to the remedies and damages, if any awarded in such proceedings, to recover their costs and reasonable attorneys' fees.

ARTICLE V
ASSIGNMENT AND RECORDATION

5.1 **Assignment and Transfer of Development**. The Developer may assign its obligations under this Agreement or any rights or interests herein, and may convey the Project or any portion thereof, without the prior written consent of the City, provided such assignment is by instrument in writing, shall have expressly assumed all of the obligations of the Developer under this Agreement and any then applicable additional agreements and agreed to be subject to all of the conditions and restrictions arising under this Agreement or any Development Documents. If only a portion of the Project is assigned and/or conveyed under this section 5.1, a reasonable allocation of the Developer's duties appurtenant to that portion will be made. The provisions of this Section 5.1 shall not prohibit the granting of

any security interests for financing the acquisition and development of the Project, subject to the Developer complying with applicable law and the requirements of this Agreement, nor shall it prohibit the Developer from selling individual building lots within each Phase from and after the recording of the final plat for such Phase. Upon assignment and assumption by the transferee of the Developer's obligations under this Agreement and the Development Documents, the respective transferee shall have the same rights and obligations as the Developer under this Agreement and the Development Documents, and the Developer shall be released from any further obligations with respect to that portion of the Project.

5.2 **Recordation**. After its execution, this Agreement shall be recorded in the office of the County Recorder at the expense of the Developer. Each commitment and restriction on development set forth herein shall be a burden on the real property constituting the Project, shall be appurtenant to and for the benefit of the City and shall run with the land.

ARTICLE VI
REIMBURSEMENT

6.1 **Reimbursement for Developer Constructed ~~Project~~ Off-Site Improvements**. Reimbursement for Developer Constructed ~~Project~~ Off-Site Improvements may be addressed by a separate reimbursement agreement for the Project or a given Phase thereof entered into concurrently with or subsequent to this Agreement. Such reimbursement agreements, if any, shall be entered into prior to recordation of the affected plat for a given Phase and shall comply with the City Code, the Development Documents and this Agreement.

ARTICLE VII
GENERAL MATTERS

7.1 **Amendments**. Any alteration or change to this Agreement shall be made only after complying with the same procedures followed for the adoption and approval of this Agreement.

7.2 **Captions and Construction**. This Agreement shall be construed according to its fair and plain meaning and as if prepared by all Parties hereto. Titles and captions are for convenience only and shall not constitute a portion of this Agreement. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates. Furthermore, this Agreement shall be construed so as to effectuate the public purposes, objectives and benefits set forth herein. As used in this Agreement, the words "include" and "including" shall mean "including, but not limited to" and shall not be interpreted to limit the generality of the terms preceding such word.

7.3 **Laws and Forum**. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and assigns, and shall be construed in

accordance with Utah law. Any action brought in connection with this Agreement shall be brought in a court of competent jurisdiction located in Salt Lake County, Utah.

7.4 **Legal Representation**. Each of the Parties hereto acknowledge that they either have been represented by legal counsel in negotiating this Agreement or that they had the opportunity to consult legal counsel and chose not to do so. In either event this Agreement has no presumptions associated with the drafter thereof.

7.5 **Non-Liability of City Officials.** No officer, representative, agent or employee of a party hereto shall be personally liable to any other party hereto or any successor in interest or assignee of such party in the event of any default or breach by the defaulting party, or for any amount which may become due the non-defaulting party, or its successors or assigns, or for any obligation(s) arising under the terms of this Agreement.

7.6 **No Third Party Rights.** Unless otherwise specifically provided herein, the obligations of the Parties set forth in this Agreement shall not create any rights in or obligations to any other persons or third parties.

7.7 **Force Majeure**. Any prevention, delay or stoppage of the performance of any obligation under this Agreement which is due to strikes; labor disputes; inability to obtain labor, materials, equipment or reasonable substitutes therefor; acts of nature; governmental restrictions, regulations or controls; judicial orders; enemy or hostile government actions; wars; civil commotions; fires, floods, earthquakes or other casualties or other causes beyond the reasonable control of the party obligated to perform hereunder shall excuse performance of the obligation by that party for a period equal to the duration of that prevention, delay or stoppage. Any party seeking relief under the provisions of this paragraph must have notified the other party in writing of a force majeure event within thirty (30) days following occurrence of the claimed force majeure event.

7.8 **Notices**. All notices shall be in writing and shall be deemed to have been sufficiently given or served when presented personally or when deposited in the United States mail, by registered or certified mail, addressed as follows:

The City: Hildale City
P.O. Box 840490
Hildale, Utah 84784
Attention: City Manager

Developer: South Zion Estates
Attn: Mark F. James
10 W. Broadway, Suite 400
Salt Lake City, Utah 84101

Such addresses may be changed by notice to the other party given in the same manner as above provided. Any notice given hereunder shall be deemed given as of the date delivered or mailed.

7.9 **Entire Agreement.** This Agreement, together with the Exhibits attached hereto, documents referenced herein and all regulatory approvals given by the City for the Project prior to the date hereof, contain and constitute the entire agreement of the Parties with respect to the subject matter hereof and supersede any prior promises, representations, warranties, inducements or understandings between the Parties which are not contained in such agreements, regulatory approvals and related conditions. It is expressly agreed by the Parties that this Agreement and the additional agreements between the Developer and the City, as contemplated and referred to elsewhere in this Agreement, are intended to and shall govern the development of the Project. It is expressly acknowledged by the Parties that additional agreements may be entered into by or among the Parties and all such shall be included as Development Documents.

7.10 **Effective Date**. This Agreement shall be effective upon the signing and execution of this Agreement by all Parties which, upon its occurrence, shall be deemed to have occurred as of the Effective Date.

7.11 **Termination.** This Agreement shall terminate upon mutual written agreement of the parties hereto, failure of the Conditions Precedent to occur on or before April 1, 2020 or 15 years after the Effective Date, whichever occurs first.

7.12 **Further Action**. The Parties hereby agree to execute and deliver such additional documents and to take all further actions as may become necessary or desirable to fully carry out the provisions and intent of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written:

CITY:

ATTEST:

CITY OF HILDALE
A Utah Municipal Corporation

By: _____
City Recorder

By: _____
City Manager

APPROVED AS TO FORM:

By: _____
City Attorney

STATE OF UTAH)
: ss.
County of _____)

On this ____ day of _____, 2019, before the undersigned notary public in and for the said state, personally appeared _____, known or identified to me to be the Mayor of Hildale City and the person who executed the foregoing instrument on behalf of said City and acknowledged to me that said City executed the same.

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

_____
Notary Public for Utah

DEVELOPER:

SOUTH ZION ESTATES, LLC, a Utah limited liability company

By: _____

Printed Name:
_____

Title:
_____

STATE OF UTAH)
: ss.
County of _____)

On this ____ day of _____, 2019, before the undersigned notary public in and for the said state, personally appeared _____, known or identified to me to be a _____ of South Zion Estates, LLC, a Utah limited liability company, and the person who executed the foregoing instrument on behalf of said Company and acknowledged to me that said Company executed the same.

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

_____

Notary Public for Utah

Exhibit “A”
(Legal Description of Property)

Exhibit “B”
(Concept Plan)

Exhibit “C”
(Adopting Resolution)

Exhibit “D”
(Modified Standards)

Exhibit “E”
(Developer Constructed System Improvements)

To: Hildale City Council and Mayor

From: Christian Kesselring, Acting Hildale City Manager

Date: November 12, 2019

Subject: Report on Preferred Parts Offer to Purchase Lot 31 in the Hildale Industrial Park

BACKGROUND

Lot 31 of the Hildale Industrial Park is located on the east side of SR-59, just north of the Utah-Arizona state line. It consists of approximately 1.69 acres, containing a commercial building with 8,792.3 square feet of floor space. The building was constructed in 1980 and fully renovated in 2010. Most of the building is occupied by a parts store operated by Preferred Auto Parts ("Preferred Parts"), but there is a beauty salon in the back of the building that is sublet to a third party.

This lot was previously leased to Streamline Automotive ("Streamline"). In 2009, Preferred Parts approached the City and Streamline with the desire of relocating their store to Lot 31. The parties negotiated, and on July 1, 2010 Streamline signed an agreement with Preferred Parts to sell its interest in the 2006 lease agreement to Preferred Parts in exchange for payment of $125,000.

The Sale of Lease Agreement provided that Streamline would terminate its lease, and Preferred Parts would receive a new lease agreement from the City. A secured promissory note gave Streamline a lien against the new lease agreement. None of these agreements was approved by the Council or signed by anyone at the City, of which we can be fairly confident given that none of the individuals deposed in the litigation between the parties could remember it being done. In all practicality, this left the status of the entire deal in legal limbo. Still, Mayor Zitting did sign a new lease agreement with Preferred Parts. The new lease agreement was never approved by the City Council, but the City has at all times since then treated Preferred Parts as the leaseholder.

[See 1]

For whatever reason, the new lease agreement with Preferred Parts is no longer in our files. In late 2013, Preferred Parts discovered this when applying for an extension of credit from their

supplier, Carquest. At that point, the City began working with Preferred Parts in good faith to produce one, and multiple drafts were exchanged. On **January 14, 2014**, the Council met to discuss approving the lease. Warren Barlow stated that staff was not ready to proceed because there was language that "needed some adjustments" and "some of the technical issues have been resolved before we enter into a new lease on that property, as there may be a former leaseholder with an interest." As a result, approval of the lease was tabled. On January 15, 2014, however, Jerusha Darger signed the draft lease agreement for Preferred Parts. The City never did.

[See 2]

On **January 21, 2014**, the City received a letter from Streamline stating that Preferred Parts had defaulted on their promissory note and demanding that the City transfer the lease to Lot 31 back to Streamline.

[See 3]

In a **February 22, 2014** council meeting, there was additional discussion about the status of the Preferred Parts lease. Pointing out the history of lease payments and other history of Preferred Parts acting as the leaseholder, then-City Recorder Warren Barlow acknowledged that the intent had been to give Preferred Parts a lease, but that according to his research it had never come back to the Council for approval. My own review of council agendas, packets and minutes produced the same conclusion. The Recorder also presented the letter from Streamline seeking to rescind their lease cancellation. A representative from Streamline presented in the meeting that Preferred was delinquent on their payments, so Streamline had a "concern…to not lose our ability to maintain the interest in the building, but yet ever willing to do what we need to to facilitate that transfer" (of the lease) – as long as Streamline could have a lien on the property. The Recorder pointed out that the City had never approved or signed the Sale of Lease Agreement, and if that could be done then Streamline's interest would be protected, and the City could move forward with a new lease agreement to Preferred Parts. In order that the Sale of Lease Agreement and other necessary documents could be thoroughly reviewed by the City Attorney and finalized in a way that would satisfy both parties and avoid further legal trouble, the Council approved a motion to "allow Warren Barlow and Carlos Jessop to work with the two parties and bring back to the Council a unified agreement for their approval." Unfortunately, Warren Barlow left the employment of the City shortly thereafter, and Councilmember Jessop was distracted with other significant matters including overwhelming litigation facing the City.

[See 4]

On **April 18, 2014**, the City received a letter from an attorney representing Preferred Parts demanding that the City issue a new lease to Preferred immediately. The City sent the letter to Blake Hamilton for review but took no further action.

[See 5]

[See 6]

On **May 28, 2014**, the Council was considering selling the Industrial Park properties, and met to consider how to value the lots. Staff presented the Council with two different methods of valuation. One was to obtain a professional appraisal of the properties, at a cost of $4,500, and the other was to use the County's assessment formula, which was $0.25 per square foot. The difference in revenue to the City between using an appraised value and the tax assessed value was going to be in the hundreds of thousands of dollars. The Council – three of whom had direct business interests in the Industrial Park – voted to use the tax assessed value. Their rationale was that if the City sold the lots for a higher value, then property taxes would go up.[1]

[See 7]

[See 8]

[See 9]

On **June 17, 2014**, the Council held a public hearing to obtain input about the sale of properties in the Industrial Park. Staff produced a one-page analysis that emphasized the benefit to the local economy and attempted to analyze some local real estate sales and offers in comparison to the County's tax assessed value. Public comments focused on improving businesses' ability to obtain financing, the value to the City of owning improvements at the end of leases, and the usage of sale proceeds. After closing the hearing, the Council voted "to accept the offers made for Certain Industrial Park Lots." The offering parties were Paramount Management Group, Reliance Electric, and Benchmark Technologies.

[See 10]

[See 11]

On **June 18, 2014**, the City received a letter from Streamline offering to purchase Lots 17, 31 and 32 in the Industrial Park. The price it offered for Lot 31 was $15,200.

[See 12]

On **July 7, 2014**, Preferred Parts filed a lawsuit against Streamline for breach of contract. They did not disagree with Streamline that they had failed to make payments as agreed. The essence of their argument was that, because Streamline had previously given them indefinite extensions on deadlines for payment, that Streamline had forever given up the right to demand payment, and certainly could not declare a default on the note. Preferred Parts wanted the judge to actually issue an injunction against Streamline ever foreclosing on the lease to Lot 31.

On **July 10, 2014**, the City received a letter from the same attorney representing Preferred Parts that sent the April demand letter, making largely the same claims against the City but adding language indicating that it was an official notice of claim under the Utah Governmental

[1] This likely represented a flagrant conflict of interest on the part of a majority of the voting councilmembers. Were this to come before the Council now under similar circumstances, those conflicted councilmembers would likely be required to declare the conflict and abstain from voting. In this case, none of that happened.

Immunity Act, and threatening to sue the City to prevent it from taking Streamline's side in the parties' private dispute.

[See 13]

On **July 30, 2014**, the City received a letter from Preferred Parts offering to pay $15,246 to purchase Lot 31. On **August 12, 2014**, the Council was presented with both Streamline's offer and Preferred Parts' offer. Then-City Manager Vincen Barlow stated, "Lot 31 is in dispute and legal issues, I would recommend that there be no action item taken on lot number 31." As a result, both Preferred Parts' and Streamline's respective offers to purchase Lot 31 were put on hold.

[See 14]

[See 15]

On **September 3, 2014**, the City received a letter from Jethro Barlow claiming that he had a right to purchase Lot 31. The claim was discussed by the Council, but no action was taken.

[See 16]

[See 17]

On **November 6, 2014**, City staff began putting together a guidance document to explain how to purchase an Industrial Park lot. This document was never approved by the Council, but merely provided by administration as a convenience to the public. To summarize, staff outlined the steps as (1) obtain your tax assessed value, (2) submit an offer on company letterhead, (3) have your offer go in front of the council ("if denied, the City will communicate with Leasehold the reasons why the offer was denied"), (4) go through the public hearing and resolution process, (5) work with the City to draft a purchase contract, then (6) proceed to closing.

[See 18]

On **July 13, 2015**, the judge in the case between Preferred Parts and Streamline allowed Preferred Parts to add Hildale to the case as a defendant, based primarily on claims that the City had breached the new lease agreement by failing to deliver an executed copy to Preferred Parts. This came after the former lawyer for Preferred Parts had withdrawn from the case and they hired attorney Greg Hoole. The owners of Preferred Parts later admitted to Mayor Donia Jessop that the reason for adding Hildale was because they perceived the City would have "deeper pockets" than Streamline.

On **April 15, 2016**, the City filed a motion for judgment on the pleadings, asking the judge to dismiss two of Preferred Parts' new claims – civil conspiracy and tortious interference of contractual relations. The motion claimed that the notice of claim did not cover those claims. On **February 2, 2017**, the judge granted the City's motion, agreeing that the claims were not covered by the notice of claim.

Also in **February 2017**, Preferred Parts filed yet another motion to amend their complaint. They wanted to include claims against Hildale for violating their civil rights. By this point, the lawsuit had dragged on for nearly three years, but Preferred Parts argued that their motion should be considered timely because nothing had really happened since the first motion to amend, almost two years before. The judge disagreed and denied the motion, stating that it was untimely and would be "prejudicial to the Defendants."

On **June 28, 2019**, Judge Walton issued a ruling finding in Preferred Parts favor that it had a valid and enforceable lease to Lot 31, but agreeing with Hildale that Preferred Parts had failed to come up with any facts to show that Hildale had violated the lease. The end result of this order was that Hildale was essentially dismissed from the case. Preferred Parts settled the remainder of its lawsuit with Streamline shortly afterward.

On **September 23, 2019**, the City recognized Judge Walton's ruling by issuing a new lease agreement to Preferred Parts on the same terms as the Streamline lease. On October 16, 2019, Streamline signed a Release of Security Interest, releasing its lean against Preferred Parts' lease to Lot 31.

[See 19]

[See 20]

Preferred Parts has now requested that the City honor its 2014 offer to purchase Lot 31 for $15,246. In a council meeting on October 2, 2019, the Council voted to have staff look into selling Lot 31 to Preferred Parts on those terms. Subsequently, staff requested quotes from several different appraisers to obtain a professional valuation. The best response came from Garrett Hannig, who incidentally had been the same appraiser the City had contacted in 2014. Mr. Hannig performed an appraisal according to industry standards and submitted a report to the City. The report indicates a vacant land value of $40,000, which Mr. Hannig indicates would be the fair value to an existing tenant on a long-term lease, given the age of the building.

Preferred Parts is $36,330.47 delinquent on its privilege tax assessment, which is a tax levied on private businesses that use tax-exempt city property. This represents a default and grounds for termination of the lease, but the City has not yet taken any action on it. If the City does not sell Lot 31, it will retain the power to ensure that the debt is paid and the revenue received. If we do sell Lot 31, however, the City will lose any leverage that it might otherwise have.

[See 21]

ANALYSIS

Why Did the City Decline to Sell Lot 31 in 2014?

In preparation for submitting this Report to the Council, I reviewed the City's records exhaustively, and I can say with an extreme degree of confidence that in declining to sell Lot 31 to Preferred Parts, both staff and councilmembers were doing their very best to consider all sides and limit legal risk to the City. The reason we did not sell Lot 31 in 2014 is because Streamline and Preferred Parts were in a legal dispute over their contract, and both sides had threatened to sue us over the same property. I have confirmed this not only from all available documentation, but also from Vincen Barlow himself, who made the recommendation.

It has often been repeated that the City said Preferred Parts could not buy their lot because they did not have a lease. That is categorically untrue. In everything that I have reviewed, not a single document or recording tied the decision not to sell with the absence of a lease. Between February 2014 when the City expressly indicated they intended to facilitate a deal between Streamline and Preferred Parts so that Preferred Parts could get their lease, and September 2014 when the decision not to sell had been made, the relationship between the two companies had broken down to the point that they were in litigation and threatening to drag the City in. That was the reason why the City decided – with the advice of legal counsel – not to sell the lot.

Was the Decision Not to Sell Lot 31 Discriminatory?

Categorically, no. Discrimination is a legal term of art that means taking an adverse action against someone because of their membership in a protected class. In this case, for obvious reasons, the protected class is religion. Unless someone specifically states that religion is the reason for what they are doing, you have to look at the circumstantial evidence. Almost every time, the most important circumstantial evidence is how other people were treated. In this case, it is critical to note that the City sold several properties to "apostates" and former members of the FLDS Church: Don Timpson, John Timpson, Cecile Hammon, and Wet Jet Precision. Also important to note is that none of the other leaseholders were involved in litigation over the right to a lot. The reasons for not selling Lot 31, discussed above, were legitimate and nondiscriminatory.

Does the 2014 Decision to Sell Industrial Park Property Bind the City?

First, it is critical to identify what decision we are talking about. The motion made after the public hearing was specifically to accept the outstanding offers. The implicit decision in that was to go ahead and move forward with selling lots in the Industrial Park. But the idea that has been put forward, that there was a final and binding decision to sell lots to any leaseholder that came forward, in perpetuity, is flatly inaccurate. There is no legally enforceable document in the City records to impose that obligation.

One might ask, what about the roadmap that the City produced in 2014? Doesn't that commit the City. The answer would be no – that document was simply a summary of the steps that

would be necessary for a leaseholder to purchase their lot under the policy that existed at the time.

What Is Lot 31 Worth Now?

The critical question facing the Council at this point in time is how much value does the public currently own in Lot 31. When it comes to the legal obligation to get equivalent value – whether monetary or not – for the citizens, what is relevant is what the property is worth now. This is the reason why staff sought out a professional appraisal of Lot 31.

Because Preferred Parts already has a long-term lease giving it exclusive use of the property for the next 17 years, at which point the building will be largely useless, the value to look at is the value of this particular vacant lot, in this particular location. Beginning on page 57 of Mr. Hannig's appraisal report, he goes through a comparable sales approach to ascertain that value. He looks at four difference comparable sales – three of which are in the immediate area and one of which is in La Verkin. He applies adjustments to get to an estimate of $38,700, which he then rounds to $40,000.

I interviewed Mr. Hannig extensively on his methodology, and he expressed a high level of confidence in the valuation. One important aspect of his analysis was this lot's location directly on SR-59, which significantly increases its worth to potential buyers. After our conversation, I share his confidence, and do not think that the actual value of the lot as vacant land is far off the $40,000 number.

SALE OF LEASE AGREEMENT

THIS AGREEMENT is made and entered into this 19th day of April, 2010, between and among Streamline Automotive Inc., hereinafter referred to as "Streamline", and Preferred Auto Parts, hereinafter referred to as "Preferred", and Hildale City, hereinafter referred to as "Landlord".

WITNESSETH:

WHEREAS, Streamline on or about the 1st day of April, 2006, entered into a lease agreement on Lot #31 of Hildale Industrial Park HD-HDIP-31 (Doc #20060016778) with Landlord, a copy of which is attached hereto as Exhibit "A", hereinafter referred to as "Streamline Lease Agreement"; and

WHEREAS, Streamline desires to sell its interest of said Streamline Lease Agreement together with all rights to improvements to the leased property including but not limited to concrete, asphalt, grading, utilities, and building improvements to include approximately _____ sq. ft. of finished office space and _____ sq. ft. warehouse space; Preferred and Landlord desire to enter into a new lease agreement, hereinafter referred to as "Preferred Lease Agreement", a copy of which is attached hereto as Exhibit "B", to be dated as of the date Streamline delivers to Preferred possession of the leased premises; and

WHEREAS, the Streamline is willing to accept $125,000 as payment in full for sale and transfer of all its rights under said Streamline Lease Agreement on terms acceptable to Streamline.

NOW, THEREFORE, in consideration of mutual covenants and conditions set forth herein, the parties agree as follows.

1. LEASE. Streamline and Landlord agree that all rights and obligations of Streamline and Landlord under the Streamline Lease Agreement shall terminate upon execution of this Agreement, the Lease Agreement with Preferred, and delivery to Preferred of possession of the Leased Premises, subject to the Preferred Lease Agreement. Streamline consents to the execution by Preferred and Landlord of the Preferred Lease Agreement; Landlord consents to the execution by Streamline and Preferred of a Note wherein Streamline shall maintain a security interest in the Preferred Lease Agreement until payment is made in full and Landlord agrees to facilitate any transfer of said Lease to Streamline should Preferred default on the terms of the Note (see attached Exhibit "C").

2. LEASE PAYMENTS. Preferred shall be responsible for the 2010 lease payment due to Landlord and all applicable future lease payments due under the terms of the Preferred Lease Agreement.

3. POSSESSION DATE. Streamline agrees that possession of the Leased Premises, shall be given by Streamline to Preferred no later than the 3 days from proper execution of this Agreement, the Note, and the Preferred Lease Agreement. Streamline may give such possession to Preferred prior to said date whereupon Preferred shall become the lessee under the Preferred Lease Agreement effective as of the date of such possession.

4. LEASEHOLD IMPROVEMENTS. Leasehold Improvements shall include all improvements attached to the leased land. Streamline transfers and assigns to Preferred effective on delivery of possession of the Leased Premises to Preferred all right, title, and interest of Streamline in and to all of said leasehold improvements. Landlord consents to such transfer and assignment. Landlord and Streamline agrees to execute and deliver to Preferred appropriate documents satisfactory to Preferred for Streamline and Preferred to effect such transfer and assignment.

Initial: _____ _____ _____

5. TITLE INFORMATION. Each party shall be responsible to procure and pay for any title information required by said party, such as, but not limited to, survey, existing improvements, existing utilities, etc.

6. REAL ESTATE COMMISSION. Streamline and Preferred agree that no Real Estate Brokers have been involved in this transaction and that neither party shall be required to pay any Real Estate Commissions.

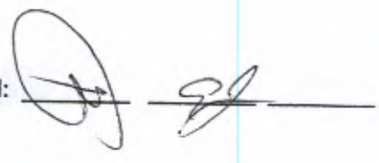
7. PAYMENT. Preferred shall pay to Streamline $125,000 as payment in full for the transfer of Streamline's rights under the Streamline Lease Agreement to Preferred. Payment to be made per the terms of the Note (see attached Exhibit "C") which shall be secured by the Preferred Lease Agreement on Lot #31 of the Hildale Industrial Park including all future improvements.

8. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties.

9. WARRANTY. Streamline and Landlord represent and warrant that the Streamline Lease Agreement is the only agreement, written, oral or otherwise, between Streamline and Landlord and that said Streamline Lease Agreement has not been amended, superceded, added to or interpreted, in writing, orally or otherwise, at any time.

10. GOVERNING LAW. All matters pertaining to this Agreement (including its interpretation, application, validity, performance and breach), shall be governed by, construed and enforced in accordance with the laws of the State of Utah. The parties herein waive trial by jury and agree to submit to the personal jurisdiction and venue of a court of subject matter jurisdiction located in Washington County, State of Utah. In the event that litigation results from or arises out of this Agreement or the performance thereof, the parties agree to reimburse the prevailing party's reasonable attorney's fees, court costs, and all other expenses, whether or not taxable by the court as costs, in addition to any other relief to which the prevailing party may be entitled. In such event, no action shall be entertained by said court or any court of competent jurisdiction if filed more than one year subsequent to the date the cause(s) of action actually accrued regardless of whether damages were otherwise as of said time calculable.

11. EXTRAORDINARY REMEDIES. To the extent cognizable at law, the parties hereto, in the event of breach and in addition to any and all other remedies available thereto, may obtain injunctive relief, regardless of whether the injured party can demonstrate that no adequate remedy exists at law.

Initial: 

IN WITNESS WHEREOF the parties have signed or have affixed their signatures as of the date and year first above written.

Streamline Automotive Inc.

By: _____
Anthus Barlow, President

State of Utah)
§
County of Washington)

On this 1st day of July, in the year 2010, before me Shirley Steed,
a notary public, personally appeared Anthus A Barlow,
proved on the basis of satisfactory evidence to be the person(s) whose name(s) (is/are) subscribed to this instrument, and acknowledged (he/she/they) executed the same. Witness my hand and official seal.

Shirley Steed
NOTARY PUBLIC

NOTARY PUBLIC
SHIRLEY STEED
660 N Juniper Suite A
Hildale, UT 84784
My Commission Expires
July 28th, 2011
STATE OF UTAH

Preferred Auto Parts

By: _____

Name: Arthur Jeffs

Title: Owner

State of Utah)
§
County of Washington)

On this 1st day of July, in the year 2010, before me Shirley Steed,
a notary public, personally appeared Arthur Jeffs,
proved on the basis of satisfactory evidence to be the person(s) whose name(s) (is/are) subscribed to this instrument, and acknowledged (he/she/they) executed the same. Witness my hand and official seal.

Shirley Steed
NOTARY PUBLIC

NOTARY PUBLIC
SHIRLEY STEED
660 N Juniper Suite A
Hildale, UT 84784
My Commission Expires
July 28th, 2011
STATE OF UTAH

Initial: _____ _____ _____

City of Hildale, State of Utah

By:_____

Name:_____

Title:_____

State of Utah)
§
County of Washington)

On this ____ day of_____ , in the year 2010 , before me _____ ,
a notary public, personally appeared _____ ,
proved on the basis of satisfactory evidence to be the person(s) whose name(s) (is/are) subscribed to this instrument, and acknowledged (he/she/they) executed the same. Witness my hand and official seal.

_____
NOTARY PUBLIC

Initial: _____ _____ _____

EXHIBIT "A"

LEASE AGREEMENT BETWEEN STREAMLINE AND LANDLORD ATTACHED TO THIS COVERSHEET ("Streamline Lease Agreement").

Initial: _____ _____ _____

EXHIBIT "B"

LEASE AGREEMENT BETWEEN PREFERRED AND LANDLORD ATTACHED TO THIS COVERSHEET ("Preferred Lease Agreement").

Initial: _____ _____ _____

EXHIBIT "C"

NOTE SECURED BY LEASE BY AND BETWEEN PREFERRED AND STREAMLINE ATTACHED TO THIS COVERSHEET.

Initial: _____ _____ _____

NOTE SECURED BY LEASE

$125,000 April 19, 2010

Hildale, Utah

Preferred Auto Parts (hereinafter "Preferred") hereby agrees to pay to Streamline Automotive Inc. (hereinafter "Streamline") or order, for value received, One Hundred Twenty Five Thousand Dollars ($125,000)secured by its rights under its lease with Hildale City, Utah for lot #31 of the Hildale Industrial Park, attached hereto as Exhibit "A" (hereinafter "Preferred Lease Agreement").

Payment to be made by Preferred as follows:

$25,000 within 60 days of the date of this Note.
$100,000 to be paid together with interest at a rate of 8% per annum in 60 monthly payments of $2,027.64 beginning April 19, 2010 and ending March 19, 2015 or sooner. There shall be no prepayment fee or penalty if Preferred chooses to pay sooner than the terms outlined herein.

If any payment in made later than 15 days from the date due, Preferred shall pay a late fee of 5% of the amount due. If any amounts due under this note are not paid within 60 days of the due date, this Note shall be considered in default.

Upon default, Streamline may at its option may demand the whole sum of principal, interest and late fees immediately due. If payment is not made upon such demand, Streamline may enforce all actions available under law including but not limited to effecting the transfer of all rights under the Preferred Lease Agreement to Streamline or order. In such event, Preferred agrees to execute any documents needed to facility such transfer and shall indemnify and hold harmless Streamline for such actions and any liability resulting therefrom.

If action is instituted on this note, Preferred promises to pay all costs of collection including reasonable attorneys' fees.

(Remainder of this page intentionally left blank. Signatures on the following page.)

Initial: _____ _____

IN WITNESS WHEREOF the parties have signed or have affixed their signatures as of the date and year first above written.

Streamline Automotive Inc.

By: _____
Anthus Barlow, President

State of Utah)
§
County of Washington)

On this 1st day of July, in the year 2010, before me Shirley Steed,
a notary public, personally appeared Anthus A Barlow,
proved on the basis of satisfactory evidence to be the person(s) whose name(s) (is/are) subscribed to this instrument, and acknowledged (he/she/they) executed the same. Witness my hand and official seal.

Shirley Steed
NOTARY PUBLIC

NOTARY PUBLIC
SHIRLEY STEED
660 N Juniper Suite A
Hildale, UT 84784
My Commission Expires
July 28th, 2011
STATE OF UTAH

Preferred Auto Parts

By: _____

Name: Arthur Jeffs

Title: Owner

State of Utah)
§
County of Washington)

On this 1st day of July, in the year 2010, before me Shirley Steed,
a notary public, personally appeared Arthur Jeffs,
proved on the basis of satisfactory evidence to be the person(s) whose name(s) (is/are) subscribed to this instrument, and acknowledged (he/she/they) executed the same. Witness my hand and official seal.

Shirley Steed
NOTARY PUBLIC

NOTARY PUBLIC
SHIRLEY STEED
660 N Juniper Suite A
Hildale, UT 84784
My Commission Expires
July 28th, 2011
STATE OF UTAH

Initial: _____ _____ _____

EXHIBIT "A"

LEASE AGREEMENT BETWEEN PREFERRED AND HILDALE CITY ATTACHED TO THIS COVERSHEET ("Preferred Lease Agreement").

Initial: _____ _____ _____

LEASE AGREEMENT

This Lease Agreement ("Agreement") is entered into as of this 15th day of January, 2014 by and between CITY OF HILDALE, UT ("Lessor"), and PREFERRED PARTS, LLC ("Lessee"), (collectively the "Parties").

In consideration of the mutual covenants, terms and conditions in this Agreement, the Parties agree as follows:

A. **Premises.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the real property located in Washington County, State of Utah described as follows:

Hildale Industrial Lot 31
640 N State St. Hildale, UT
(Hereinafter the "Property")

B. **Term.** The term of this Agreement shall commence on the 15th day of January, 2014, and continue through the 15th day of January, 2064. This term may be extended at any time prior to the date of expiration upon mutual written consent from both the Lessor and Lessee.

C. **Maintenance.** Lessee agrees to maintain the Property in an orderly, clean, safe, and sanitary manner. Lessee is fully responsible for all repairs, trash removal, and snow removal for the Property. Lessee shall obtain and maintain all appropriate Building Permits and other approvals from appropriate government entities, and to comply with all applicable laws and ordinances regarding the Property's condition.

D. **Utilities.** Lessee agrees to be fully responsible for all utilities services to the Property.

E. **Insurance.** Lessee agrees to obtain appropriate insurance for the Property. Lessor's insurance shall not cover the Property or Lessee's personal property on the Property.

F. **Taxes.** Lessee agrees to pay, when due, all taxes associated with the Property. In the event that Lessee has real property taxes for the Property unpaid for greater than 3 years, it will constitute default as specified in Paragraph O.

G. **Initial Lot Fee.** Lessee agrees to pay, on the date commencing the Term of this Agreement, the sum of $2,000.00 as a one-time Lot Fee.

H. **Annual Lot Lease Fee.** Lessee agrees to pay to the Lessor $1,200.00 as an Annual Lot Lease Fee due by December 31st of each year. The amount shall be prorated on the first and last years to be $100 per month that the Agreement is effective.

I. **Late Fees and Collection Costs.** Lessee will incur late fees of $50 per month and a finance charge of 2% per month (24% per year) of the unpaid balance from January 1st plus all expenses, collection costs and attorney fees incurred in any negotiation and collection effort.

J. **Assessment Amount Subject to Change.** The amount of the Annual Lot Lease Fee may be changed by the Lessor, uniformly effective to all Hildale Industrial Park lots, after notification by letter to Lessee.

K. **Permitted Use of Premises.** Lessee shall not use the Property in such a manner that

a. Violates any law or ordinance of Hildale City
b. Damages the Property,
c. Involves storing, manufacturing or selling any explosives or other inherently hazardous substance, chemical, thing or device, without the prior written consent of Lessor, or
d. Creates excess solid waste or waste water.

Lessee is responsible for the behavior of its agents, employees, guests and invitees.

L. **Hazardous Substances.** Regardless of any consents granted by Lessee pursuant to Paragraph K allowing hazardous substances on the Property, Lessee shall not cause or permit the discharge of any hazardous substance into the environment around the Property, including the storm sewer system if applicable. Tenant's violation of this paragraph shall be deemed a default of this Agreement as stated in Paragraph O. Lessee shall be fully responsible for all cleanup and mitigation of contaminated area should willful or accidental environmental hazardous material contamination occur.

M. **Assignment and Subletting.** Lessee may not sublet the Property, or any portion thereof, or assign this Agreement, or any portion thereof, without the prior written consent of Lessor, which consent will not be unreasonably withheld or delayed. Lessee shall have the right, without Lessors's consent, to assign this Agreement to any subsidiary of Lessee, or any entity under common control with Lessee.

N. **Modification.** The provisions of this Agreement shall not be modified, unless in writing and signed by all Parties.

O. **Default.** This Agreement shall be in default if Lessee violates any provision of this Agreement. Lessor shall notify Lessee of alleged default by certified letter or personal letter delivery. If Lessee fails to make a satisfactory plan of correction of the default, or fails to meet requirements of agreed upon plan of correction, and the Lessor has made reasonable allowance for Lessee to correct the default considering the severity, this Agreement may be terminated at the discretion of the Lessor. Termination of this Agreement due to non-payment as stated in paragraphs H and I, shall be only after other collection efforts have been exhausted.

P. **Early Termination of Agreement.** This Agreement may be terminated prior to the expiration of term by mutual agreement signed by all Parties, in addition to the Default provisions of paragraph M.

Q. **Termination of Agreement.** Within 30 days of the termination of the Agreement according to the provisions of Paragraphs O or P, at the end of the term of this agreement, or in the case of bankruptcy of Lessee, Lessee agrees to return possession of the Property to Lessor, in as good condition as it now is, with the usual wear and tear, accidents and loss by fire or other acts of God excepted.

R. **Attorney's Fees.** Lessee agrees to pay all costs and attorney's fees and expenses that may arise from enforcing the provisions of this Agreement.

S. **Indemnification.** Lessee hereby agrees to defend, indemnify and hold harmless Lessor from and against any and all claims, damages, losses, risks, liabilities and expenses (including attorney's fees and costs) arising from or related to Lessee's failure to comply with the provisions hereof and/or the terms of this Agreement.

T. **Choice of Law.** This Agreement has been made in and its validity, performance, and effect shall be determined in accordance with the internal laws of the state in which the Property is located.

U. **Entire Agreement/Severability.** This writing represents the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersedes any and all previous agreements of whatever nature between the Parties with respect to the subject matter; it may not be altered or amended except by an agreement in writing signed by both parties. If any part of any provision of this Agreement is invalid or unenforceable under applicable law, the provision shall be ineffective only to the extent of such invalidity or unenforceability without in any way affecting the remaining parts of this Agreement.

V. **Notices.** Unless otherwise specified in this Agreement, under law, or as otherwise agreed to in writing between Lessor and Lessee, all notices provided by this Agreement shall be in writing and shall be delivered to the other party personally, or sent by first class mail, postage pre-paid, or securely and conspicuously posted, as follows:

a. To Lessee: the Premises, or at address listed below

Preferred Parts, LLC, PO Box 841580, 640 N State St. Hildale, UT 84784

b. To Lessor:

Hildale City, Attn: Industrial Park Leases, PO Box 840809 320 E. Newel Ave. Hildale, UT 84784-0809

SIGNED AND EXECUTED as of the date first above written.

City of Hildale, Utah
(Lessor)

By: _____

Title: _____

Attest:

_____
City Recorder

Preferred Parts, LLC
("Lessee")

By: Jenisha Darger

Title: Secretary

Attest:

Jana Talbot
Notary Public

JANA TALBOT
Notary Public
State of Utah
Comm. No. 613125
My Comm. Expires Oct 8, 2015


JANA TALBOT
Notary Public
State of Utah
Comm. No. 613125
My Comm. Expires Oct 8, 2015

STREAMLINE
Automotive Inc
Phone (435) 656-9560 • Fax (435) 656-9559
P.O. Box 840701 • 680 North State Street
Hildale, Utah 84784-0701

January 17, 2014

01-21-14 10:34 RCVD

Hildale City
PO Box 840490
320 E. Newel Ave
Hildale, UT 84784

To the Mayor and City Council of Hildale City,

On April 19, 2010, Streamline Automotive, Inc., hereinafter referred to as "Streamline" made an agreement (see attached) with Preferred Auto Parts, hereinafter referred to as "Preferred" regarding the sale of lease on Lot 31 of the Hildale City Industrial Park HD-HDIP-31. Streamline terminated the lease to allow Preferred to transfer the lease to their name for financing purposes.

Preferred was to pay Streamline a total of $125,000 in the following payments:
$25,000 within 60 days of the agreement (April 19, 2010)
$100,000 to be paid together with interest at a rate of 8% per annum in 60 monthly payments of $2,027.64 beginning April 19, 2010 and ending March 19, 2015 or sooner, with no prepayment penalty.

Preferred has never paid the initial $25,000, and the monthly payments have rarely been made in full.

Therefore, Streamline requests the termination of lease be rescinded and that the lease be restored to Streamline to maintain the security interest of the leasehold.

Thank you,

Anthus A. Barlow
Streamline Automotive, Inc.
ph: 435-656-9560
fx: 435-656-9559
sla.anthus@gmail.com

#10 Consideration and Possible Action on Industrial Park Leases:
Lot #31
Warren presented what has happened with Lot #31 for Preferred Parts Plus. Jerusha Darger came and asked for a copy of the lease she thought was issued. When Warren looked for it, he could not find it. He went back to the Council minutes to find what happened. A business license was approved, and the Lot Lease was not ready and was to be forthcoming. Apparently it was never approved, though all parties thought it was in place. The City has even allowed them to sublease since then.
Streamline made an agreement with Preferred Parts to pay for the improvements on the property, but Preferred Parts has not met the terms of the agreement. Streamline is asking for the lease to be restored to them so as to maintain the security interest of the leasehold.
If the sale of the lease can be finalized by the City, Streamline would require a pre-lien on the property until the terms of the lease are met.
Both Jerusha Darger with Preferred Parts Plus, and Daniel Allred with Streamline spoke to the Council. After discussion,

Carvel Nielsen moved to allow Warren Barlow and Carlos Jessop to work with the two parties and bring back to the Council a unified agreement for their approval. Doran Seconded. Roll call vote:

	YES	NO	ABSTAIN
Edwin Barlow	X		
Doran Jessop	X		
Carlos Jessop	X		
Brian Jessop	X		
Carvel Nielsen	X		

Motion Carried

Lot #19
Carlos Jessop with Sun and Sand Services, Inc. presented a petition for exception for Lot #19 to move the property boundary thirty feet to the east into Lot #18 to facilitate the new building. Both lots are under the same lease. The changes would be recorded at the County.

Carvel moved to accept Resolution # 2014-02-01 Resolution of Hildale City to adjust Boundaries of Lot #'s 18 and 19. Doran seconded. Roll call vote:

	YES	NO	ABSTAIN
Edwin Barlow	X		
Doran Jessop	X		
Carlos Jessop	X		
Brian Jessop	X		
Carvel Nielsen	X		

Motion Carried

04-18-14 13:07 RCVD

NEVADA OFFICE

840 Pinnacle Court, Ste. 202
Mesquite, Nevada 89027
(702) 346-7300 phone
(702) 346-7313 fax

Reply to Utah Office

BINGHAM SNOW CALDWELL LLP

www.binghamsnow.com

UTAH OFFICE

253 W. St. George Blvd., Ste. 100
St. George, Utah 84770
(435) 656-1900 phone
(435) 656-1963 fax

Email: heath@binghamsnow.com

April 15, 2014

Via U.S. Certified Mail – Return Receipt Requested

Hildale City
320 East Newel Avenue
Hildale, Utah 84784

Re: *Demand*

To the Hildale City Council and Mayor:

This firm represents Preferred Parts, LLC ("Preferred") concerning its claim to a leasehold interest in Lot 31, Hildale Industrial Park, identified by the Washington County Recorder as parcel number HD-HDIP-31 ("Lot 31"). By this letter, we are making a formal demand on behalf of Preferred that Hildale City (the "City") terminate the lease that it currently has with Streamline Automotive, Inc. ("Streamline") and enter into a new lease with Preferred, as the City has promised to do.

The City leased Lot 31 to Streamline in 2006. Streamline subsequently agreed to have the City terminate the lease with Streamline and issue a new lease to Preferred. The City either expressly or implicitly promised to do so. Indeed, the City has collected rent of $100.00 per month from Preferred for almost three years, issued a license to Preferred to operate a business on Lot 31, and ostensibly allowed Preferred to sublease Lot 31 to Streamline. At a City Council meeting held on February 11, 2014, several members of the Council admitted that they believed that Lot 31 had been leased to Preferred and that the City considered the lease with Streamline terminated and had entered into a new lease with Preferred. My client has obtained a copy of a lease termination acknowledgement executed by Streamline in connection with agreement that it entered into with Preferred. This acknowledgement, which is attached hereto, was obtained from the City's own records and was appended to the end of the written agreement between been Streamline and Preferred for the transfer of the leasehold interest in Lot 31 to Preferred ("Lease Assignment Agreement").

In reliance on its Lease Assignment Agreement and the City's promise to re-issue a new lease for Lot 31, Preferred has expended significant funds, including improvements to the main building and landscaping as well as making payments to Streamline. Based upon the City's express or implied promise and Preferred's subsequent reliance thereon, the City has both a contractual or equitable obligation to issue a new lease to Preferred. This obligation arises from the fundamental tenet that a promise made should be a promise kept.

However, at the February 11, 2014 meeting, the City Council decided not to take official action on the lease of Lot 31 until Streamline and Preferred had resolved certain contractual differences between themselves. The City has no right to defer fulfillment of its promise in this way. Streamline and Preferred are private parties and their issues are just that, - private issues. My client is desirous to resolve any issues or concerns that Streamline may have with Preferred's performance under the Lease Assignment Agreement. Preferred is more than willing to allow Streamline to place a lien against an newly issued ground lease to Preferred until any and all issues between Streamline and Preferred have been resolved. However, as I indicated above all issues concerning performance and payment under the Lease Assignment Agreement between my client and Streamline should in no way excuse the City from fulfilling its contractual or equitable obligations to Preferred.

Preferred hereby demands that the City openly acknowledge Streamline's surrender and the resulting termination of its Lease on Lot 31 and issue a new lease to Preferred at the next meeting of the City Council. Should the City refuse to do so it could it could be exposed to liability for breach of both contractual and equitable obligations. We will be following up with the City recorder to ensure that the issues raised in this letter are put on the agenda for the next city council meeting.

Sincerely,

BINGHAM SNOW & CALDWELL, LLP

Heath H. Snow, Esq.

HHS/brb
Cc: Client
z:\client data\j\jeffs, art 1195\01 hildale industrial lot 31 lease dispute\crsp\hildale demand letter 041014 brb.docx

Bingham Snow & Caldwell, LLP
253 W. St. George Boulevard, Ste. 100
St. George, UT 84770

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04-18-14 13:04 RCVD

Hildale City
320 E. Newel Ave.
Hildale, UT 84784

1st NOTICE 4-17-
NOTICE
ED

#6 Industrial Park Lease:
Warren Barlow reported on a demand letter sent to the City regarding a lease on an Industrial Lot. We have forwarded it to our legal counsel for review.
Copies of recorded leases were presented to the Council for seven industrial lots to show that the City is following through as requested.

#7 New Business Licenses:
Business Licenses applications were presented for two new licenses. Both were signed off by the other departments. There had been a question on one of the applications for winemaking. We asked them if they were intending on selling alcohol. Hildale has no off premise consumption permits issued. This business is interested in winemaking, not asking for permission to sell in the City limits or even have a tasting room.

Carvel Nielsen moved to approve Business Licenses for Fabulous Foods, and Vintage Reserve Estates. Edwin Barlow seconded. Roll call vote:

	YES	NO	ABSTAIN
Doran Jessop	X		
Brian Jessop	X		
Edwin Barlow	X		
Carvel Nielsen	X		

Motion carried.

Move to #9 Approve Large Purchases:
The Fire Department ordered identifiers on a Washington County Regional Grant that Hildale is hosting.

Carvel Nielsen moved to approve the purchase of identifier tags for $5063.00. Edwin Barlow seconded. Roll call vote:

	YES	NO	ABSTAIN
Doran Jessop	X		
Brian Jessop	X		
Edwin Barlow	X		
Carvel Nielsen	X		

Motion carried.

#8 Budget Work Session FY 2013-2014
Warren presented the budget issues for the current year for the different departments.
General Fund, Administration, Court, Police, Fire, Building, Dispatch, and Public Works.
The Marshall's Office wants us to consider in the new budget to cover a Bailiff for court, as the on-duty officer does that, and he is getting busier, and has to put calls on hold.
The City needs to take a serious look at setting up a self-funded insurance.
If a City is self-insured, there are certain requirements that have to be met.
Colorado City has set up a Risk Management Fund.

Special Hildale City Council Meeting

320 East Newel Avenue, Hildale Utah 84784
Wednesday, May 28, 2014

Council Members Present: Mayor Philip Barlow, Edwin Barlow, Carlos Jessop, Carvel Nielsen, Doran Jessop (telephonic) Brian Jessop, (telephonic)

City Recorder: Warren Barlow
Staff: Justin Barlow, Weston Barlow, Richard Barlow, LaVern Fischer, Michelle Chatwin, Joseph Jessop

#1 Call to order: 3:53 P.M.
Mayor Philip Barlow opened the meeting.

#2 Closed Executive Session

Carlos Jessop moved to go to Executive Session. Carvel Nielsen seconded. Roll call vote:

	YES	NO	ABSTAIN
Carlos Jessop	X		
Edwin Barlow	X		
Carvel Nielsen	X		

Motion carried.

Returned at 5:38

#3 Discussion of Pending or Contemplated Litigation, Claims and Demands.
None

#4 Public Comment:
None

#5 Department Reports:
None

#6 Hildale Industrial Park
Warren Barlow reported that the City has received offers with appraisals for some industrial Lots. There have not been many land sales in the area, so the values are just guesses.
The County taxes the land at.25 cents per square foot on bare land or $10,890.00 per acre.
It will cost $4500.00 to appraise 10 lots.
Warren asked the Council if we should pay an appraiser, use the County's estimate, use the offers of the leaseholders, or average them for a fair market value. The Council feels we have enough information to move forward, but if the land sells for more than .25 cents per square foot, the taxes will go up.

Proposal for Appraisal Services

From:	Garrett Hannig Morley & McConkie, LC 393 East Riverside Drive Bldg 1 #102 St. George, Utah 84790 Phone (435)673-7720 Email garrett@sutap.com
Requested by:	Warren Barlow Hildale City Recorder 320 E 900 N PO Box 840490-0490 Hildale, Utah 84784 (435)874-2323 warrenb@hildalecity.com
Client:	Warren Barlow representing Hildale Town Corp.
Subject Property:	10 Industrial Lots
Tax ID #'s:	Multiple
Purpose of Appraisal:	Provide my opinion of the aggregate retail market value of the subject lots. It is indicated that 6 of the subject lots are improved with industrial warehouse buildings subject to existing land leases. I have been asked to break-out the value of the "fee simple", "leased fee", and "lease hold" interest as of the effective date of valuation for each of the improved subject lots.
Intended User:	Warren Barlow Representing Hildale Town Corp.
Intended Use:	Potential Purchase of the Subject Lots.
Fee:	$4,500
Payment:	Due upon completion of report prior to delivery of report.

Report Delivery: Email copy of the completed report.

Completion Date: 2 to 3 Weeks from Engagement

Hypothetical Conditions: None

Extraordinary Assumptions: None

Scope of Work: Market value of the "fee simple", "leased fee", and "lease hold" interest. A physical inspection of the subject property is to be made. The appraisal will be written in a narrative appraisal report in compliance with Uniform Standards of Professional Appraisal Practice.

Confidentiality: The appraisal along with the appraisal result will be held confidential and will not be disclosed to any party other than the client without permission by the client to the appraiser.

Appraiser Independence: The appraisers involved with this assignment are a disinterested third party with no interest in the outcome of the appraisal conclusion. The appraiser certifies that they have no interest in the outcome of the appraisal results. Payment of the appraisal fee is not predicated on predetermined assignment results. With the exception of Parcel HD-HDIP-19, I have not appraised the property that is the subject of this report within the past 3 years. Parcel HD-HDIP-19 was appraised on 02/18/2014.

The undersigned understands the terms set forth above and agrees to engage Morley & McConkie, LC to complete an appraisal on the property as described herein.

Signature _____ Date: _____.

Warren Barlow

From: Ryan Sullivan <Ryan.Sullivan@washco.utah.gov>
Sent: Friday, May 23, 2014 3:26 PM
To: warrenb@hildalecity.com
Subject: HILDALE INDUSTRIAL PARK

Warren:

It was nice to meet you today. As you requested, I am responding via email with the current value that the Washington County Assessor's Office has assigned to the land in the Hildale Industrial Park. The value that was used for the 2014 tax year was $0.25 per square foot or $10,890 per acre. Let me know if I can be of further assistance.

Sincerely,

Ryan Sullivan
Appraiser
Washington County Assessor's Office
Office (435) 634-5703
Fax (435) 652-5887
ryan.sullivan@washco.utah.gov
www.washco.utah.gov

Confidentiality Notice: The foregoing message and all attachments transmitted with it may contain legally privileged and confidential information intended solely for the use of the individual or entity to whom it is addressed. If the reader of this message is not the intended recipient, you are hereby notified that forwarding, communicating, disseminating, distributing, copying, or otherwise using this message or its attachments is strictly prohibited. If you believe you have received this transmission in error, please notify the sender immediately and delete the information without retaining any copies. Thank you.

Industrial Park Lot Sales:

Pros	Cons
Provides Revenue for Expansion	May Increase Property Taxes
Encourages Business Growth	Reduces Industrial Park Lease Revenue
Strengthens Local Businesses	May Be Perceived as a Loss to the City
Provides Revenue for Improvement	
Reduces Required Overhead Expense	

1. The Washington County Assessor appraises land less improvements at $10,890 or $0.25/square foot in the Hildale Industrial Park.
2. One independent appraiser assessed a Hildale Industrial Park lot at $16,304 per acre less improvements or $0.374 per square foot or 50% increase in assessed valued.
3. One offer Hildale has received is $9398.50 per acre less improvements or $0.22/square foot or a 12% decrease in assessed value.
4. Another offer Hildale has received is $11,500 per acre less improvements or $0.26/square foot or a 4% increase in assessed value.
5. Hildale, in an attempt to purchase bare land for the Sewer Department was told by the prospective seller that he would sell for no less than $10,000 per acre or $0.23/square foot or a 9% decrease in assessed value.

Should Hildale City sell industrial park lots at appraised value with improvements or without improvements?

With Improvements
Pros:
Very high return on investment
Cons:
Hildale City did not pay for improvements
The lessee or purchaser must pay for the improvements twice
Does not help encourage business growth or business development
Does not fit the original intent of the original land purchase

	YES	NO	ABSTAIN
Doran Jessop	X		
Carlos Jessop	X		
Edwin Barlow	X		
Carvel Nielsen	X		

Motion carried.

#7 Department Reports:

Police Department:

Curtis Cooke reported that the police are working with the water department to help conserve water. When we find water being wasted, we notify the water department. The members of the department attended a Fair Housing Seminar for better understanding and compliance, also a FLSA Seminar for compliance in the workplace.

Arizona Landfill and Public Works:

Dean Cooke reported that the Landfill 2014-2015 preliminary budget was approved. All is going well and the usual maintenance is being done.

The Utah Avenue is moving along. The road base is on, and we plan to do the chip seal next week. We are planning a cash outlay of $65,000.00 for these two blocks in this fiscal, and the next two blocks in the next fiscal year. New Era has talked of helping with the material costs on the following two blocks.

Central Street project is moving forward. The street sign project is also moving now.

At the Lauritzen Park, there is no water available. We may have to let the grass dry up.

At Maxwell Park there is a lot of sprinkler damage by horses, ATV's and vehicles.

#12 Public Hearing to Consider Sale of Industrial Park Property

Carvel Nielsen moved to open the Public Hearing to Consider Sale of Industrial Park Property. Edwin Barlow seconded. Roll call vote:

	YES	NO	ABSTAIN
Doran Jessop	X		
Carlos Jessop	X		
Edwin Barlow	X		
Carvel Nielsen	X		

Motion carried.

Most Industrial Park leases are for 50 years. The improvements belong to the city when the lease expires. Some of the leaseholders made offers to purchase the lots they are leasing.

Curtis Cooke: Does the City have a plan on how to use the money from the sale? If there is no plan, hold off on the sale until you do have a plan.

Evan Black: We recently acquired an Industrial Lot. We are looking to expand the business. The banks are nervous about loaning against a lease. There is much better interest rates for a property owner than a leaseholder. Business expansion is a benefit to the city. In my calculations, I feel it

would be good for the City to get the value of the property now, and invest those funds into something to benefit the City and the Industrial Park.

Ron Steed: In my experience as a business manager, I see that to be a property owner, it is easier to make longer term plans, and have those plans and projections much more secure. There are certainly advantages to being a property owner.

Daniel Allred: Being involved in several Industrial Lots, I agree with Ron Steed and Evan Black regarding the financing. It would be good to mention that when the City considers the sale price, if they try to sell the property with the improvements (which the business may have loans against) back to the business owner, it would not be a benefit. If it was considered as just the land, it would be a benefit to the business owner.

Curtis Cooke: Are these lots already subdivided?

Warren Barlow: They are.

Curtis Cooke: So they wouldn't fall under your new subdivision ordinance that calls for improving the streets etc.?

Mayor Philip Barlow: They would be grandfathered in.

Curtis Cooke: What about control with zoning? If you sell before zoning is in place, are you going to grandfather in some business you don't want in the community, or are you going to get zoning in first?

Mayor Philip Barlow: This is an issue we realize will get more acute, and we do have a plan in place for that.

Warren Barlow: The question Daniel Allred asked about selling with or without improvements raises a concern. The business owner does not want to pay twice for the improvements, but is it in the best interest of the citizens to sell an improved piece of property as land value only? State law says land must be sold for a value, but it does not have to be a monetary value if another value is acceptable.

Carlos Jessop: If a business has a fifty year lease, and is making improvements, and they have the privilege to continue to use it, why should that change? Why would the citizens now own it?

Carvel Nielsen: They can't own it unless the city vacates, but interest can be transferred.

Warren Barlow: The value is only yours as long as the lease is in place. If the lease expires and is not renewed, the interest goes back to the City.

Curtis Cooke: Is the City going to carry the financing, or will each business owner be required to get a loan?

Mayor Philip Barlow: No one has asked, but the City cannot carry it.

Evan Black: If the business is financing their expansion, I don't see it as a problem to put the property price without improvements as part of the loan and get the City paid.
Otherwise, the lease can be renewed, and we carry on. A property owner can get financing at a lower rate.

Michelle Chatwin: Can the land be sold separate from the improvements?

Mayor Philip Barlow, Improvements are part of the land.

Dean Cooke: Does the land sale have to be put out to bid, and give anyone and everyone an opportunity to bid?

Isaac Wyler: If a leaseholder made improvements on the property and lost it for some reason, would they have the opportunity to come back and bid later even if someone else is using it now?

Carvel Nielsen: Isn't this only offered to the current leaseholder?

Warren Barlow: The current leaseholders are the only ones who have made offers so far.
To answer Mr. Cooke's question, State law allows private negotiations for land sales and the final price is public.
Mr. Wyler's question is harder to answer. When a lease changes hands several times, and each one makes improvements, who owns the interest? I asked a current leaseholder the question, and he said he paid a value for the improvements when he took the lease. The previous leaseholder already received a value for his investment..

Mayor Barlow: The fact has already been established that the City owns the land. Any question would only be who has the lease.

Doran Jessop: When Phaze Auto defaulted on their loan, the bank wanted to sell the property, but could not because the City owned it.

Carlos Jessop: When the land is sold, what happens when the loan is in default? The City has no control at all.

Mayor Barlow: The City still has control through zoning to keep the kind of businesses we want here.

Carlos Jessop: Just to clarify to everyone, we are going to get the zoning in place, whether we sell or continue to lease.

Mayor Barlow: We will lease some and sell some. We want to sell at a price that would benefit the taxpayers as well as the City. It will still be Hildale Industrial Park and we will still make improvements there. It will be controlled by zoning. We want it to be an asset to the community.

Curtis Cooke: My understanding is that the current lease payments are to be used to improve the streets. If the property is sold, how can you require the businesses to improve the streets?

Michelle Chatwin: What are the advantages of purchasing over leasing, besides better financing? We want to benefit the entire community.

Isaac Wyler: I have rented property around, and I can see that a property owner takes a thousand times better care of the property than if he was just leasing it.

Mayor Barlow: To answer Mr. Cooke's question, whatever moneys we get from the Industrial Park, we want to put back in to improve it. We want to do the right thing for the community.

Dean Cooke: Would it be awkward to have some lots leased and some purchased?

Carlos Jessop: We don't anticipate any problems. We could be in favor of allowing a lease with the option to purchase for those not able to finance.

Carlos moved to close the Public Hearing. Doran seconded. Roll call vote:

	YES	NO	ABSTAIN
Doran Jessop	X		
Carlos Jessop	X		
Edwin Barlow	X		
Carvel Nielsen	X		

Motion carried.

#13 Authorize Final Sale Price of Certain Industrial Park Properties.

Carvel Nielsen moved to accept the offers made for Certain Industrial Park Lots. Carlos Jessop seconded. Roll call vote:

	YES	NO	ABSTAIN
Doran Jessop	X		
Carlos Jessop	X		
Edwin Barlow	X		
Carvel Nielsen	X		

Motion carried.

#14 South Industrial Park

When the South Industrial Park was recorded, it was mistakenly listed with Horizon Products as the owner of the parcel. Canaan Peaks has prepared this record survey to clear this up. The new survey has the legal description of each leased lot.

Edwin moved to authorize the Mayor and Recorder to sign the record of survey and record it at the County. Carvel seconded.

STREAMLINE
Automotive Inc
Phone (435) 656-9560 • Fax (435) 656-9559
P.O. Box 840701 • 680 North State Street
Hildale, Utah 84784-0701

05-18-14 11:02 RCVD

June 18, 2014

Hildale City
PO Box 840490
320 E. Newel Ave
Hildale, UT 84784

To the Mayor and City Council of Hildale City,

In response to the motion carried by the city council yesterday to entertain offers to buy Hildale City Industrial Park lots, Streamline Automotive, Inc. would like to buy the lots we are currently leasing from Hildale City.

The property valuations for each lot are below. We received these values from Kim Hafen at the Washington County office, and these amounts are what we would like to purchase the property for.

HD-PTAX-17 - $31,400
HD-PTAX-31 - $15,200
HD-PTAX-32 - $19,700

Attached is a copy of the email he sent to us. Please let us know if you have any questions.

Thank you,

Anthus A. Barlow
Streamline Automotive, Inc.
ph: 435-656-9560
fx: 435-656-9559
sla.anthus@gmail.com

Daniel S. Allred

From: Kim Hafen <Kim.Hafen@washco.utah.gov>
Sent: Wednesday, June 18, 2014 9:20 AM
To: Daniel S. Allred
Subject: RE: Property valuation for Lot 17, 31, and 32 of the Hildale City Industrial Park

Noted below are the property values for 2014:

HD-PTAX-17 - $31,400
HD-PTAX-31 - $15,200
HD-PTAX-32 - $19,700

Thanks,
Kim

From: Daniel S. Allred [mailto:daniel@speedmail.us]
Sent: Wednesday, June 18, 2014 8:50 AM
To: Kim Hafen
Subject: Property valuation for Lot 17, 31, and 32 of the Hildale City Industrial Park

Good Morning Kim,
Could we get a valuation on the property for the lots we have leases on (Lot 17, 31, and 32 of the Hildale City Industrial Park)?
We need a value on just the property, not the improvements.

Thank you,

Daniel S. Allred

STREAMLINE Automotive Inc

Ph: 435-656-9560 x 108
Fx: 435-656-9559

07-10-14 10:45 RCVD

NEVADA OFFICE

840 Pinnacle Court, Ste. 202
Mesquite, Nevada 89027
(702) 346-7300 phone
(702) 346-7313 fax

Reply to Utah Office

BINGHAM SNOW CALDWELL LLP

www.binghamsnow.com

UTAH OFFICE

253 W. St. George Blvd., Ste. 100
St. George, Utah 84770
(435) 656-1900 phone
(435) 656-1963 fax

Email: heath@binghamsnow.com

July 2, 2014

Via U.S. Certified Mail – Return Receipt Requested

Hildale City
Attn: David Zitting, Mayor
City Clerk
320 E. Newel Avenue
Box 840490
Hildale, UT 84784

Re: *NOTICE OF CLAIM – Claim against HD-HDIP-31*
Client: Preferred Parts, LLC
Our File No. 1195.01

To Hildale City and Mayor David Zitting:

This firm represents Preferred Parts, LLC ("Preferred") concerning its claim to a leasehold interest in Lot 31, Hildale Industrial Park, identified by the Washington County Recorder as parcel number HD-HDIP-31 ("Lot 31"). This letter is intended as Preferred's formal Notice of Claim in and to the leasehold interest in Lot 31 pursuant to Utah Code Ann. § 63G-7-401 and is intended as our client's formal demand that Hildale City ("Hildale") recognize that Preferred is the holder of all leasehold rights and all leasehold interest in and to Lot 31 pursuant to the Sale of Lease Agreement entered into on or about April 19, 2010 by and between Streamline Automotive, Inc. ("Streamline") and Preferred, and is intended as our client's formal demand that Hildale execute all documents necessary to evidence and effectuate Preferred's leasehold interest as the sole actual leasehold interest in Lot 31 and granting and/or acknowledging all rights and privileges in accordance therewith in Preferred.

In 2006, Hildale leased Lot 31 to Streamline. Thereafter, Streamline sold its lease with Hildale to Preferred and agreed to have Hildale terminate the lease and issue a new lease to Preferred. Since that time, Hildale has collected rent of $100.00 per month from Preferred for approximately three years, issued a license to Preferred to operate a business on Lot 31, and allowed Preferred to sublease Lot 31 to Streamline. At a Hildale City Council meeting held on February 11, 2014, several members of the Council admitted that Lot 31 had been leased to Preferred and that Hildale considered its lease with Streamline terminated.

In reliance on Streamline's sale of its lease agreement to Preferred and Hildale's agreement to re-issue a new lease for Lot 31, Preferred has expended significant funds for improvements to the main building and landscaping. Preferred has also made significant

payments to Streamline pursuant to its purchase of the lease from Streamline. Based upon Hildale's agreement and Preferred's reliance thereon, Hildale has both a contractual and equitable obligation to recognize its lease with Preferred and to execute all necessary documentation to establish Preferred as the sole leasehold interest holder in Lot 31.

Hildale has no right to defer fulfillment of its promise and agreement based on any disagreement between Streamline and Preferred. Streamline and Preferred are private parties and, therefore, any dispute they may or may not have with regard to the sale of Streamline's lease should not prevent Hildale from acknowledging and recognizing its lease agreement with Preferred as the exclusive lease concerning Lot 31. All issues concerning performance and payment under the agreement between Preferred and Streamline do not excuse Hildale from fulfilling its contractual or equitable obligations to Preferred.

Pursuant to the above, Preferred hereby demands that Hildale openly acknowledge Streamline's sale of the lease and the resulting termination of Streamline's Lease on Lot 31, recognize Preferred as the sole leasehold interest holder in Lot 31 and execute all documents necessary to establish Preferred as the sole leasehold interest holder in Lot 31. Should Hildale refuse to do so, please accept this correspondence as Preferred's formal Notice of its Claim against the City of Hildale and declaration of Preferred's intent to file a lawsuit naming Hildale as a party to quiet title in our client's leasehold interest, seeking declaratory judgment requiring Hildale to recognize our client's interest, preventing Hildale from taking any action adverse to our client's leasehold interest, for damages and for any other claim or cause of action related to these matters.

Should you have any questions or wish to discuss this matter further, please do not hesitate to contact me.

Sincerely,

BINGHAM SNOW & CALDWELL, LLP

Heath H. Snow, Esq.

HHS/cs
Cc: Client
z:\client data\j\jeffs, art 1195\01 hildale industrial lot 31 lease dispute\crsp\ltt hildale notice of claim 062714 srs.docx

07-30-14 16:38 RCVD

Preferred Parts LLC

dba. Preferred Parts Plus

640 North State St.

Hildale UT 84784-1580

P.O Box 841580

Phone# 435-874-2000

07-30-2014

Attention: Hildale City Manager-- Vincen Barlow

I Arthur Jeffs Owner of Preferred Parts LLC, current Lease holder of Lot 31 of the Hildale City industrial park, request the right for Preferred Parts LLC to purchase Lot 31 of the Hildale City Industrial Park.

I propose to pay $15,246.00 USD, which is 35 cents per square foot of the lot size 43,560 sq. ft. Which is the current appraised Value of Lot 31 of the Hildale City Industrial Park.

(Please see attached assessment from Washington County).

Regards:

Arthur Jeffs

WASHINGTON COUNTY ASSESSOR
PROPERTY PROFILE

Account #: 0889868 **Parcel #:** HD-PTAX-31

Local #: MH Seq #: MH Space:

Appr Year: 2014	**Levy:** 0	**# of Bldgs:** 1	**Create On:**
Tax Dist: 2	**Map #:**	**LEA:** 22102-01	**Active On:** 20110101
Assign To: UnAssigned	**Initials:** ASR	**Acct Type:** Commercial	**InactiveOn:**
		New Growth: 0	**Last Updated:** 4/11/2014

Owner's Name and Address:

PREFERRED PARTS PLUS

PO BOX 841580

HILDALE UT 847841580

Property Address:

Business: SEE HD-HDIP-31

Sales Summary

Legal Description

Subdivision: HILDALE INDUSTRIAL PARK (HD) Lot: 31 PRIVILEGE TAX BUILDING OWNED BY HILDALE TOWN - MUNICIPAL BUILDING AUTHORITY - (HD-HDIP-31)

Land Valuation Summary

Land Type	Ag Code	Abst Code	Square Feet	Unit of Measure	Number Of Units	Value Per Unit	Actual Value	Assmt Percent	*Assessed Value
Commercial		03A	43,560	Square Feet	43560	$0.35	$15,246.00	1	$15,246
Land Subtotal:					**43560**		**$15,246.00**		**$15,246**

WASHINGTON COUNTY ASSESSOR
PROPERTY PROFILE

Account #: 0889868 **Parcel #:** HD-PTAX-31
Local #: **MH Seq #:** **MH Space:**

Buildings Valuation Summary

Bldg #	Property Type	Abst Code	Occupancy	Actual Value	Assmt Percent	*Assessed Value
1	Commercial	13A	353 - Retail Store	$203,135	1	$203,135
Improvements Subtotal:				**$203,135**		**$203,135**
Total Property Value				**$218,381**		**$218,381**

*Approximate Assessed Value

Building #: 1
Property Type: Commercial
Quality: Average
Condition: Average
Perimeter: 528
Percent Comp: 100.00%

Condo SF **Condo % Land:** **Condo % Bldg:** **Unit Type:** **Landscaping $:** $0.00

Nbhd: 221RT
Nbhd Ext: 00
Nbhd Adj: 0.55

Occupancy: Retail Store

Individual Built As Detail

Built As:	Retail Store	**Year Built:**	1994
Construction Type:	S	**Year Remodeled:**	2011
HVAC:	Package Unit	**% Remodeled:**	0.35
Interior Finish:		**Adj Year Blt:**	2000
Roof Cover:		**Effective Age:**	13
Built As SF:	6286	**Mh Make:**	
# of Baths:		**Tag Length/Width:**	X
# of Bdrms:		**Tag Length/Width:**	X
# of Stories:	1	**Mh Skirting LF:**	
Story Height:	17	**MH Skirting Type:**	
Sprinkler SF:		**Diameter:**	
Capacity:		**Height:**	

Building Details

Bldg #: 1	Units	Units Price	RCN	Actual Value
Mezzanine				
Storage	1918	$14.48	$27,781.21	$27,781.21
Add On				
Evaporative Cooling	1	$1,000.00	$1,000.00	$860.00
Amenities- Minimum	9000	$1.00	$9,000.00	$7,740.00

WASHINGTON COUNTY ASSESSOR
PROPERTY PROFILE

Account #: 0889868
Local #:

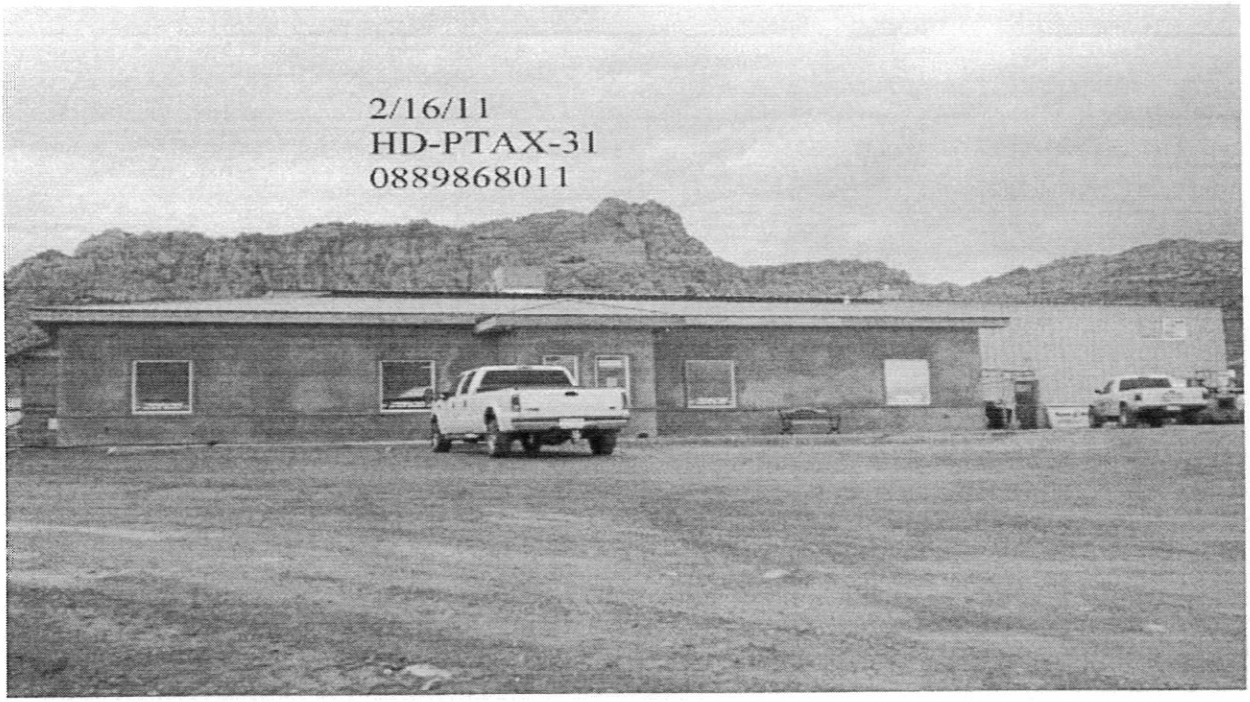
Parcel #: HD-PTAX-31
MH Seq #: MH Space:

Value Details

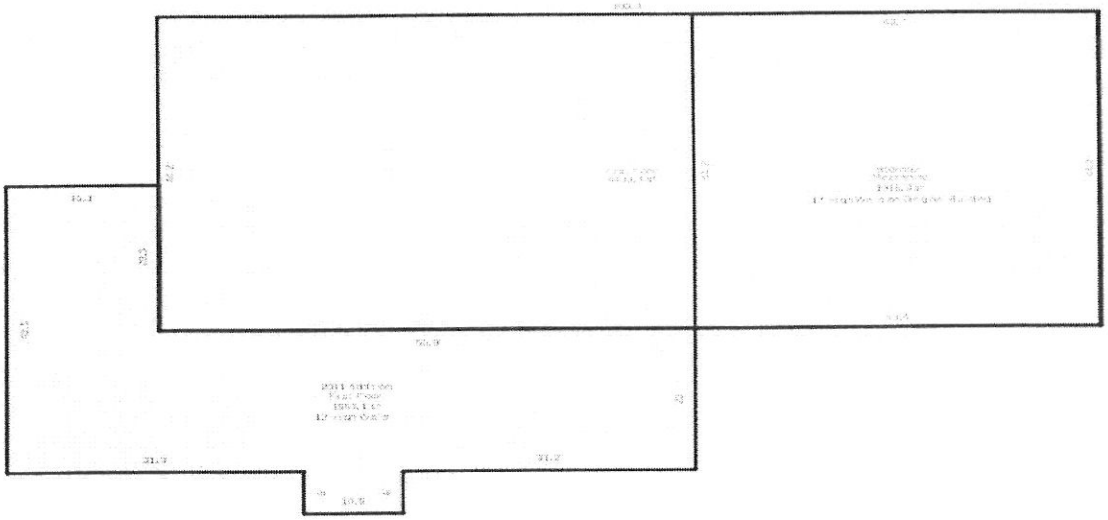
RCN Cost/SF:	$62.31	**Design Adj %:**	0	**Func Obs %:**	0
Total RCN:	$429,462.00	**Exterior Adj %:**	0	**Econ Obs %:**	0
Phys Depr %:	0.14	**Interior Adj %:**	0	**Other Obs %:**	0
Phys Depr $:	60125	**Amateur Adj %:**	0		
RCNLD $:	$203,135.00	**RCNLD Cost/S**	$32.32	**Market/SF:**	$0.00

Sketches\Photos for Acct# 0889868

BldgID: 1 \\realware\photobk\0889868011.jpg



BldgID: 1 \\realware\Sketches\088986801-1.jpg



Sketch by Apex Medina™

Streamline is requesting to purchase Lot #'s 17, 31, and 32.
Lot 17 is clear, but Lots 31 and 32 have clouded leases, and are in legal disputes.

Carvel Nielsen moved to move ahead with the proposal for sale of Lot # 17 to Streamline Automotive. Brian Jessop seconded. Roll call vote:

	YES	NO	ABSTAIN
Doran Jessop	X		
Edwin Barlow	X		
Brian Jessop	X		
Carvel Nielsen	X		

Motion carried.
DT Associates are requesting to purchase Lots #3A and #15. We have no valuation on the property yet.

Carvel moved to continue negotiations for lots 3A and 15 when we have actual valuations on the property. Brian seconded. Roll call vote:

	YES	NO	ABSTAIN
Doran Jessop	X		
Edwin Barlow	X		
Brian Jessop	X		
Carvel Nielsen	X		

Motion carried.

Thomas Knudson is requesting to purchase Lot #3B. The Council wants to have a Resolution attached to each proposal with an actual valuation from Kim Hafen the County Assessor. They also want to have Brian Zitting review each one and sign them off.

Carvel Nielsen moved to continue negotiations with Thomas Knudson on Lot #3B. Brian Jessop seconded. Roll call vote:

	YES	NO	ABSTAIN
Doran Jessop	X		
Edwin Barlow	X		
Brian Jessop	X		
Carvel Nielsen	X		

Motion carried.

A request was made for a lease change from Forestwood Company, Inc. to Forestwood Industrial. Marvin Fischer paid the $2,000.00 for the new lease, but if it is not required, he is asking that the $2,000.00 be applied towards the purchase of the lot. He is also asking for written permission from the City to use dangerous equipment and hazardous chemicals in his manufacturing. He also follows federal and state guidelines.

Carvel Nielsen moved to allow the lease transfer from Forestwood Company to Forestwood Industrial, and refund or apply the $2,000.00 towards the purchase of Lot #12. Brian Jessop seconded. Roll call vote:

	YES	NO	ABSTAIN
Doran Jessop	X		
Edwin Barlow	X		
Brian Jessop	X		
Carvel Nielsen	X		

Motion carried.

A proposal was made by Preferred Parts to purchase Lot #31, but this lot is tied up in legal issues. The recommendation was to table this proposal.

A request was made to change the boundary lines between Lot's #13 and #14. The original lot line goes through the building on lot #14, and if it was moved 72 feet to the west, it would be between the two buildings. Both lots were under the same leaseholder, but now are under different leaseholders. This boundary change would make it better for each one.

Edwin Barlow moved to approve the lot line change 72 feet to the west as described, between Lot #13 and #14, with a stamp of approval from Brian Zitting. Carvel Nielsen seconded. Roll call vote:

	YES	NO	ABSTAIN
Doran Jessop	X		
Edwin Barlow	X		
Brian Jessop	X		
Carvel Nielsen	X		

Motion carried.

A proposal was made by Wood World to purchase Lot #14. It was recommended to go ahead upon clarification of the County Assessor's valuation of the property.

Edwin Barlow moved to allow Wood World to purchase Lot #14 with the new boundaries. Brian Jessop seconded. Roll call vote:

	YES	NO	ABSTAIN
Doran Jessop	X		
Edwin Barlow	X		
Brian Jessop	X		
Carvel Nielsen	X		

Motion carried.

09-03-14 10:30 IN

Hildale City
Mayor
City Manager
City Council

September 1, 2014

Sirs

It has come to my attention that Hildale City is now in consideration of selling and transferring by deed the Industrial Park lots. I am writing to request the opportunity of acquiring the industrial park lots to which I have made substantial improvements.

I was personally involved in the negotiations with Ann Sturba from the Utah Attorney General's Office of the State of Utah and Kevin Carter from SITLA (State Institutional and Trust Lands) for Utah when we were able to purchase the entire industrial park and convert the title from a lease to a Patent from the State of Utah.

I paid the $2000.00 assessment that was made against each lot at the time we were able to exchange the Hildale Industrial Park for the Wagon Wheel property in Hurricane and pay off the lien to the Bank of Iron County. The lease holders of each lot came up with the money to get clear title to the City.

Western Canyons Inc held the original leases on lots 17, 31, 35, and 32. I have made repeated requests for copies of the documents from the file on the history of each these lots so that I could be prepared for the time when the lots would be privatized. That time is now and I want to be included in the discussion and have the opportunity to re-purchase each of these lots since I already purchased them once before when the City acquired the 75 acre industrial park.

No one will deny that in addition to the initial purchase, I made very substantial improvements to each of these lots and that I have a very significant financial investment into each of these four lots.

Please tell me what I need to do now to participate in the privatization process of these lots.

Jethro Barlow
P O Box 1518, Hildale UT 84784
(435)467-2500 jethro@cpaz.net
Western Canyons Inc
Golden Circle Enterprises
MiniWorld Academy
MiniWorld Child Care

8.4 Lot #'s 17, 31, 35, and 32
Jethro Barlow presented proposals for these lots. He stated that he believed his leases were still valid. He has requested, but not received, copies of the original lease agreements. He wants to be a part of the privatization of the property. He stated that others have vested interest in those lots, but what he really wants is the vacant lot, lot 32.
The Mayor asked Jethro to bring the information he had and get it all on the table for discussion.

8.5 Lot #'s 9, 23, 22, and 21
Jethro Barlow was here to represent Willie Jessop for these requests. The lots referred to need to be re-drawn and re-recorded. Jethro said he had some copies of some lease agreements. Jethro was directed to bring whatever lease agreements he can to complete our records. Some of them are missing, that is why Jethro's requests were not filled.

The Mayor wants to establish the fact that the city owns the property. They do want to do the right thing in this land sale, but the land is owned by the City at this time.

8.6 Lot # 29
An offer was sent from Thomas Holm to purchase Lot 29.

Carvel Nielsen moved to approve the purchase of Lot #29 to Thomas Holm, pending the engineering and legal description. Edwin Barlow seconded. Roll call vote:

	YES	NO	ABSTAIN
Carlos Jessop	X		
Doran Jessop	X		
Edwin Barlow	X		
Brian Jessop			
Carvel Nielsen	X		

Motion carried.

8.7 Lot # 15
Don Timpson with D T Associates presented a proposal to purchase Lot #15.
The Council asked him what kinds of businesses were in the building. He responded that the rooms were set up as apartments for the workers who come from Salt Lake. The building was not appropriate for a motel.

Edwin Barlow moved to approve the purchase of Lot #15 to D T Associates, pending the engineering and legal description. Carvel Nielsen seconded. Roll call vote:

	YES	NO	ABSTAIN
Carlos Jessop	X		
Doran Jessop	X		
Edwin Barlow	X		
Brian Jessop			
Carvel Nielsen	X		

Motion carried.

Road Map for Leasehold to Purchase a Hildale Industrial Park Lot

1) Existing Leasehold should contact Washington County Assessor's office to find out the land valuation of their Lot. You will need to provide them the tax parcel number which will be HD-PTAX-_____ (with your lot number in the blank.) If you do not know your lot number you can refer to your existing lease or refer to the attached map of the Industrial Park.
You can contact the County by calling (435) 634-5711 or email Kim Hafen at Kim.Hafen@washco.utah.gov. You can also obtain current assessed values of your lot by inserting your tax parcel number in the correct field at http://eweb.washco.utah.gov:8080/recorder/taxweb/search.jsp . The assessed value will be in the top right corner of the account screen.

2) Once a valuation is obtained, the Leasehold can submit an offer to the City on company letterhead offering to purchase the land. Please note, the City will not approve the offer unless the Leasehold agrees to pay all closing costs, engineering fees, legal fees, and publishing/notice fees.

3) City will then verify the Leaseholder's proposed purchase price is equal to or greater than county valuation. City will also communicate with their hired Engineer regarding any lot line adjustments or boundary concerns and start the process to resolve them.

4) Offer will then be presented to City Council at the City's next Council Meeting. If approved, the City will communicate with Leasehold that the offer has been conditionally approved. If denied, the City will communicate with Leasehold the reasons why the offer was denied.

5) Once conditionally approved, the City will publish and post notice of a public hearing (at least 14 days in advance of the meeting where the public hearing will take place). The notice will indicate that the purpose of the public hearing to take input and comment from the public regarding the City's intent to sell the lot to you.

6) After the public hearing, the City Council will vote to adopt a formal resolution (prepared by the City) to proceed with the sale of the lot.

7) The City will then publish the resolution in the local newspaper (The Spectrum) for one day. After publication, there is a 30 day waiting period for the City to receive public comment. Although Utah law requires this published notice and comment period for the sale or disposition of industrial park property, it does not prescribe a process or remedy if a party lodges a negative comment or objection to the proposed sale.

8) While the 30 day notice and comment period is running, the City will work with its hired Engineer/Surveyor to resolve any lot line adjustments or boundary concerns. Once resolved, move to step 9.

9) City will draft a Real Estate Purchase Contract (REPC), and if both parties agree, the Leasehold representative will sign as well as the Mayor. The City Recorder will attest the Mayor's signature. City will then provide to Leasehold a copy of the fully executed REPC, the City's Resolution and proof of publishing.

10) Leasehold will then deliver to Eagle Gate Title (Title Company) the signed REPC, a copy of the Resolution, Proof of Publishing, Earnest Money, and Leasehold's contact information. Your contact at the Title Company will be Leslie Heppler. Her phone number is (435) 703-6060 and her email is leslie@eaglegatetitle.com.

11) Title Company will then start the process to close on the property, which usually takes about 10 business days. The Title Company will research, prepare and issue a commitment for title insurance which will disclose the current status of title to your lot and any exceptions to coverage (Title Commitment). Once the Title Commitment has been issued and approved by the Leasehold (barring any title issues), the Title Company will communicate with City and Leasehold that a formal closing is ready to occur. At that time, the Title Company will provide to the Leasehold a Buyer's Settlement Statement which will include all past and current privilege taxes due on the Lot. Title Company will also provide to Leasehold the bank wiring instructions to wire the amount needed to close. Once the funds are received by the Title Company, the Title Company will then coordinate with both parties for signing. **Keep in mind, this time of signing (closing) cannot be any later than the "Close of Escrow" date in the REPC.**

12) Title Company will then record the vesting deed executed by the City, disburse the purchase funds to the City, issue to the Leasehold an owner's policy of title insurance listing the information and exceptions to coverage contained in the Title Commitment. Title Company will then mail the appropriate documents back to the City and the Leasehold for their records.

If you have any questions, contact _____ at (435) ___-_____.

LEASE AGREEMENT

This Lease Agreement (the "Agreement") is entered into this 23 day of September, 2019 (the "Effective Date") by and between the CITY OF HILDALE, a Utah municipal corporation ("Lessor") and PREFERRED PARTS LLC, a Utah limited liability company ("Lessee"). The parties may be referred to herein individually as a "Party," and collectively as the "Parties."

1. **Lease.** Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the following described premises (the "Leased Premises"):

   Lot 31, Hildale Industrial Park

2. **Rent.** In consideration of the lease granted herein, Lessee covenants and agrees to pay to Lessor as rent the sum of $1,200.00 annually, to be paid in monthly installments of $100.00 each. The Hildale City Council may change the lot rent, per lot, if necessary, and if changed uniformly for all lots in the Industrial Park.

3. **Maintenance.** Lessee covenants that it shall perform all maintenance, trash removal, and snow removal on the Leased Premises, at its sole expense. Lessee agrees to maintain the Leased Premises in an orderly, safe and accessible fashion, to obtain all building permits, business licenses and other approvals as may be required, and to comply with all applicable ordinances, laws and regulations. Lessee is also responsible and liable for all environmental regulations, citations, uses, and impacts related to the Leased Premises.

4. **Expenses.** Lessee covenants that it shall be responsible to pay all utilities, insurance, personal property tax, and real property tax attributable to the Leased Premises.

5. **Attorney Fees.** Lessee agrees that it shall pay all costs, attorney's fees and expenses that shall arise from enforcing the covenants of this Lease.

6. **Term.** The term of this Lease Agreement shall begin on the Effective Date hereof, ending on the 31st day of March, 2036 (the "Initial Term"), unless otherwise terminated or extended as provided herein.

7. **Extension.** The Initial Term of this Lease Agreement may be renewed upon application at any time, or at the expiration date given below, on mutual agreement of Lessor and Lessee provided that Lessee is in compliance with all of the terms and conditions of the lease.

8. **Subleasing.** Lessee agrees not to let, underlet or assign the whole or any part of the Leased Premises without Lessor's written consent.

9. **Termination.** Lessee covenants and agrees that, in the event that the rent or any portion thereof is not paid when due, Lessor may, at its election, either distrain for said rent due, or declare this Lease at an end and recover possession as if the Leased Premises was held by forcible detainer. Lessee hereby waives any notice of such election or any demand for the possession of said premises and shall remain obligated to pay any indebtedness associated with the Leased Premises. Nonpayment of any such indebtedness is cause for termination of this Lease as stated above.

10. **Return of Premises.** At the expiration or termination of this Lease Agreement, peaceable possession of the Leased Premises shall be given to Lessor, in as good condition as they now are, the usual wear, inevitable accidents and loss by fire excepted. Upon termination or expiration of the Lease, Lessor may remove any personal property at Lessee's expense.

11. **Binding Effect.** The covenants herein shall extend to and be binding upon the heirs, executors and administrators of the parties to this Lease Agreement.

IN WITNESS WHEREOF, by executing this Lease Agreement below, the parties and their duly authorized representatives indicate their understanding and acceptance of all terms and conditions set forth herein.

THE CITY OF HILDALE:

Donia Jessop, Mayor

ATTEST:

Vincen Barlow, City Recorder

CITY OF HILDALE OFFICIAL SEAL STATE OF UTAH

PREFERRED PARTS LLC:

Signature

Arthur Jeffs

Name

Owner

Title

DOC ID 20190044152

Release Page 1 of 1
Russell Shirts Washington County Recorder
10/24/2019 02:32:41 PM Fee $40.00 By BARNEY
MCKENNA & OLMSTEAD, P.C.

RELEASE OF SECURITY INTEREST

TO WHOM IT MAY CONCERN:

Streamline Automotive, Inc., a Utah corporation ("Streamline"), hereby releases the "security interest" created by that certain Sale of Lease Agreement dated April 19, 2010, by and between Streamline and Preferred Auto Parts in the Preferred Lease Agreement on Lot #31 of the Hildale Industrial Park including all future improvement, which property is legally described as follows:

Parcel No: HD-HDIP-31

ALL OF LOT 31, HILDALE INDUSTRIAL PARK, according to the Offical Plat thereof on file in the Office of the Recorder of Washington County, State of Utah.

Streamline represents and warrants that it has complete authority and legal capacity to enter this Release of Security Interest, and agrees to defend, indemnify, and hold harmless the City of Hildale and Preferred Parts, LLC if that authority or capacity is challenged.

Dated this 16th day of October 2019.

STREAMLINE AUTOMOTIVE, INC.

Anthus A. Barlow
President

STATE OF UTAH)
§
COUNTY OF WASHINGTON)

Subscribed and sworn to me on this 16th day of October, 2019, by Anthus A. Barlow.

RICKI RENEE STEPHENS
Notary Public - State of Utah
Commission #696541
Comm. Exp. 01-19-22

NOTARY PUBLIC

Property Tax Information

At this point, the information below is current. All property tax payments and adjustments have been posted to their respective accounts.

Amounts Valid Through: November 12, 2019

Original Tax	Year	Tax Due	Penalty Due	Interest Due	Fees Due	Total Due
	2009	590.49	11.81	377.70	0.00	980.00
$748.26	2010	748.26	18.71	481.94	0.00	1,248.91
$2,771.15	2011	423.24	0.00	184.41	0.00	607.65
$3,855.03	2012	0.00	0.00	0.00	0.00	0.00
$4,139.84	2013	2,484.76	0.00	998.31	0.00	3,483.07
$3,987.47	2014	3,987.47	99.69	1,409.00	0.00	5,496.16
$5,533.59	2015	5,533.59	138.34	1,554.80	0.00	7,226.73
$5,488.30	2016	5,488.30	137.21	1,142.64	0.00	6,768.15
$5,062.01	2017	5,062.01	126.55	711.26	0.00	5,899.82
$4,888.66	2018	693.46	0.00	7.99	0.00	701.45
$4,418.53	2019	3,918.53	0.00	0.00	0.00	3,918.53

Primary Owner: **PREFERRED PARTS PLUS**
Account Number: **889868**
Serial Number: **HD-PTAX-31**
Mailing Address: **PO BOX 841580, HILDALE, UT 84784-1580**

Net Total Due: $36,330.47

- Click here to Pay Taxes
- To search property records for this account, click here.

English

2019

APPRAISAL REPORT

Property:

Retail/Storage Building



Located At:

640 N State Street
Hildale, Utah 86021

Client:

Mr. Christian Kesselring
City of Hildale
320 East Newel Ave.
Hildale, UT 84784

File No.

Appraiser File #19-176 GH

Morley & McConkie LC
REAL ESTATE APPRAISALS, CONSULTING & FEASIBILITY STUDIES
393 E. RIVERSIDE DR. STE. 102
ST. GEORGE, UTAH 84790

Garrett Hannig
Morley & McConkie L.C.

November 1, 2019

November 1, 2019

Mr. Christian Kesselring
City of Hildale
320 East Newel Ave.
Hildale, UT 84784

Re: Retail/Storage Building
640 N State Street
Hildale, Utah 84784
Appraiser File #19-176 GH
Tax ID No. HD-HDIP-31

Dear Mr. Kesselring,

At your request, I have appraised the property referenced above to form an opinion of the 'as is' market lease rate as well as the market value of the "Fee Simple" Interest. My analysis and conclusions are transmitted in this Appraisal report. The purpose of this appraisal is to provide an opinion of market value of the subject's "Fee Simple" interest as of October 28, 2019. I was asked to provide a current, "as is" market value for the subject property.

The subject of this appraisal consists of 1.29 acres and the site is currently used as retail/warehouse building improvements. According to the Hildale City Zoning Map the subject property is currently zoned Highway Commercial. The site is generally level and has adequate access with all utilities to the property.

The subject property is improved with the construction of a class 'S' retail/warehouse building that is in use as a retail/storage building. There is a 6,256 SF at the main level and 2,536 SF at the upper level for a total of 8,792 SF. There are 3 restrooms at the main level and one restroom at the upper level. The building was originally constructed in the 1980's and added onto and fully remodeled in 2010. The site is mostly in undesignated gravel parking area with a portion at the front of the building with paved concrete parking. The existing building improvements make good use of the available site.

I developed my 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 my client.

City of Hildale is the client in this assignment and Christian Kesselring representing the City of Hildale are the intended users of the appraisal report. The intended use is for potentially selling the subject property and internal valuation purposes. The value opinions reported herein are subject to the definitions, assumptions and limiting conditions, and certification contained in this report.

This appraisal relies on the following hypothetical condition:

- The underlying land is currently leased from CITY OF HILDALE to PREFERRED PARTS, LLC. The intention of this appraisal to appraise the 'fee simple' interest for potential purchase of the subject property. The existing land lease will be terminated if the property is sold 'fee simple'. For the purpose of forming an opinion of market value, this appraisal is based on the hypothetical condition that the existing lease in not in place when in fact it is in place.

This appraisal relies on the following extraordinary assumptions:

- There is currently a manufactured home on a south portion of the subject site. There are reports that this structure will be removed from the site within the next 2-weeks. For the purpose of this analysis, I have assumed that the manufactured home is personal property and can easily be removed from the site. The appraisal does not include the value of the manufactured home as it is to be removed from the site.

The use of hypothetical conditions and extraordinary assumptions may affect the assignment results.

Based upon my examination and study of the property and the market in which it competes, and subject to the hypothetical condition, extraordinary assumptions and limiting conditions contained later in this report, Market Value of the 'as is' Fee Simple Interest as of the effective date of this appraisal, is as follows:

Appraisal Premise	Date of Value	Market Value
"AS IS" MARKET VALUE		
Retail/Storage Building	October 28, 2019	$350,000

The market ground rent is determined as $200 month (or $2,400/year).

This letter of transmittal 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,
Morley & McConkie, LC



Garrett Hannig
UT State Certified General Appraiser
UT #6131658-CG00 Expires May 31, 2021

GH/sd
Enc.

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CERTIFICATE OF APPRAISAL

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- The appraiser has not performed service, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice.*
- I, Garrett Hannig, made a personal inspection of property that is the subject of this report on October 28, 2019.
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- 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, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



November 1, 2019
Date

Garrett Hannig
UT State Certified General Appraiser
Utah #6131658-CG00 Expires May 31, 2021

STATEMENT OF LIMITING CONDITION

This appraisal is subject to the following limiting conditions:

1. The legal description is assumed to be correct.

2. We accept no responsibility for legal matters. We express no opinion about the quality or marketability of the property title. 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, it is assumed that the subject property has no encroachments, zoning violations or adverse restrictions.

4. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.

5. Unless expressly specified in this Agreement, the fee for this appraisal does not include the attending testifying at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding(s). If any partner or employee of Morley & McConkie, LC, 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 Morley & McConkie, LC, for the time that its employees spend in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.

6. 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.

7. 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.

8. The sketches, maps, plats, and exhibits in this report are included to assist the reader in visualizing the property and/or understanding the appraisal analysis. We accept no responsibility for the accuracy of these documents.

9. The appraiser has made no survey of the property. Although we have developed our estimates of property size and other property characteristics from sources that we believe to be reliable, we have not independently verified the accuracy of the information and assume no responsibility for its accuracy.

10. The information, estimates and opinions which were obtained from sources outside of this office, are assumed to be reliable. We have not verified the information and assume no liability for its accuracy.

11. Possession of this appraisal 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. We claim no expertise in matters which require specialized investigation or knowledge beyond levels common among real estate appraisers. Examples of these matters include, but are 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. Any party who is not the client identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Morley & McConkie, LC, and Client. The appraiser assumes no liability for unauthorized use of the appraisal report by a third party.

14. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.

15. The value opinion provided herein is subject to any and all predications set forth in this report.

16. If required by governmental authorities, any environmental impact statement prepared for the subject property will be favorable and will be approved.

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. If the appraisal is for mortgage loan purposes 1) we assume satisfactory condition of improvements if construction is not complete, 2) no consideration has been given rent loss during rent-up unless otherwise noted in the body of this report, and 3) occupancy at levels consistent with our "Income & Expense Projection" are anticipated.

19. We assume that the property has no hidden or unapparent conditions 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.

20. Unless otherwise stated in the attached report, we inspected 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. The condition of the building systems, including but not limited to the heating, cooling, ventilation, electrical and plumbing equipment, is assumed to be commensurate with the condition of the balance of the improvements unless otherwise stated.

21. This appraisal does not guarantee compliance with building code and life safety code requirements of the local authority. 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.

22. 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.

23. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the data that we deem to be the most accurate and/or reliable are used within this appraisal and 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 a greater level of measuring detail, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer). We reserve the right to use an alternative source of building size and amend the analysis, narrative, and concluded values (at additional cost) should this alternative measurement source reflect or reveal substantial differences with the measurements used within the report.

24. 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, we reserve the right to amend this appraisal (at additional cost) if substantial differences are discovered.

25. If only preliminary plans and specifications were available for use in the preparation of this appraisal, then this appraisal is subject to a review of the final plans and specifications when available (at additional cost) and we reserve the right to amend this appraisal if substantial differences are discovered.

26. Unless expressly granted in writing, this appraisal is not intended to be used, and may not be used, on behalf of or in connection with a real estate syndicate or syndicates. A real estate syndicate means a general or limited partnership, joint venture, unincorporated

association or similar organization formed for the purpose of, and engaged in, an investment or gain from and interest in real property, including, but not limited to a sale or exchange, trade or development of such real property, on behalf of others, or which is required to be registered with the United States Securities and Exchange Commission or any state regulatory agency which regulates investments made as a public offering. It is agreed that any user of this appraisal who uses it contrary to the prohibitions in this section indemnifies the appraiser and the appraiser's firm and holds them harmless of and from all claims, including attorney's fees, arising from said use.

27. Unless otherwise stated in this report, we observed no hazardous material(s), which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property and, 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. The value conclusion is predicted on the assumption that the property has no environmental contamination has no such material on or in the property that would cause a loss in value. We accept no responsibility for any such conditions, or for the cost of any expertise or engineering knowledge required to discover such materials and/or conditions. The client is urged to retain an expert in this field, if desired.

28. We have surveyed the property for compliance with the various requirements of the Americans with Disabilities Act ("ADA") which became effective January 26, 1992. 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. Unless otherwise state in the appraisal report, this appraisal is of 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. If any claim is filed against Morley & McConkie, LC, its officers, or employees, in connection with, or in any way arising out of, or relating to, 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.

31. 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.

32. 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. We accept no responsibility or liability for assumptions, forecasts and projections that do not materialize.

33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. 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.

34. It is your responsibility to read the report and to inform the appraiser of any errors or omissions of which you are aware, prior to utilizing the report.

35. All disputes shall be settled by binding arbitration in accordance with then then-existing commercial arbitration rules of the American Arbitration Association (the "AAA").

36. Acceptance of and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

Hypothetical Condition(s):

- The underlying land is currently leased from CITY OF HILDALE to PREFERRED PARTS, LLC. The intention of this appraisal to appraise the 'fee simple' interest for potential purchase of the subject property. The existing land lease will be terminated if the property is sold 'fee simple'. For the purpose of forming an opinion of market value, this appraisal is based on the hypothetical condition that the existing lease in not in place when in fact it is in place.

Extraordinary Assumption(s):

- There is currently a manufactured home on a south portion of the subject site. There are reports that this structure will be removed from the site within the next 2-weeks. For the purpose of this analysis, I have assumed that the manufactured home is personal property and can easily be removed from the site. The appraisal does not include the value of the manufactured home as it is to be removed from the site.

The use of hypothetical conditions and extraordinary assumptions may affect the assignment results.

EXECUTIVE SUMMARY

Property Identification:	Retail/Storage Building 640 N State Street Hildale, Utah 84784
Assessor's Parcel No.:	HD-HDIP-31
Ownership:	HILDALE TOWN CORP
Intended User:	Christian Kesselring representing the City of Hildale.
Intended Use:	Potentially selling the subject property and internal valuation purposes.
Valuation Premise:	'as is' Market Value. I have also been asked to determine a market ground rent for the subject property.
Property Rights Appraised:	Fee Simple
Highest and Best Use	
As Vacant:	As there are no feasible development uses of the property in the current market, the only use, and thus the maximally productive use and that use proven to be the highest and best use is for speculative hold for commercial development until demand for such use increases in the area.
As Improved:	The existing building improvements appear to provide a return that exceeds the value of the land 'as vacant' with the existing warehouse building improvements deemed the highest and best use as improved. Typical building to site coverage percentages in the area range from 15% to 30%. The existing building improvements fully utilize the available site.
Extraordinary Assumption:	There is currently a manufactured home on a south portion of the subject site. There are reports that this structure will be removed from the site within the next 2-weeks. For the purpose of this analysis, I have assumed that the manufactured home is personal property and can easily be removed from the site. The appraisal does not include the value of the manufactured home as it is to be removed from the site.
Hypothetical Conditions:	The underlying land is currently leased from CITY OF HILDALE to PREFERRED PARTS, LLC. The intention of this appraisal to appraise the 'fee simple' interest for potential purchase of the subject property. The existing land lease will be terminated if the property is sold 'fee simple'. For the purpose of forming an opinion of market value, this appraisal is based on the hypothetical condition that the existing lease in not in place when in fact it is in place. The use of hypothetical conditions and extraordinary assumptions may affect the assignment results.
Marketing/Exposure Time:	9 months

Date of Inspection: October 28, 2019

Effective Date of Value: October 28, 2019

Sales History: I am unaware of any prior sales of the subject property within the past three years. The subject site is subject to a ground lease between CITY OF HILDALE to PREFERRED PARTS, LLC. The lease commenced on September 23, 2019 and is based on a rate of $100 per month (or $1,200 per year). The term of the lease is set to expire on March 31, 2036.

Listing History: I am unaware of any listings of the subject property within the past three years.

Pending History: The client indicated that there is an offer in place to purchase the 'fee simple' interest in the subject property. The terms of the offer have not been disclosed to me. I am unaware of any pending contract of the subject property within the past three years.

Land Data

Size: Total: 1.29
Shape: Irregular
Topography: Level
Zoning: HC
Utilities: The subject's utilities are typical and adequate for the market area.
Flood Plain: The property is located in FEMA zone 'X' and is not classified as a flood hazard area. See FEMA Map 04015C 0276G, dated November 18, 2009.

Improvements

The subject property is improved with the construction of a class 'S' retail/warehouse building that is in use as a retail/storage building. There is a 6,256 SF at the main level and 2,536 SF at the upper level for a total of 8,792 SF. There are 3 restrooms at the main level and one restroom at the upper level. The building was originally constructed in the 1980's and added onto and fully remodeled in 2010. The site is mostly in undesignated gravel parking area with a portion at the front of the building with paved concrete parking. The existing building improvements make good use of the available site.

Reconciled Value(s):

Appraisal Premise	Date of Value	Market Value
"AS IS" MARKET VALUE		
Retail/Storage Building	October 28, 2019	$350,000

The market ground rent is determined as $200 month (or $2,400/year).

INTRODUCTION

Property Identification

The subject of this appraisal is the Retail/Storage Building located at 640 N State Street in Hildale, Washington County, Utah 84784.

Client and Intended User

The client of this appraisal and report is City of Hildale. Intended users of this appraisal and report include Christian Kesselring representing the City of Hildale and no others.

Intended Use

The intended use of this appraisal and report is for potentially selling the subject property and internal valuation purposes.

Appraisal Assignment

This appraisal has been completed at the specific request of Christian Kesselring of City of Hildale. At the clients request, I have appraised the subject property to form an opinion of the market value of the 'as is' Fee Simple Interest as of October 28, 2019.

Certification

A Certification as prescribed by the Uniform Standards of Professional Appraisal Practice is contained on page 1 of this appraisal report.

Limiting Conditions

The Limiting Conditions for this appraisal is located on page 2 of this appraisal report.

Definitions

A glossary of general appraisal terminology is contained in the Addendum. Following are some of the more pertinent definitions that will be used in this appraisal.

Market Value

"*Market Value* means the most probable price which 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:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4 Payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and
5. 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."

Source: (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

Appraisal Report

A written report prepared under Standards Rule 2-2(a) of the Uniform Standards of Appraisal Practice, 2018/2019 ed.

Note: This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.

Competency Provision

The appraiser completing this assignment has had prior experience appraising properties similar to the subject within the State of Utah. The appraiser has also had experience valuing the types of interests appraised. With this experience, the appraiser is competent to complete the assignment as described in the Scope and Intended Use of this appraisal.

Marketing and Exposure Time

Marketing time is defined by the Appraisal Institute as "an opinion of the amount of time it might take to sell a real of personal 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." Marketing Time and Exposure Time would ordinarily be the same, unless a temporary market condition existed prior to the date of valuation that would not be a factor postdate of value or vice versa. Market influences like a road widening, local or national election could be considered. Sources of support data include national surveys, comparable sales data, and broker interviews.

Marketing time for a property such as the subject has been determined to be approximately 9 months. This estimate is based upon the statistical information above about days on the market and market times gathered through sales verification as well as interviews with commercial real estate brokers in the area.

Exposure time is presumed to precede the effective date of the appraisal and reflects the estimated length of time the property would need to be offered prior to the date of the appraisal to achieve a market value sale on the effective date of the appraisal. Based on an analysis of market conditions, the exposure time is determined to be 9 months.

Parcel Number:

HD-HDIP-31

Legal Description per the Washington County Assessor Records

Legal Subdivision: HILDALE INDUSTRIAL PARK AMD (HD) Lot: 31

Interest Appraised

The interest appraised arises from Fee Simple ownership.

Property Ownership and History

I was not provided with a title report. However, according to Washington County public records the current owner is the HILDALE TOWN CORP.

Sale History

I am unaware of any prior sales of the subject property within the past three years. The subject site is subject to a ground lease between CITY OF HILDALE to PREFERRED PARTS, LLC. The lease commenced on September 23, 2019 and is based on a rate of $100 per month (or $1,200 per year). The term of the lease is set to expire on March 31, 2036.

Current Listing/Contract(s):

I am unaware of any listings of the subject property within the past three years. The client indicated that there is an offer in place to purchase the 'fee simple' interest in the subject property. The terms of the offer have not been disclosed to me. I am unaware of any pending contract of the subject property within the past three years.

Important Dates

Effective Date	***Inspection Date***	***Date of Report***
October 28, 2019	October 28, 2019	November 1, 2019

Scope of the Appraisal

This report is intended to be a narrative appraisal report, as defined by the Appraisal Foundation in the current Uniform Standards of Professional Practice. All data pertinent to the solution of the appraisal problem has been collected, confirmed, and reported. The difficulty of the appraisal problem is reflected in the extent of the Scope of the Appraisal.

To accomplish the stated purpose of the appraisal, a field inspection of the subject property and the surrounding neighborhood and marketing area was conducted. In addition, extensive research regarding sales, rentals and other information was collected, confirmed, and analyzed to support the valuation analysis. The specific activities included the following:

- **Property Identification:**
  The subject has been identified by the legal description, Assessors' parcel number and address.
- **Purpose of the Appraisal:**
  To form an opinion of the 'as is' market value for potentially selling the subject property and internal valuation purposes. I have also performed my opinion of a market ground rent for the subject property.
- **Inspection:**
  A limited interior and exterior observation of the subject property has been made and photographs taken.
- **Zoning:**
  A limited review of zoning and applicable land use controls has been made.
- **Market Analysis:**
  A complete analysis of market conditions has been made.
- **Highest and Best Use:**
  A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.
- **Information Sources:**
  Assessor records, Treasurer records, zoning map, zoning ordinances, MLS, LoopNet, NAI Excel and other relevant information to the subject.

Method of Valuation

The valuation of commercial real estate is typically based on the traditional approaches to value. These are described as follows.

- Cost Approach – The Cost Approach is based upon the principle of substitution, which states that a prudent purchaser would not pay more for a property than the amount required to purchase a similar site and construct a similar improvement without undue delay, producing a property of equal desirability and utility. This approach is particularly applicable when the improvements being appraised are relatively new or when the improvements are so specialized that there is little or no sales data from comparable properties.

- Income Capitalization Approach – 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. 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. The Income Capitalization Approach is widely used and relied upon in appraising income-producing properties, especially those for which there is an active investment sales market.

- Direct Sales Comparison Approach – The Sales Comparison Approach involves the direct comparison of sales and listings of similar properties, adjusting for differences between the subject property and the comparable properties. This method can be useful for valuing general-purpose properties or vacant land. For improved properties, it is particularly applicable when there is an active sales market for the property type being appraised – either by owner-users or investors.

Cost Approach:
A cost approach was developed there is adequate data to develop a land value and the depreciation accrued to the improvements can be reasonably measured.

Sales Comparison Approach:
A sales approach was developed as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

Income Approach:
An income approach was not developed as while the subject could generate an income stream, the most probable buyer is an owner-occupant. There are a very limited number of similar type properties leased in the area and while this approach has been considered, it is not necessary to provide credible results and has not been reported herein.

Hypothetical Conditions:

- The underlying land is currently leased from CITY OF HILDALE to PREFERRED PARTS, LLC. The intention of this appraisal to appraise the 'fee simple' interest for potential purchase of the subject property. The existing land lease will be terminated if the property is sold 'fee simple'. For the purpose of forming an opinion of market value, this appraisal is based on the hypothetical condition that the existing lease in not in place when in fact it is in place.

Extraordinary Assumptions:

- There is currently a manufactured home on a south portion of the subject site. There are reports that this structure will be removed from the site within the next 2-weeks. For the purpose of this analysis, I have assumed that the manufactured home is personal property and can easily be removed from the site. The appraisal does not include the value of the manufactured home as it is to be removed from the site.

The use of hypothetical conditions and/or extraordinary assumptions might have affected the assignment results.

Information Not Available:

- Title report, deed restrictions, CC&R's, if any.

REGIONAL INFORMATION

Metropolitan Area Description

Hildale is a city in Washington County, Utah, United States. The population was 2,927 at the 2015 census. Hildale is a twin city to the better-known Colorado City, Arizona, both of which straddle the border between Utah and Arizona.



In Hildale the population was spread out with 63.6% under the age of 18, 8.8% from 18 to 24, 18.4% from 25 to 44, 6.3% from 45 to 64, and 2.8% who were 65 years of age or older. The median age was 13 years. For every 100 females there were 96.2 males. For every 100 females age 18 and over, there were 75.8 males.

Hurricane Demographics

Hurricane's population was 13,748 at the 2010 U.S. Census and is estimated to be 17,135 in 2017, a 25% increase. This population increase is significantly higher than the city of St. George with 16% and the state of Utah with 12% over the same period. Along with several other areas of southwestern Utah, the Hurricane area has seen a large population growth since the 1970s, and it has blended in with neighboring St. George.



Historical population		
Census	Pop.	%±
1910	336	—
1920	1,021	203.9%
1930	1,197	17.2%
1940	1,524	27.3%
1950	1,271	−16.6%
1960	1,251	−1.6%
1970	1,408	12.5%
1980	2,660	88.9%
1990	3,915	47.2%
2000	8,250	110.7%
2010	13,748	66.6%
Est. 2017	17,135 [7]	24.6%

U.S. Decennial Census[8]

At the 2010 census in the Hurricane area, there were 13,748 people, 2,762 households and 2,201 families residing in the city. The population density was 265.2 per square mile. There were 3,375 housing units at an average density of 108.5 per square mile. The racial makeup of the city was 95.89% White, 0.16% African American, 0.96% Native American, 0.25% Asian, 0.29% Pacific Islander, 1.16% from other races, and 1.28% from two or more races. Hispanic or Latino of any race is 2.72% of the population.

There were 2,762 households of which 38.6% had children under the age of 18 living with them, 70.0% were married couples living together, 7.1% had a female householder with no husband present, and 20.3% were non-families. 18.0% of all households were made up of individuals and 9.3% had someone living alone who was 65 years of age or older. The average household size was 2.97 and the average family size was 3.38.



Age distribution was 32.8% under the age of 18, 9.5% from 18 to 24, 21.6% from 25 to 44, 19.2% from 45 to 64, and 16.9% who were 65 years of age or older. The median age was 32 years. For every 100 females there were 98.1 males. For every 100 females age 18 and over, there were 94.5 males.

The median household income was $32,865, and the median family income was $36,955. Males had a median income of $30,172 versus $19,588 for females. The per capita income for the city was $13,353. About 10.8% of families and 13.1% of the population were below the poverty line, including 19.2% of those under age 18 and 5.9% of those over age 65.

History

St. George was founded as a cotton mission in 1861 under the direction of Brigham Young, the President of The Church of Jesus Christ of Latter-day Saints as part of a greater church effort to become self-sufficient. While the early settlers did manage to grow cotton, it was never produced at competitive market rates; consequently, cotton farming was eventually abandoned. Hurricane was first settled in 1896, and received its name after a whirlwind blew the top off of a buggy that Erastus Snow was riding in. Snow exclaimed, "Well, that was a Hurricane. We'll name this 'Hurricane Hill'." The city once operated a large peach and apricot orchard for the Church of Jesus Christ of Latter-day Saints and is historically known for growing peaches, pecans and pistachio nuts on small farms.

Weather/Climate

Hurricane occupies a unique position in the physiographic regions of the west. It sits at a geologic division line between the Colorado Plateau to the east and the Great Basin to the west. To the east you can see the horizonal formations of the Grand Canyon suite that form the classic mesas and canyons of the west, including Zion National Park. These formations have been uplifted by the Hurricane Fault which forms the steep cliffs just east of the downtown area. Hurricane has an elevation of 3,248 feet and is in the warmest part of the state of Utah. The subtropical arid climate contributes to generally clear skies, relatively mild winters and hot summers. Residents and visitors enjoy over 260 days of sunshine per year. The temperature varies from a low in January of 30°F to 101°F in July.

Healthcare

There are numerous healthcare providers in Hurricane and Intermountain Healthcare operates an InstaCare there that specializes in family medicine, pediatrics, rehabilitation, urgent care, imaging services, lab services and women's health services.

The nearest hospital is Intermountain Healthcare's Dixie Regional Medical Center (DRMC) located 18 miles away in St. George. It is a two-campus hospital that hosts 245 patient beds, and is the major medical center for northwestern Arizona, southeastern Nevada and southern Utah. DRMC is fully accredited and serves as a level II trauma center. It is a service of Intermountain Healthcare, a nonprofit health care system serving the Intermountain West.

The River Road Campus is a state-of-the-art 425,000 square foot facility hosting 132 acute inpatient beds and the community's emergency department. Healthcare in southern Utah advanced to a new level as the first tertiary service, open-heart surgery was performed here in 2003. The hospital was named a Top 50 Cardiovascular Hospital by Truven Analytics. In late 2015, DRMC announced an expansion/consolidation project which will add 500,000 square feet to the 425,000 square foot campus at a cost of $300 million. The expansion will include constructing additions to NICU, labor/delivery services, ICU, pediatric and neurological patient beds, creating new emergency room space and a new cancer research building. The diagnostic and treatment center that houses lab services and two new high-tech surgical suites, as well as patient recovery beds opened in March 2018. The second of the four new additions, the southeast patient tower, opened in June 2018 and some services from the 400 East Campus have moved to that tower. The grand opening event for completion of this expansion was September 12, 2018.

The 400 East Campus is southern Utah's first Acute Rehabilitation Center which provides specialty care for stroke and other neurologically impaired patients. It also serves as the Newborn Intensive Care Unit, women's and children's care, cancer center, same-day surgery, wound clinic, lab, imaging services, IC therapy, diabetes clinic, hyperbaric medicine clinic and behavioral medicine centers.

Utilities

The city of Hurricane provides culinary water, electricity and storm drainage utility services for most areas within the City limits. The city also bills for sewer and garbage services on behalf of Ash Creek Special Service District and Washington County Solid Waste. Rocky Mountain Power serves parts of the greater Washington County area. CenturyLink provides local telephone service in the area and Dominion Energy/Questar provides natural gas.

Commercial Services and Economy

There are minimal commercial services and jobs in Hurricane. Many people commute to nearby St. George and Washington for work. Commercial services in Hurricane include Walmart, Lin's, several national chain stores, fast food restaurants, family dining and an antiques mall. On the town's periphery there is the Washington County Fair Grounds and Equestrian Center, state DMV offices, Washington County Sheriff's Offices, Purgatory Correctional Facility and Dixie Area Juvenile Detention Center. Major employment centers and commercial services can be found in nearby St. George and Washington.

Important economic elements in St. George include customer service centers, manufacturers, high-tech companies, and distribution facilities. A large part of the local economy comes from tourism, since St. George is in proximity to Zion National Park, Bryce Canyon National Park, and Grand

Canyon National Park as well as several state parks and recreational areas. Year-round recreation and leisure activities are also large contributors to the city's economy. There are 10 championship golf courses in the area, 60 miles of walking and biking trails, ghost towns, cactus gardens, historical buildings, as well as horseback riding and ATV desert trails. Southern Utah hosts several world-class annual events throughout the year including Ironman, St. George North American Pro Championship, St. George Marathon and the Huntsman World Senior Games. There is also a vibrant arts scene that includes the DOCUTAH Film Festival, Tuacahn Amphitheatre, Dixie State University's Eccles Theatres, St. George Musical Theatre, Brigham's Playhouse and the historic Electric Theatre.

The largest employers in the area include Washington County School District, Intermountain Healthcare/Dixie Regional Medical Center, Walmart, Dixie State University, St. George City, and SkyWest Airlines. SkyWest Airlines is headquartered in St. George and is the primary airline provider at the city's municipal airport.

Small businesses make up a large portion of the employment in Southern Utah with many of the small businesses supporting construction, financial services, real estate industries and accommodation and food services.

Transportation

Hurricane has a small municipal airport called General Dick Stout Field. The nearest larger airport is the St. George Municipal Airport, located on Southern Parkway (SR-7). It opened in 2011 at a cost of approximately $175 million dollars. Currently the city is served with daily flights to Salt Lake City, Denver, Los Angeles, and Phoenix.

There are two privately owned shuttle companies, St George Express and St. George Shuttle, that provide shuttle services from Las Vegas to St. George, Hurricane, Salt Lake City, Boise, Idaho Falls, and Great Falls.

Major Highways



SR-9 travels through Hurricane from west to east and connects to Interstate 15 (I-15) to the west and travels through Zion National Park to the east connecting to U.S. Route 89. I-15 connects St. George to Salt Lake City to the north and Las Vegas, and San Diego to the south. U.S. Route 89 connects to Page, Arizona and Lake Powell to the east and Panguitch and Salina to the north. I-15 connects to Interstate 70, 116 miles north of Hurricane, where it travels east to Denver, Kansas City and the east coast. SR-59 travels southeast from Hurricane to Colorado City where it turns into SR 389/89A that connects to SR 67 which takes you to the North Rim of the Grand Canyon.

Parks and Recreation
Hurricane has two State Parks within the city limits, Quail Creek State Park and Sand Hollow State Park. These parks offer boating, fishing, swimming, and camping. The city has multiple parks, a dog park, a city pool and large community center, and several ranked golf courses.

For more recreational options you can visit nearby St. George that is home to many parks, golf courses and recreation areas, as well as over 60 miles of urban trails. Notable parks and sites include the Snow Canyon State Park, Canyons Softball Complex, Little Valley Softball Complex, Tonaquint Nature Center featuring the Washington County Water Conservancy District Demonstration Garden, and the St. George Motocross Park a.k.a. SGMX, a motocross track for regional motocross races and derbies. The St. George area has several recreation centers; the St. George Rec Center; Washington City Rec Center in neighboring Washington, and the Sand Hollow Aquatics Center, an indoor swimming facility. The city also has several dog parks, splash pads, urban fishing ponds and two skate parks.

Education
Hurricane has two elementary schools, one middle school, one high school and one charter school. St. George is home to Dixie State University, a four-year institution of about 10,000 students. Other colleges and institutions in the area include the Dixie Applied Technology College, University of Phoenix and lesser known Stevens-Henager College.

Economic Conditions
Information on commercial properties in Hurricane have been included in the overall Washington County market.

The Washington County area has seen strong population growth during the past two decades. All indications are that this growth will continue. From 2003 to 2006, Washington County was the fastest growing county in the State of Utah and Utah was one of the fastest growing states in the US. However, in mid-2006 growth began to slow, and prices began to stabilize. In 2007, growth slowed, and prices began modest declines. In 2008, residential housing saw a 10 to 20 percent decline during the first half of the year with a pronounced reduction in new building activity. The reduced market activity resulted in large inventories in some price ranges. Large inventories of improved residential building sites put significant downward pressure on improved lots with price reductions from 30 to 60 percent. Large inventories of improved lots resulted in little demand for vacant land being sold for development. In 2011 through 2012 the market stabilized with increasing demand and increasing market condition noted since that time.

Southern Utah is considered to be a desirable location that attracts buyers from all over the country. Several large commercial/government/education/health care projects are proposed, under construction or have been completed in the area that will help to improve demand for housing and improve the overall market conditions. Some of these projects include the following:

- City View – A mixed-use development at the southwest corner of St. George Boulevard and Main Street. Investors plan to spend $30 million on a four-story, 60 room, Marriott, boutique hotel and restaurant called The Advenire; and two buildings, each four stories high, with 10,000 sf of retail shopping on the ground floor, three floors with 110 apartments above and underground parking.

- Joule Plaza – A mixed use development at the southwest corner of Tabernacle Street and 200 West. It will be built in phases on the 3.9-acre property with a mixture of commercial and residential space on the ground floor and residential apartments on the upper floors. There will be 129 residential units and 24,000 sf of commercial space.
- Intermountain Health Care/Dixie Regional Medical center recently completed an expansion/consolidation project which added 500,000 square feet to the 425,000 square foot campus at a cost of $300 million.
- Desert Color – A new 3,350-acre, master-planned community located east of I-15 along Southern Parkway. It will have 10,000 new residences with single-family apartments and townhomes; 103-acre mixed use commercial district with office space, shopping, recreation, health facilities, and schools; and a resort facility with crystal lagoons, 1,100 rooms that will be a mixture of hotel, resort and vacation condos, a recreation area with parks and trails, and a golf entertainment experience.
- Tech Ridge on Airport Road – Over 100 acres on the ridge that was home to the old airport will be getting new life as a tech center which will be anchored by the Dixie Applied Technology College.
- Dixie Applied Technology College building, a $45 million facility.
- Dixie State University is planning to build a new Health and Human Services building, new student housing and parking facilities.
- Vintage at Tabernacle – Off campus housing near Dixie State University with underground parking and swimming pool.
- $35 million Justice Center.
- Municipal airport expansion.
- New shopping centers on either side of the Mall Drive Bridge.
- New hotels on Red Hills Parkway.
- Crimson High and Middle School.

Industrial Market

There has been significant new construction for industrial properties over the past year. The industrial market has continued to be strong mid-year 2019. The trend for lease rates continues to increase and land prices have increased. We have observed a slight increase in vacancy rates over the past year due to the increased industrial construction with rate at 4.5%. The total industrial vacancy rate has remained low over the past few years. We expect continued low vacancies, rising lease rates, and new industrial construction through 2019.

Asking Lease Rates (Annual PSF NNN)	< 20k SF	> 20k SF
Low	$6.60	$5.40
High	$10.20	$7.20
Average	$7.80	$6.00
Vacancy	1.8%	5.5%
Total Vacancy		4.8%
2017 Year End Inventory		9,407,000
Built in 2018		679,000
2018 Year End Inventory		10,086,000
Land Value PSF		$2-4
CAP Rates		6-7.5%
Under Construction		303,000
Absorption		415,000

Average lease rates are currently at $0.65/SF for space under 20,000 SF and $0.55/SF for space greater than 20,000 SF. The following tables and graphs are provided by NAI Southern Utah Region.





I expect to see continued new industrial investment and construction into the 2019 year. As supply continues to tighten, the number of industrial land sales will increase putting upward pressure on prices. Demand in the area will increase, go elsewhere, lease rates will increase, or new construction will increase based on recent trends. The upswing in the industrial market is closely tied to the continued increase in demand for residential development and new construction. The industrial market is expected to see continued increasing demand through the second half of the 2019 year.

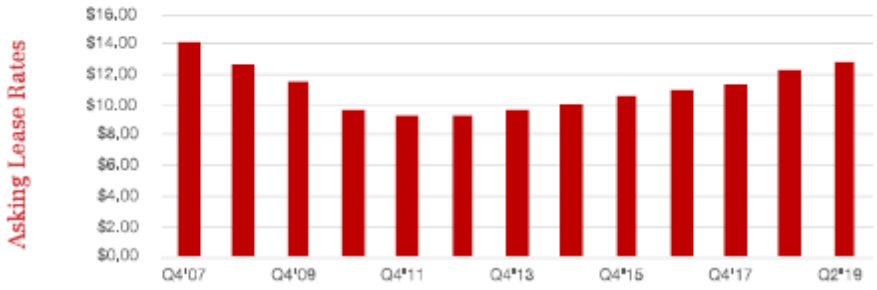
Office Market

I have observed continued increases in the office market through mid-year 2019 with increased office construction and vacancy rates at about 3.9% on average. Vacancy rates for office space are at historically low levels which has put continued upward pressure on lease rates. Medical office vacancy rates increased due to significant development with the expansion of the IHC hospital campus leading to many private practice locations. With a relatively small office market in Washington County, a few major projects can have substantial impact on availability.

Asking Lease Rates (Annual PSF NNN)	Class A	Class B	Class C
Low	$12.00	$10.80	$8.40
High	$18.00	$15.00	$12.00
Average	$15.00	$12.60	$9.60
Vacancy	5.8%	2.2%	3.7%
Total Vacancy			3.4%
2017 Year End Inventory			3,432,000
Built in 2018			94,000
2018 Year End Inventory			3,526,000
Land Value PSF			$8-18
CAP Rates			6-7.5%
Under Construction			134,000
Absorption			104,000

Lease rates for office space have increases from the past quarter and are currently at $1.33/SF for Class A space, $1.15/SF class B space, and are at $0.85/SF for class C space.





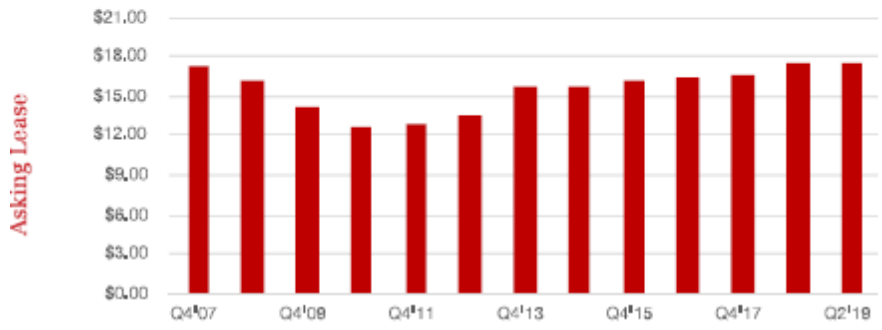
I have seen new office construction and I expect continued increases in the lease rates for office space coupled with decreased vacancies in for foreseeable future as Southern Utah's growth is expected to continue.

Retail Market

Asking Lease Rates (Annual PSF NNN)	Anchor	No Anchor
Low	$14.00	$9.00
High	$36.00	$20.00
Average	$22.00	$14.00
Vacancy	3.8%	2.2%
Total Vacancy		3.4%
2017 Year End Inventory		6,881,000
Built in 2018		134,000
2018 Year End Inventory		7,015,000
Land Value PSF		$12-24
CAP Rates		6-7.5%
Under Construction		81,000
Absorption		141,000

With the increases in residential growth and tourism, the retail market remains strong with continued low vacancy rates and lease rates continue to be strong. A lack of availability and high construction costs have been factors in increasing lease rates. Most new retail development is restaurants, entertainment, automotive, and small retail stores. Total vacancy rates are at 3.7% on average mid-year 2019. Demand for anchored class mid-sized retail space continues to be high and lease rates for this type of demand continue to improve. It is expected that Washington County to continue to grow into the foreseeable future as net migration and tourism trends are up.





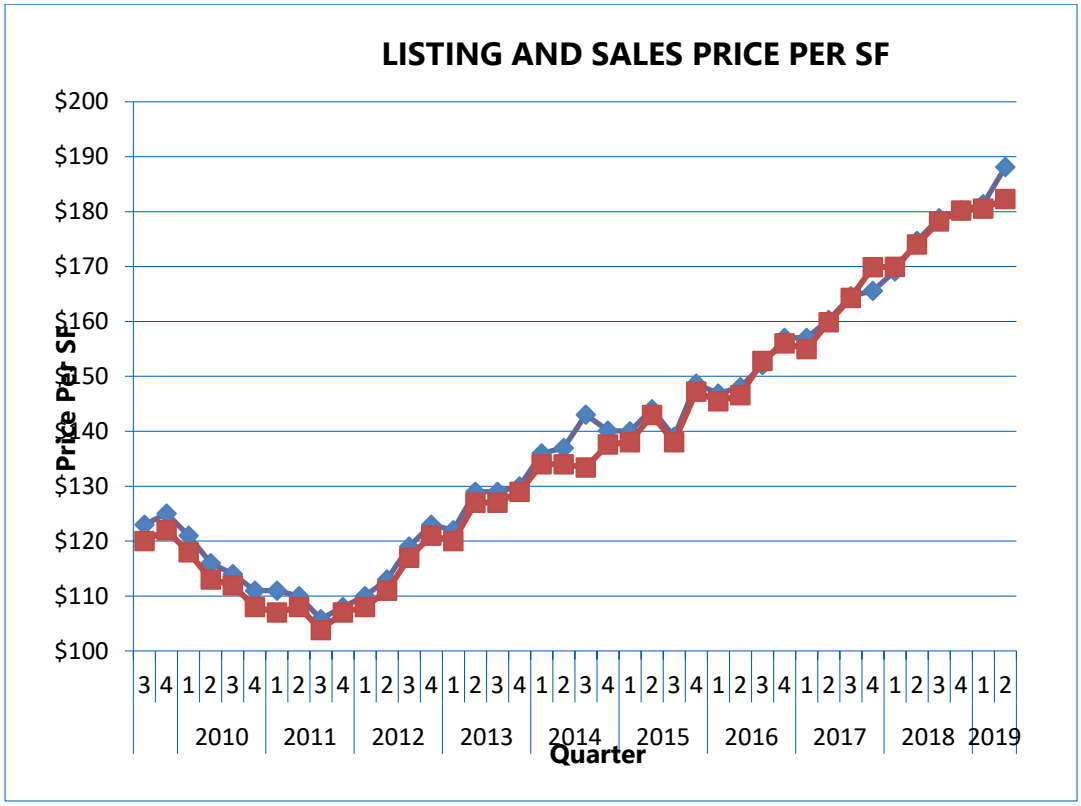
The retail market has been very active over the past few years and continues to see new activity and is expected to continue through mid-2019. Vacancy rates are low and lease rates have remained strong. Average anchored lease rates are currently at $1.83/SF on average and unanchored lease rates are currently at $1.17/SF.

Residential expansion is pushing outward in nearly every direction in Washington County with the largest concentration in the Washington Fields and Little Valley areas. With this expansion, we expect new anchored and unanchored retail developments to emerge in the foreseeable future.

Residential Housing Market

Market conditions have been volatile over the past decade but have been improving over the past several years. I have analyzed market sales to determine real estate trends. My analysis involved looking at segments of the market based on housing age, room count, size, and other physical characteristics.

The following table is an illustration of entry level homes that have sold over the past decade in St. George City and Washington City on a price per square foot basis as indicated in the Washington County MLS. The average listing prices for these sales have been indicated in blue and the actual average sold prices have been indicated in red.



Based on the given search criteria, since the 3rd quarter of 2011 homes in these areas have increased from at a rate of 2% per quarter (or about 8% per year) on average. All housing segments saw rapid increases from 2004 through 2005, where prices stabilized during 2006 and 2007 and then saw sharp declines up to about mid-2011. The market bottomed out in mid-2011 with increases since that time. The average sales price is indicated in red and the listing price at the time of sale is indicate in blue.

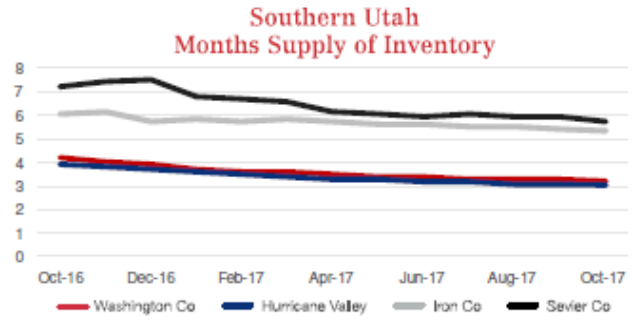
The following Fannie Mae 1004MC form has been indicated below to help clarify and understand recent market trends and conditions prevalent in the Hurricane Valley area as indicated in the Washington County MLS:

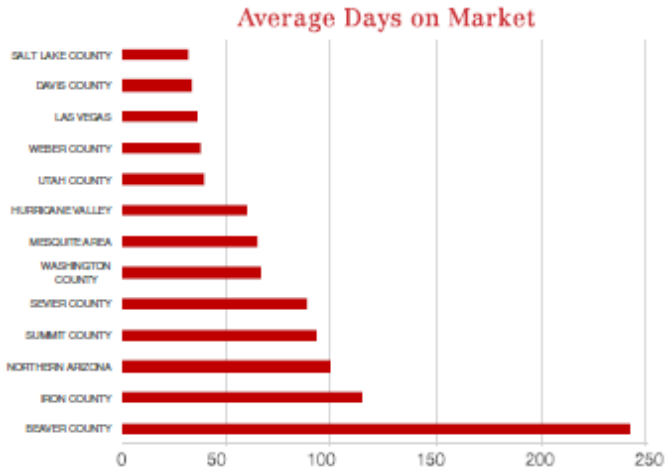
Fannie Mae 1004MC Statistics

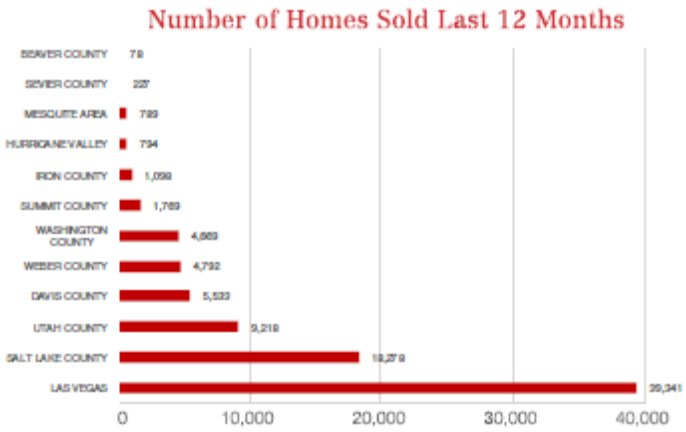
Inventory Analysis	Prior 7-12 Months 10/17/2018 - 4/16/2019	Prior 4-6 Months 4/17/2019 - 7/16/2019	Current - 3 Months 7/17/2019 - 10/17/2019
Total # of Comparable Sales (Settled)	293	214	155
Absorption Rate (Total Sales/Months)	48.83	71.33	51.67
Total # of Active Listings	193 (Active on 4/16/2019)	179 (Active on 7/16/2019)	222 (Active on 10/17/2019)
Months of Housing Supply (Total Listings / Ab. Rate)	3.95	2.51	4.3
Median Sale & list Price, Dom, Sale/List %	**Prior 7-12 Months**	**Prior 4-6 Months**	**Current - 3 Months**
Median Comparable Sale Price	288,000	304,500	295,900
Median Comparable Sales DOM	27	19	21
Median Comparable List Price	394,000	390,000	379,450
Median Comparable Listings DOM	150	127	61.5
Median Sale Price as % of List Price	99.00 %	100.00 %	99.00 %

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Median sales prices and listing prices have remained relatively stable over the past year. The supply of homes on the market in the Hurricane Valley area is currently at 4.3-months and has also been stable over the past year and is relatively low based on historical trends. There continues to be good demand for residential homes at present.







Market	Median Sales Price	YOY Change	Average Sales Price	YOY Change	Inventory	Building Permits
Las Vegas, NV	$223,355	12%	$246,131	13%	5,949	8,865
Mesquite, NV	$215,914	11%	$227,383	6%	231	357
Washington County, UT	$269,225	12%	$303,824	15%	1,100	1,891
Hurricane Valley, UT	$256,417	12%	$263,223	16%	166	459
Iron County, UT	$186,892	14%	$206,062	6%	388	351
Beaver County, UT	$143,167	6%	$149,216	NA	54	2
Sevier County, UT	$158,252	19%	$161,537	16%	107	0
Utah County, UT	$269,477	6%	$304,527	12%	2,227	3,845
Salt Lake County, UT	$287,819	10%	$330,741	11%	3,363	2,650
Summit County, UT	$724,606	6%	$1,183,491	1%	905	164
Davis County, UT	$270,043	9%	$295,660	8%	847	1,171
Weber County, UT	$202,972	10%	$228,859	5%	882	751

Lot Sales Activity Summary

New construction activity has resulted in the selling of much of the residential building lot inventory. The local MLS for the Hurricane Valley area reflects that there was a total of 127 residential building sites sold up to 1.00 acres in size over the past year with a current inventory of lots for sale of 102 units with about 10 months' supply of building lots being offered for sale. The median sold price for lots increased over the past few months and is currently at $78,750 and the listing prices have remained stable. The median days on the market for lots that were reported sold was 60 days with the average sales price as a percent of the list price being 97%. Although much of the new lot sales activity is not reported in the MLS, the data herein does illustrate a good representation of the current market.

Fannie Mae 1004MC Statistics

Inventory Analysis	Prior 7-12 Months 10/17/2018 - 4/16/2019	Prior 4-6 Months 4/17/2019 - 7/16/2019	Current - 3 Months 7/17/2019 - 10/17/2019
Total # of Comparable Sales (Settled)	57	40	30
Absorption Rate (Total Sales/Months)	9.50	13.33	10.00
Total # of Active Listings	112 (Active on 4/16/2019)	106 (Active on 7/16/2019)	102 (Active on 10/17/2019)
Months of Housing Supply (Total Listings / Ab. Rate)	11.79	7.95	10.2
Median Sale & list Price, Dom, Sale/List %	**Prior 7-12 Months**	**Prior 4-6 Months**	**Current - 3 Months**
Median Comparable Sale Price	76,000	68,500	78,750
Median Comparable Sales DOM	95	39	60
Median Comparable List Price	84,000	84,000	85,000
Median Comparable Listings DOM	207	200.5	163.5
Median Sale Price as % of List Price	96.00 %	94.00 %	97.00 %

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Rental Properties

Multi-family vacancy rates have been extremely low over the past number of years. Every unit configuration is reporting near or less than 1.5% vacancy and overall vacancy is under 1%. Asking lease rates continue to climb through mid-2019. However, there are 550 new units projected to come to the market included City View, Joule Plaza, Sky Mountain, and Grayhawk. There are 400 student housing beds currently under construction. May condo and townhome projects are being constructed with plans to rent a significant portion. Expect to see new multi-family development if the projects in the planning stages and those under construction absorption at anticipated levels.

Rental rates increased from $1,016/month year end 2018 to $1,064/month mid-2019. All unit configurations showed rate increases over that time period with 1-bedroom units at $959/month 2-bedroom units at $1,142/month, and 3-bedroom units at $1,323/month. The following tables reflect typical rental rates, vacancy rates, and market share by apartment type.

Vacancy	Q2'11	Q2'19
1 Bed 1 Bath	4.6%	0.9%
2 Bed 1 Bath	5.6%	1.4%
2 Bad 2 Bath	16.1%	3.8%
3 Bed 2 Bath	4.8%	1.2%
Average	9.5%	2.3%

Rent	Q4'11	Q2'19
1 Bed 1 Bath	$559	$959
2 Bed 1 Bath	$635	$870
2 Bad 2 Bath	$690	$1,142
3 Bed 2 Bath	$864	$1,323
Average	$665	$1,064

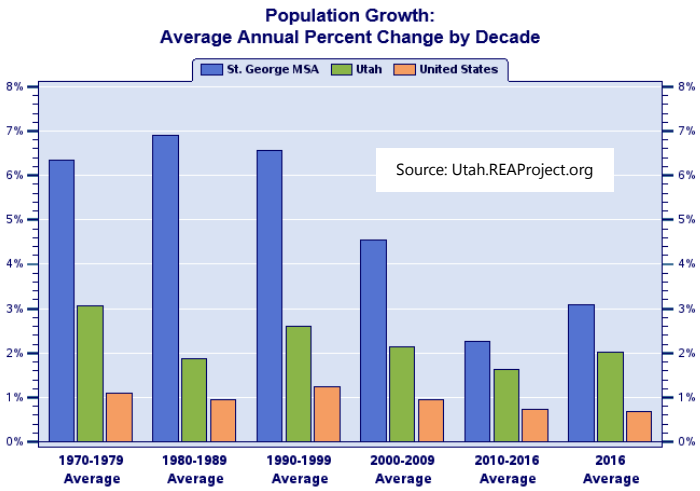
Rent/SF	Q2'11	Q2'19
1 Bed 1 Bath	$0.88	$1.30
2 Bed 1 Bath	$0.65	$0.92
2 Bad 2 Bath	$0.68	$1.10
3 Bed 2 Bath	$0.67	$1.04
Average	$0.69	$1.10

Multi-Family Market Conditions Summary

Given the very low vacancy of multi-family, conditions are primed for new development. I expect new development to continue in the near future with additional multi-family developments to be announced. The multi-family market will most likely see an increase in vacancy rates as new development occurs. Typically, newer, and nicer units have had more demand than older units.

Population Growth and Trends – Washington County

According to the U.S. Census Bureau the estimated population of Washington County was 138,115 as of 2010 and is estimated to be 165,601 as of 2017, an increase of 20% total or 3% per year. According to the Utah Governor's Office of Management and Budget, it is estimated that Washington County is expected to increase in population by 80,904 between the years 2010 and 2025. This would be a 59% increase from 138,115 people in 2010 to 219,019 people in 2025, an increase of 4% per year. Given the actual 3% change per year from 2010 to 2017 and that demographer expected growth, Washington County is poised to have a positive growth expectation moving forward.



The table below is prepared using data from the Utah Governor's Office of Management and Budget. The table indicates the projected population of six similarly sized counties by 2025. Based off the projected population in Washington County, Washington County is expected to have the largest percentage increase when compared with the other 29 counties in Utah between 2010 and 2025.

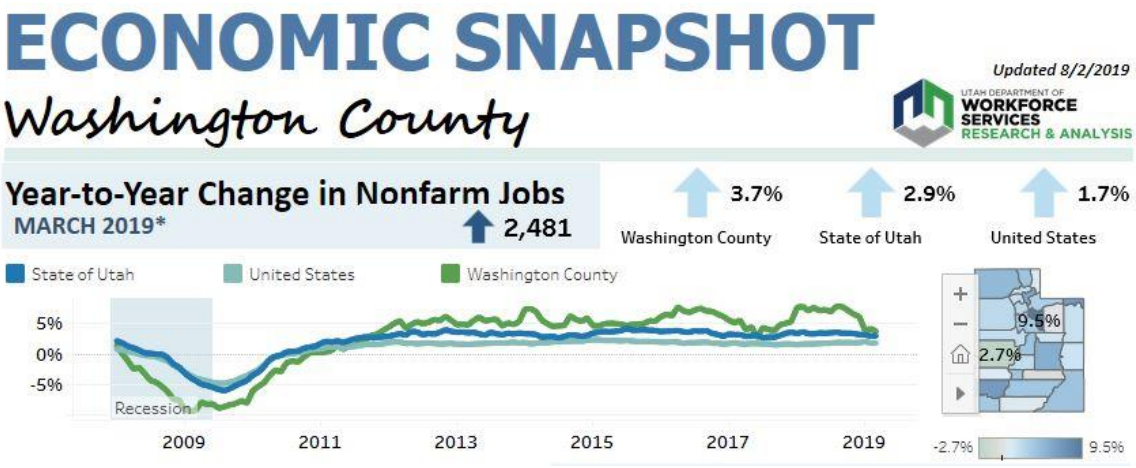
Geography	2010 Census	2025 Projected	% Change
Tooele County	58,218	83,922	44%
Cache County	112,656	146,338	30%
Washington County	**138,115**	**219,019**	**59%**
Weber County	231,236	286,593	24%
Davis County	306,479	385,800	26%
Utah County	516,564	768,346	49%

https://gomb.utah.gov/budget-policy/demographic-economic-analysis/
Counties with similar 2010 populations

This growth rate is expected to continue in the foreseeable future according to the Utah Governor's Office. Increasing population growth promotes increased demand for new residential building sites and new demand for commercial development. According to the Utah Department of Workforce Services, in Washington County, there were 3,089 dwelling unit permits issued in 2017 which is a 43% increase over 2016 which had 2,165 permits. As of May 2019, 1,313 permits had been issued which is a 5% increase over the same time period last year. According to the U.S. Census Bureau, in Washington County, there were 68,226 housing units in July 2017 which is a 4% increase over 2016 which had 65,472 units, and an 18% increase over 2010 which had 57,734 units.

The Utah Department of Workforce Services stated the following regarding the economy of Washington County on August 2, 2019.

"Washington County's current indicators suggest the area's economy may be beginning to soften. While still moderate, job growth slackened dramatically in the first quarter of 2019 with additional industries showing employment contraction. At the same time, average wage growth has stalled and construction permitting ins essentially flat. In addition, sales showed the smallest gain since 2011. On the positive side, unemployment remains low and unemployment insurance claims activity shown so significant layoffs. Washington County's slow growth is another county's boom. Nevertheless, Washington County's economy appears somewhat less robust than a year ago."



All indications are that the local economy is in a healthy state, which is mirroring the national economy. However, as prices continue to increase with demand, job growth and wages will have to continue to increase. Additionally, the market is somewhat volatile currently with historically low interest rates and a volatile stock market. Thus, although there are many positive signs occurring in the market, most prudent investors and market participants are minimizing their risk by purchasing properties while the interest rates are so low on fixed mortgages.

Tourism

The subject is located in a rural area near relatively small towns that over more recent times has been more influenced by the tourist population visiting Zion National Park and other nearby national and state parks. Zion National Park is a destination that is growing in popularity. Most of the traffic through the area takes place during the spring, summer and fall months. Although the slower months are throughout the winter season recent data has shown that more people are coming year-round when compared to prior years. Zion National Park is one the most visited national parks in the country. As of March 2019, National Geographic ranked Zion National Park as number 4 on the top 10 most-visited national parks in 2017 with over 4.5 million visitors. Great Smokey Mountains, The Grand Canyon, and Rocky Mountain were ranked at 1 to 3. In January 2019, Tripsavvy.com ranked Zion National Park as the number 1 most popular National Park. The Great Smokey Mountains, Grand Canyon, and Rocky Mountain were 2nd to 4th on Tripsavvy's list. Over more recent years, Zion National Park has had compounding increases in visitors annually. In 2018 we observed a slight decline from the prior year, but this does not appear to be a trend. The following graph illustrates visiting statistics over the past decade to Zion National Park. Visitation of other national and state parks in the area have been reported to have followed a similar trend.



Source: https://www.nps.gov/zion/learn/management/upload/ZION-VISITATION-2007-2017-8.pdf
Source: https://irma.nps.gov/Stats/SSRSReports/National%20Reports/Annual%20Visitation%20By%20Park%20(1979%20-%20Last%20Calendar%20Year)

Zion National Park is a destination that is growing in popularity. The park saw exponential growth from 2013 through 2017. However, in 2018 the visitation to the park may have hit the peak hovering in the mid-4,000,000 visitors per year range. The visitation statistics for the first 9-months of 2019 indicate a slight increase from this time a year ago and more comparable to 2017 visitation statistics for the first 9 months of 2017.

The heatmap below shows the most popular months for Zion National Park entry. The number of visitors quickly rises in March and declines rapidly in November.

Zion NP
Recreation Visits

Bookmark this report: https://irma.nps.gov/Stats/SSRSReports/Park%20Specific%20Reports/Visitation%20by%20Month

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2015	78,318	106,314	291,118	392,417	400,048	458,546	479,538	455,487	394,201	314,966	180,390	97,503
2014	70,862	74,625	226,424	312,381	391,969	397,753	407,153	391,973	340,855	304,108	169,607	101,986
2013	56,972	64,994	227,899	292,765	313,594	367,217	379,129	345,014	339,593	203,056	141,251	75,903
2012	68,202	74,382	165,242	352,192	343,488	370,280	392,359	364,857	355,140	276,134	140,350	70,981
2011	64,524	67,801	164,037	255,813	325,089	376,453	391,144	360,196	324,727	273,876	145,158	76,687
2010	54,928	62,099	171,079	277,599	304,278	331,185	362,881	332,796	319,838	236,316	143,272	69,701
2009	60,204	62,964	167,246	271,709	296,330	366,004	368,933	372,157	306,161	265,095	132,998	65,601
2008	56,137	62,044	187,814	242,778	302,002	354,527	360,046	368,739	312,606	254,187	126,588	62,686
2007	68,640	71,530	176,622	286,701	281,149	333,005	338,116	337,824	314,290	253,572	129,962	65,870
2006	71,680	70,170	144,186	264,821	277,849	325,124	347,105	337,212	298,587	235,952	128,339	66,325

Tourism through the area has increased over the years with Zion National Park, Bryce Canyon, the Grand Canyon, and Glen Canyon National Parks are destinations that are growing in popularity and located in the general region. The following tables illustrate the growing popularity of the area related to increases in tourism in other areas besides Zion National Park.

Bryce Canyon		
Year	Visitors	Δ%
2008	1,043,321	NA
2009	1,216,377	16.6%
2010	1,285,492	5.7%
2011	1,296,000	0.8%
2012	1,385,352	6.9%
2013	1,311,875	-5.3%
2014	1,435,741	9.4%
2015	1,745,804	21.6%
2016	2,365,110	35.5%
2017	2,571,684	8.7%
2018	2,679,478	4.2%

Zion National Park Visitation		
Year	Visitors	Δ%
2008	2,712,054	NA
2009	2,757,302	1.7%
2010	2,688,408	-2.5%
2011	2,847,403	5.9%
2012	2,995,507	5.2%
2013	2,829,287	-5.5%
2014	3,211,603	13.5%
2015	3,665,220	14.1%
2016	4,317,028	17.8%
2017	4,504,812	4.3%
2018	4,320,034	-4.1%

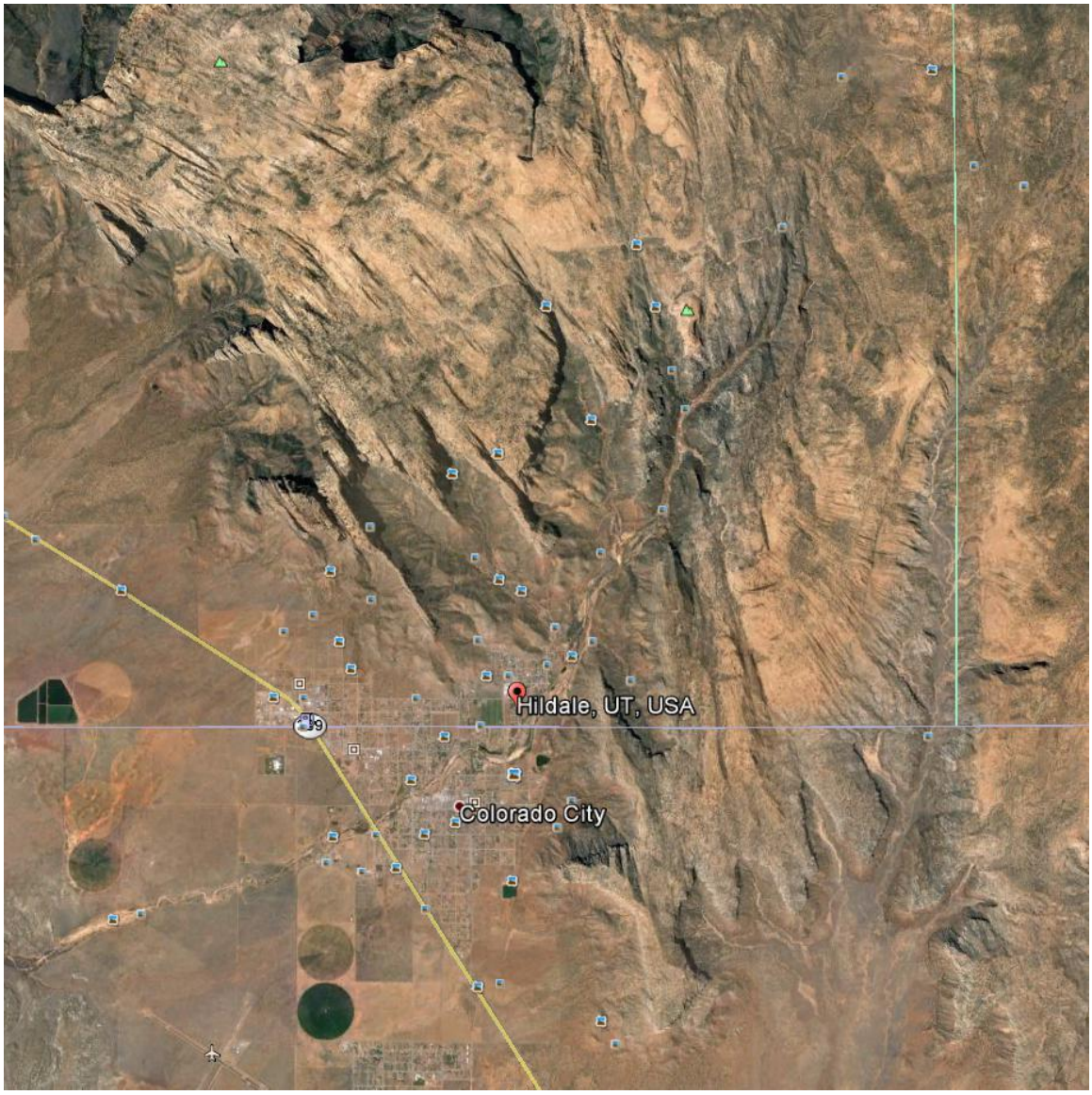
Grand Canyon		
Year	Visitors	Δ%
2008	4,425,314	NA
2009	4,348,068	-1.7%
2010	4,388,386	0.9%
2011	4,298,178	-2.1%
2012	4,421,352	2.9%
2013	4,564,840	3.2%
2014	4,756,771	4.2%
2015	5,520,736	16.1%
2016	5,969,811	8.1%
2017	6,254,238	4.8%
2018	6,380,495	2.0%

Glen Canyon		
Year	Visitors	Δ%
2008	1,947,507	NA
2009	1,960,345	0.7%
2010	2,124,467	8.4%
2011	2,270,817	6.9%
2012	2,061,328	-9.2%
2013	1,991,924	-3.4%
2014	2,368,452	18.9%
2015	2,495,093	5.3%
2016	3,239,525	29.8%
2017	4,574,940	41.2%
2018	4,219,441	-7.8%

NEIGHBORHOOD DESCRIPTION

The neighborhood is defined as the communities of Hildale and Colorado City, located on the Utah, Arizona boarder about 15 miles east of Hurricane and about 40 miles east of St. George.

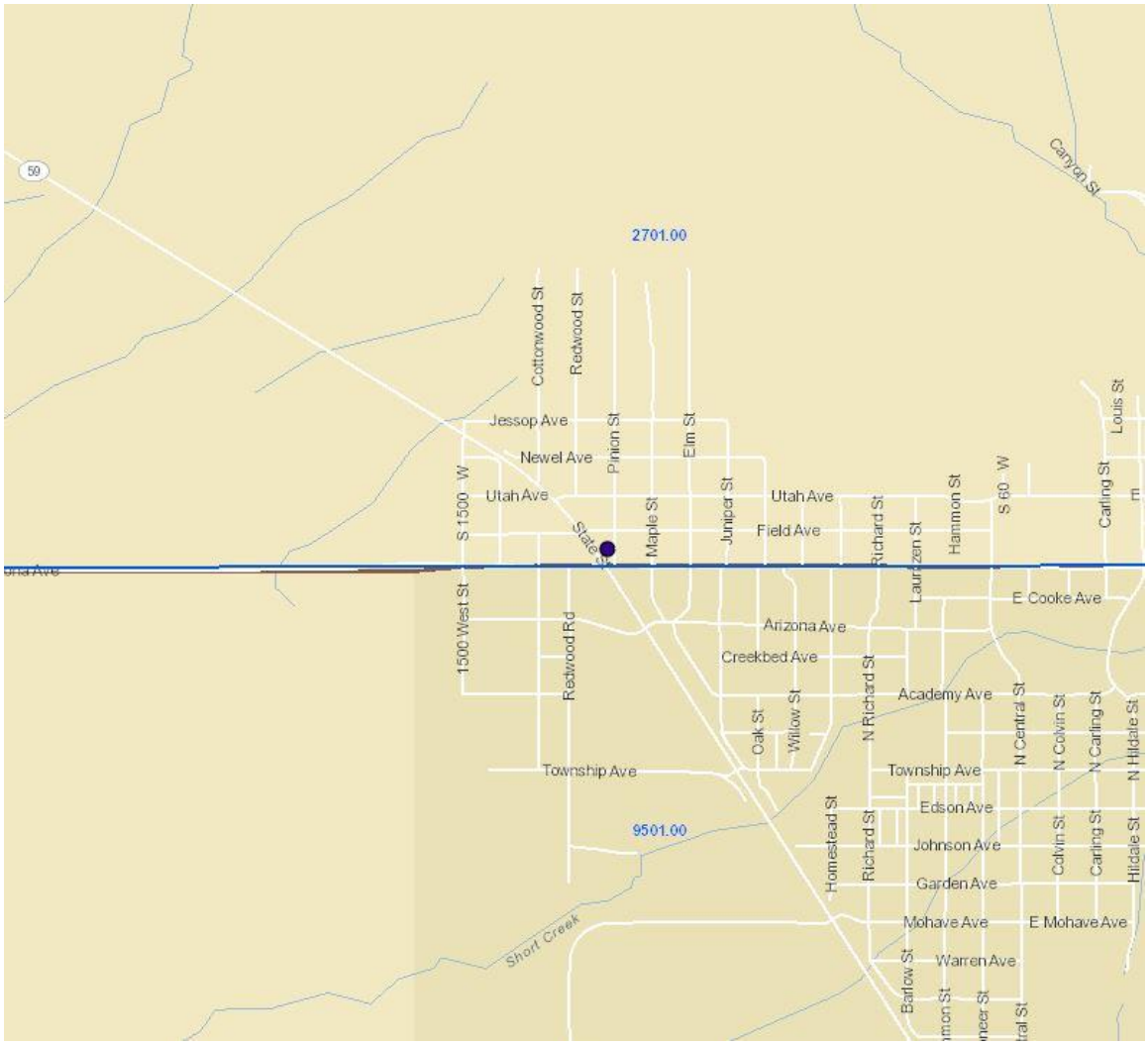
NEIGHBORHOOD MAP



Neighborhood Boundaries

North:	Plateaus
East:	Washington County/Kane County Boundary
South:	Highway 56
West:	Highway 56

Census Information



FFIEC

2019 FFIEC Geocode Census Report

Address: Selected Tract
MSA: 41100 - ST. GEORGE, UT
State: 49 -
County: 053 - WASHINGTON COUNTY
Tract Code: 2701.00

Summary Census Demographic Information

Tract Income Level	Middle
Underserved or Distressed Tract	No
2019 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	$67,500
2019 Estimated Tract Median Family Income	$68,654
2010 Tract Median Family Income	$59,145
Tract Median Family Income %	101.71
Tract Population	9408
Tract Minority %	3.60
Tract Minority Population	339
Owner-Occupied Units	1753
1- to 4- Family Units	3455

Census Income Information

Tract Income Level	Middle
2010 MSA/MD/statewide non-MSA/MD Median Family Income	$58,145
2019 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	$67,500
% below Poverty Line	16.23
Tract Median Family Income %	101.71
2010 Tract Median Family Income	$59,145
2019 Estimated Tract Median Family Income	$68,654
2010 Tract Median Household Income	$52,703

Census Population Information

Tract Population	9408
Tract Minority %	3.60
Number of Families	1939
Number of Households	2430
Non-Hispanic White Population	9069
Tract Minority Population	339
American Indian Population	40
Asian/Hawaiian/Pacific Islander Population	66
Black Population	0
Hispanic Population	220
Other/Two or More Races Population	13

Census Housing Information

Total Housing Units	3477
1- to 4- Family Units	3455
Median House Age (Years)	22
Owner-Occupied Units	1753
Renter Occupied Units	677
Owner Occupied 1- to 4- Family Units	1746
Inside Principal City?	NO
Vacant Units	1047

Land Use

Hildale and Colorado City have a diverse mix of land uses scattered throughout the community. Community commercial services are found along the highway, including a convenience store, motel, restaurant, clothes store, along with a mix of industrial businesses situated off the highway. Agricultural activity is taking place on land west of the freeway. There is a pocket of industrial development located west of the freeway related to construction and manufacturing. The rest of the area is residential in character, with a diverse mix of residential homes that range from very large custom-built homes, to small low-quality homes. The quality and market appeal are quite diverse. Offsite street improvements include a mix of gravel and asphalt paved streets. The area does not look to have had much in the way of zoning and city planning. Most construction was approved on a case-by-case basis.

Development Trends

No development has occurred within the immediate proximity of the subject. There is vacant land in the area available for future development. However, there has been very little new growth that has occurred in the community over the past several years. Given the closed nature of the community, there is virtually no new development from people outside of the community. Significant new growth in the community seems unlikely.

Neighborhood Access

Highway 59 in Utah turns into Highway 389 in Arizona extending east from Hurricane through the northern section of Arizona where it intersects Highway 89. Primary access to surrounding areas is available from the highway. Utah Avenue is a city street that is owned and maintained by the Hildale Town Corp. This street is a main arterial traversing in an east to west direction providing area access through the town of Town of Hildale.

Utilities

The subject neighborhood is presently served by all utilities. All utilities are within the area of the subject property, including water, sewer, electric power, and telephone.

Employment Centers

Much of the employment in Hildale and Colorado City is oriented to the construction industry with a number of contractors that perform work throughout the region. Some construction oriented manufacturing is located in the area with a number of large warehouse and manufacturing facilities located along the house and within the community. Some employment associated schools and other public services are available locally. Some of the residents commute to the Hurricane and St. George areas for employment located in these areas.

Recreational Facilities

Hildale has a city park, coupled with a number of trails on public land located in the immediate vicinity. The property is located within about 50 miles of Pipe Springs National Monument and Zion National Park.

Police and Fire Protection

Fire protection is provided by a local volunteer fire department. Hildale has its own police department.

Nuisances and Hazards

During the inspection of the subject neighborhood, there were no nuisances or hazards observed that would detract from the subject property. We are unaware of any industry or external features that seriously affect the subject.

Endangered Species

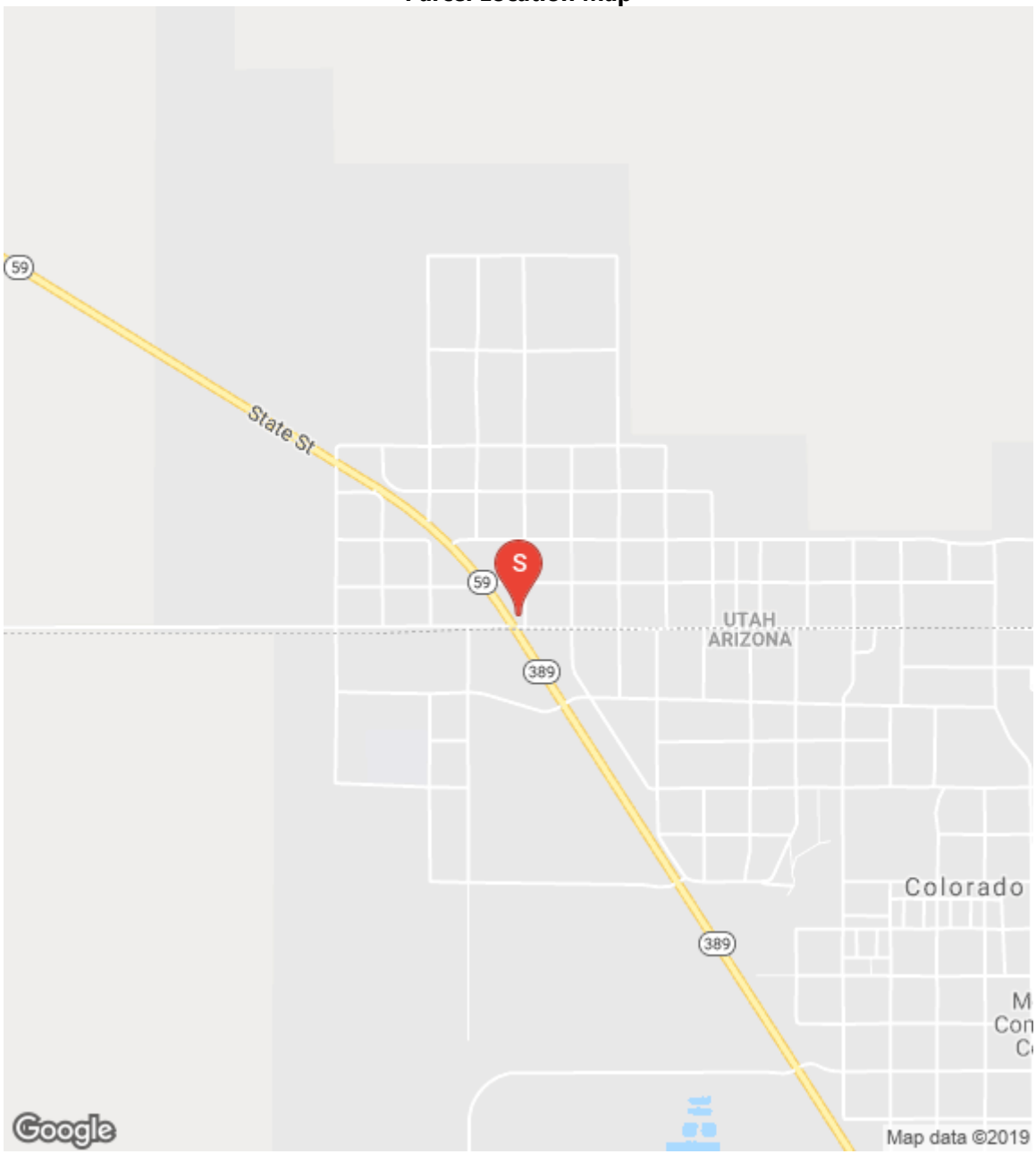
Within the general neighborhood of the subject property, there are areas that may be affected by endangered species. These include both plant and animals. None, however, would appear to have any direct impact upon the subject property or the potential for development of land within the developable corridor.

Summary

Hildale is a small community located on the Utah/Arizona boundary adjoining Colorado City, Arizona. The community has basic services available including schools, neighborhood shopping with a diverse mix of residential housing. Commercial services and industrial development are located on or near the highway, with most of the residential development being situated east of the highway. Apple Valley, and land located between Hurricane and the state line in Hildale, consists of vacant land in transition to low density residential development. The general area has experienced growth over time. The area is expected to see continued growth; however, it remains to be seen what kind of growth will take place in Hildale. Large retail centers with big ticket retailers, and professional services are available in the Greater St. George area some 34 miles away.

SITE DESCRIPTION

Parcel Location Map



Aerial Photo
(Approximate Subject Property Outlined in Red)



Plat Map


HILDALE INDUSTRIAL PARK
N00°03'34"E
1246.41'
N89°53'44"E
1349.53'
S00°06'10"E
328.82'
N89°32'11"E
409.37'
S89°54'08"W
2642.91'
S89°32'25"W
660.00'
S00°07'51"E
1245.20'
N89°53'44"E
1201.98'
S89°59'36"E
658.93'
HILDALE TOWN CORPORATION B.402 P.567

SITE

Location:	640 N State Street Hildale, Washington County, Arizona
Current Use of the Property:	Retail/Storage Building
Adjoining Uses:	Adjacent Property uses include a mix of existing commercial/industrial development to the north, east, and west. There is currently vacant unimproved land to the south of the subject property.
Site Size:	Total: 1.29 acres; 56,192 sf Usable: 1.29 acres; 56,192 sf The property has full utility in context of the market.
Shape:	Irregular
Access:	The subject property has average access.
Frontage:	The subject parcel has street frontage along State Street (Highway 89), Uzona Ave, and Pinion Street.
Visibility:	Average
Topography:	Level
Soil Conditions:	The subject property appears to consist of sandy loam, typical of other properties in the area. According to the USDA NRCS web soil survey, the predominant soil found on the property is RaC: Redbank fine sandy loam, 1 to 5 percent slopes. Given the existing development on the property, the soil on the site appears to be well suited for industrial/commercial development. I am not aware of any expansive clay on the site, but there are deposits of clay throughout the area. It is assumed that the soil is unaffected by environmental contamination.

Soil Map



Utilities:

Electricity: Rocky Mountain Power
Sewer: Hildale City
Water: Hildale City
Natural Gas: Dominion Energy (Formerly Questar Gas)
Adequacy: The subject's utilities are typical and adequate for the market area.

Site Improvements:

- Incandescent Street Lights
- Concrete Curb & Gutters
- Concrete Curb & Gutters
- Landscaping consists of desert style domestic trees, shrubs, and decorative gravel that is typical for the area.

Flood Zone:

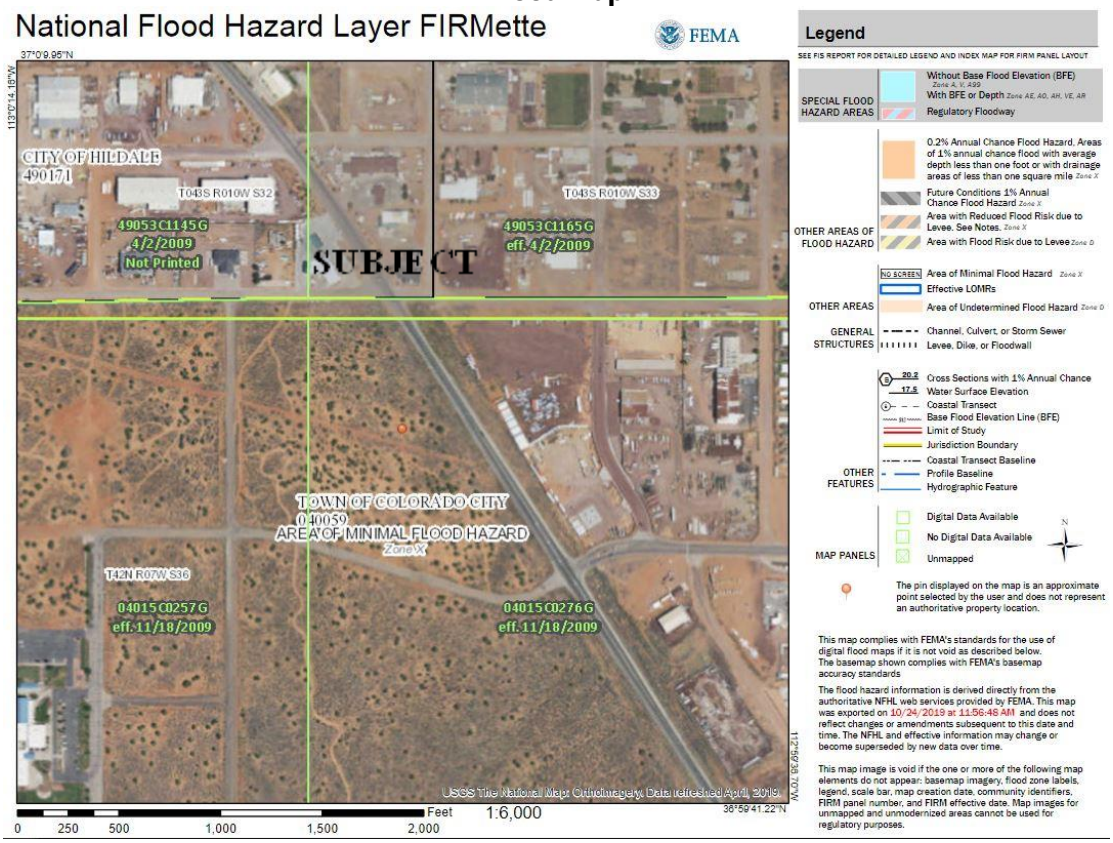
The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone 'X', which is not classified as a flood hazard area.

FEMA Map Number: 04015C 0276G

FEMA Map Date: November 18, 2009

The subject parcels are located outside the existing flood zone.

Flood Map



Drainage The subject property has a very slight gradual downward slope from north to south. Drainage Appears adequate and typical for the area.

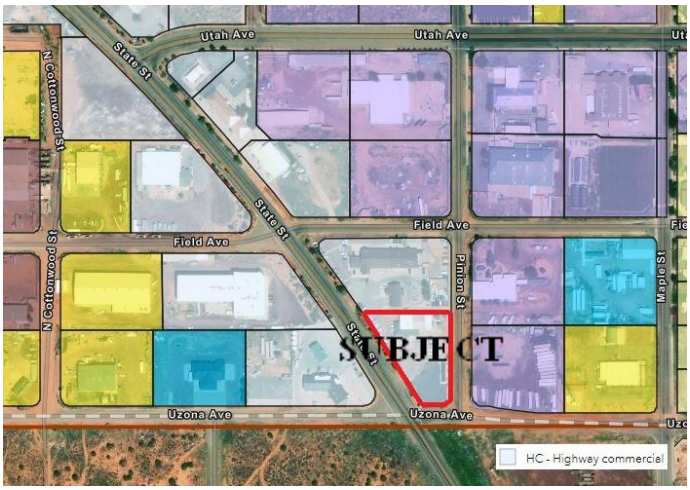
Wetlands/Watershed: No wetlands were observed during our site inspection.

Environmental Issues: An environmental site assessment has not been completed for the subject. No suspicious materials that would suggest that environmental contamination is present; however, this does not preclude the possibility that contamination exists on the site, on nearby sites, or in the subject's construction materials. I am not an expert in this field and express no opinion about the possible absence or presence of contamination. The property is appraised under the assumption that no contamination exists.

Encumbrance/Easements: No easements or encroachments that would limit the marketability of the subject property were noted. However, the site is assumed to have typical easements for ingress/egress and utilities. These easements have a negligible impact on the property.

Zoning Highway Commercial

The purpose of the HC zone is to provide commercial areas with visibility and access from SR-59 and major arterial roads for the convenience of commuters and the traveling public. Typical uses include lodging facilities, personal services, travel plazas, restaurants and fast food facilities, and commuter parking.



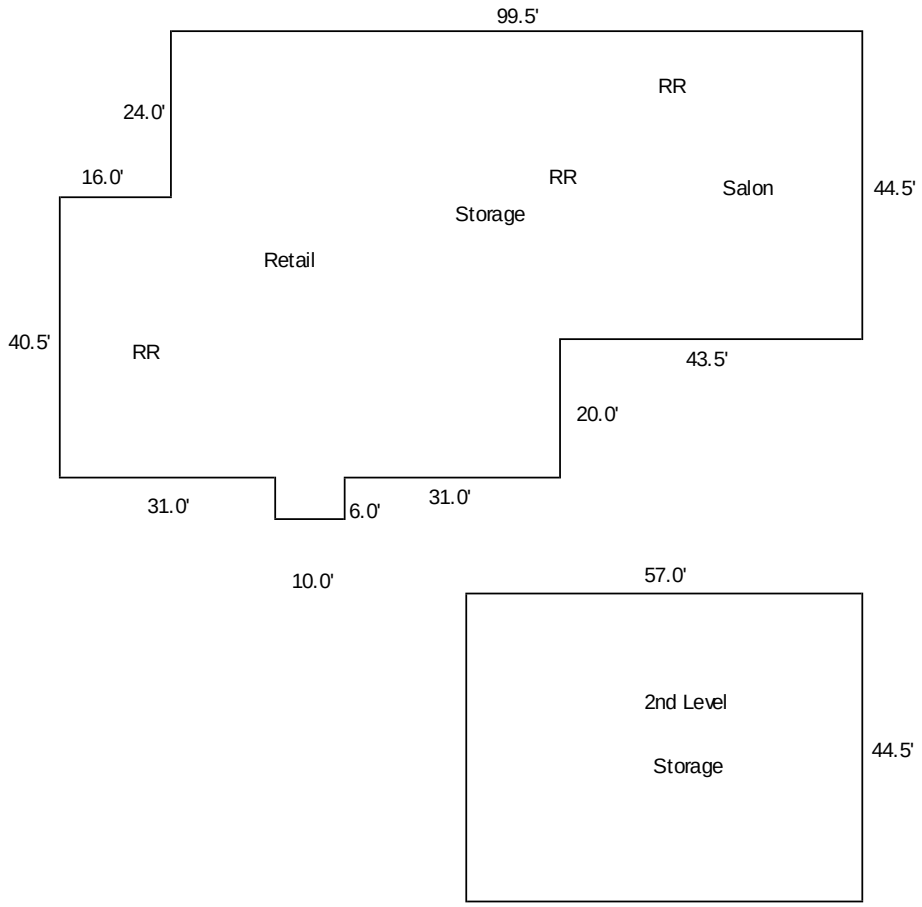
Covenants, Conditions & Restrictions

None known.

Site Comments:

The subject of this appraisal consists of 1.29 acres and the site is currently used as retail/warehouse building improvements. According to the Hildale City Zoning Map the subject property is currently zoned Highway Commercial. The site is generally level and has adequate access with all utilities to the property.

IMPROVEMENT DESCRIPTION
(Building Sketch)



SKETCH CALCULATIONS	Perimeter	Area
Building Area		
First Floor		6255.8
Second Floor		2536.5
Total Building Area		**8792.3**

IMPROVEMENTS DESCRIPTION

Property Type:	Retail/Storage Building
Overview:	The subject property is improved with the construction of a class 'S' retail/warehouse building that is in use as a retail/storage building. There is a 6,256 SF at the main level and 2,536 SF at the upper level for a total of 8,792 SF. There are 3 restrooms at the main level and one restroom at the upper level. The building was originally constructed in the 1980's and added onto and fully remodeled in 2010. The site is mostly in undesignated gravel parking area with a portion at the front of the building with paved concrete parking. The existing building improvements make good use of the available site.

GENERAL

Building Identification:	Retail/Storage Building
Building Description:	Retail/Storage Building
Construction:	Metal
Construction Quality:	Average
Year Built:	1980's
Renovations:	The building was originally constructed in the 1980's and added onto and fully remodeled in 2010.
Effective Age:	20 Years
Economic Life:	45 Years
Remaining Useful Life:	25 Years
Condition:	Average
Appeal/Appearance:	Average
Areas, Ratios, & Numbers "As Complete":	Number of Stories: 2.00 Gross Building Area: 8,792 SF Building Efficiency: NA

FOUNDATION, FRAME & EXTERIOR

Foundation:	Slab on Grade
Basement/Sublevel:	0
Structural Frame:	Metal

Exterior:	Stucco/Metal
Windows:	Fixed Casement/Double Pain glass
Roof/Cover:	Metal Trusses / Sheet Metal
Elevators:	None
Stairs:	There is a set of stairs to the second level storage area.
Service Access/ Overhead Doors:	There are 2 small overhead doors.

INTERIOR

Interior Layout:	Retail/Storage Building
Floor Cover:	Good mix of tile, linoleum, and bare concrete
Walls:	Painted and Textured Drywall
Ceilings & Ceiling Height:	Painted and Textured Drywall / 8' to 16'
Lighting:	Surface Light Fixtures/Fluorescent
Restrooms:	All bathrooms have ceramic tile floors, painted drywall walls, florescent light fixtures. Each bathroom has single commode and sink. The restrooms are in average overall condition.

MECHANICAL SYSTEMS

Heating/Cooling:	Mix of Central Heating and Air Conditioning/Evaporative Cooling
Electrical:	Assumed adequate for intended use.
Plumbing Condition:	Assumed adequate for intended use.
Sprinkler:	None
Security:	Yes

PROPERTY ANALYSIS

Design & Functional Utility:	The subject property appears to be fully functional for the intended use of a retail/storage building.

Deferred Maintenance:	The building improvements are in average condition. There are no significant items of deferred maintenance noted.
Proposed Capital Improvements:	None Noted
External Obsolescence:	I am unaware of any external features that seriously affect the subject.

REAL ESTATE TAXES

Location	Owner	Value
Account Number 0571797 **Parcel Number** HD-HDIP-31 **Tax District** 02 - Hildale Town **Acres** 1.29 **Situs** 0, 0 **Parent Accounts** 0356785 0571656 **Parent Parcels** 186-C HD-HDIP-17 ROADWAY **Child Accounts** **Child Parcels** ROADWAY **Sibling Accounts** **Sibling Parcels**	**Name** HILDALE TOWN CORP PO BOX 840490 HILDALE, UT 84784-0490	**Market** (2019) $42,100 **Taxable** $0 **Tax Area:** 02 **Tax Rate**: 0.011913 Type / Actual / Assessed / Acres Exempt $42,100 1.290

Transfers

Entry Number	Recording Date	
00288993	02/13/1986 04:30:00 AM	B: 402 P: 567
00342623	01/06/1989 04:44:00 AM	B: 508 P: 802
00578818	10/06/1997 12:01:00 PM	B: 1138 P: 871
20160019976	06/06/2016 02:36:01 PM	
20160019977	06/06/2016 02:36:01 PM	
20160019979	06/06/2016 02:36:01 PM	
20160019980	06/06/2016 02:36:01 PM	

"Tax"

Tax Year	Taxes
2019	$0.00
2018	$0.00

Images

SUBJECT PHOTOGRAPHS



1—Highway 59 Street Scene Looking Southeast



2—Uzona-Avenue Street Scene Looking East



3—Pinion Street Scene Looking North



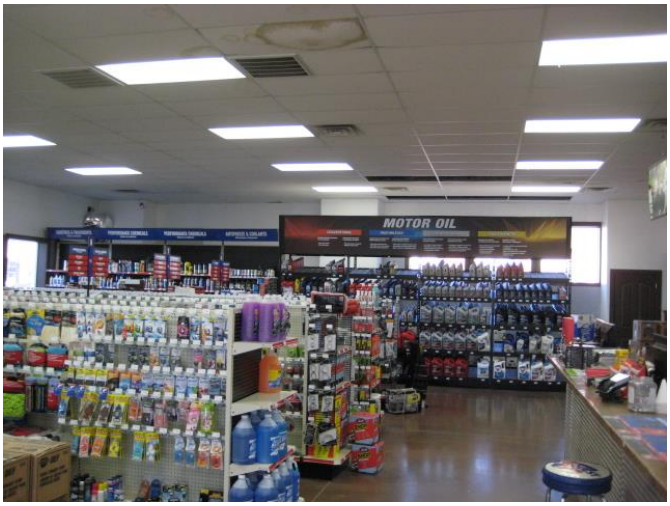
4—Front View



5—Mobile Trailer Home on Property



6—West Side View



7—Retail Area



8—Storage Area



9—Storage Area



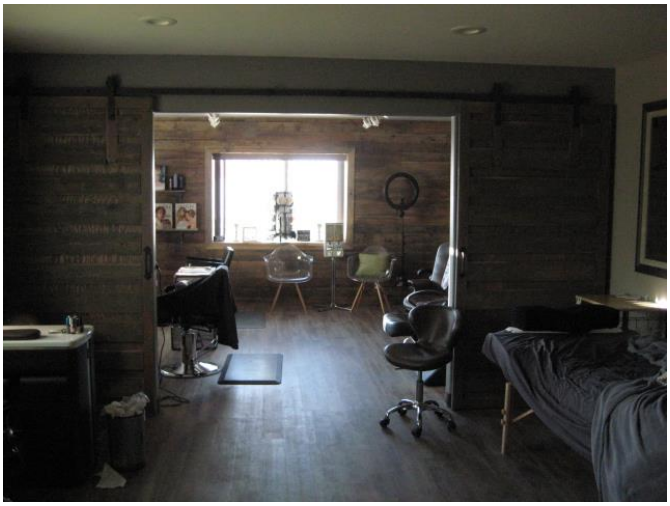
10--Restroom



11--Restroom



12—Retail Area



13—Retail Area



14—2nd Level Storage Area



15—2nd Level Restroom



16—2nd Level Storage Area



17—2nd Level Storage Area



18—Retail/Mezzanine Area



19—Restroom



20—East Side View

HIGHEST AND BEST USE ANALYSIS

The Highest and Best Use is that probable use or program of future utilization which will generate the highest net return on land over a certain period of time. The following definition will serve as the basis for the Highest and Best Use conclusion in this appraisal.

Highest and Best Use of Land or a Site As Though Vacant

"Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."

Highest and Best Use of Property as Improved

"The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one."

It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect highest and best use would be most probable use. In the context of investment value an alternative term would be most profitable use.

Source: The Dictionary of Real Estate Appraisal, 5th Edition by The Appraisal Institute

The specific criteria which must be addressed to establish Highest and Best Use follows:

1. *Legal Restrictions* - The use must be legal and in conformance with all types of government regulations.
2. *Physical Limitations* - The use must be physically suited to the site.
3. *Economic Feasibility* - There must be demonstrated demand and a potential profit for the projected use. If more than one use is probable, the highest and best use is that use which returns the greatest income to the land, also known as the maximally productive use.
4. *Maximally Productive Use* - The use which generates the greatest income to the land and provides a basis for feasible development is considered the maximally productive use of the land and also the Highest and Best Use.
5. In the following sections, I will more thoroughly address the issues above as they relate to the subject property. The analysis will first address the Highest and Best Use, as if vacant. The existing improvements will then be analyzed to assess whether they represent the Highest and Best Use of the property.

HIGHEST AND BEST USE, AS IF VACANT

Legal Restrictions

Legal restrictions are typically associated with public concerns of zoning, building codes and environmental regulations. According to the Hildale City Zone Map, the subject property is zoned Highway Commercial. This is a commercial zone designed for lodging facilities, personal services, travel plazas, restaurants and fast food facilities, and commuter parking. From a legally permissible standpoint, the major restriction on the subject property would be that of a use judged by the City to be in harmony with the nature of the Highway Commercial zone. Other than zoning, I am unaware of any deed restrictions, easements or Rights-of-Way that would have any adverse impact upon the utility of the property or its value in the market. It is assumed, of course, that the property is subject to typical utility easements.

Physical Limitations

Size, shape, and physical features improve development constraints on the subject property. According to Washington County records, the subject property is 1.29 acres. The parcel is level in terrain, irregular in shape and has frontage along State Street (Highway 89), Uzona Ave, and Pinion Street. The site appears capable of supporting full development of the site.

Financially Feasible

Hildale is somewhat of a closed community with little outside residents locating to the area. The result is that there is very little new development of growth occurring in the community. As a vacant site there has been very limited demand for new commercial related uses. Most of the land is tightly held with no land actively being marketed for sale. The economic rent required to support new construction is higher than the market rent given current market conditions. However, if the subject improvements were not in place there would be some demand for commercial improvements to support the local population. Commercial development is therefore financially feasible if the subject improvements were not in place.

Maximally Productive

The maximally productive use is that use which is financially feasible, which would bring the greatest return to the property. Typically for general commercial uses that would result in building improvements of between 15 and 30 percent of the total land area. Typically, more rural areas have lower building to site coverage ratios when compared to more urban areas. The site has corner influence. Given the location of the property the maximally productive use is to hold the property until commercial development is feasible.

Conclusion of Highest and Best Use as though Vacant

As there are no feasible development uses of the property in the current market, the only use, and thus the maximally productive use and that use proven to be the highest and best use is for speculative hold for commercial development until demand for such use increases in the area.

HIGHEST AND BEST USE, AS IMPROVED

In determining the highest and best use of the property as improved, the focus is on three possibilities for the property: 1) continuation of the existing use, 2) modification of the existing use, or 3) demolition and redevelopment of the land.

Continued Existing Use

The subject improvements conform to the criteria of highest and best use and that they are legally permissible, physically possible, financially feasible, and appear to make a positive return to the land. No legal, alternative use justifies the removal of the improvements. The existing improvements fully utilize the available site. It is believed that the improvements make a return equal to or greater than other potential uses in the market at the present time. Hence, the building improvements represent the highest and best use of the site "as improved".

Conversion/Modification

No conversion or modifications are noted.

Demolition

The existing improvements meet the current demand of the market and contribute to the underlying land value. Thus, demolition is not feasible or likely.

Interim Use

The improvements are considered functional and not an interim use.

Excess/Surplus Land

The existing building improvements fully utilize the available site and there is no excess/surplus land available.

Conclusion of Highest and Best Use as Improved

The highest and best use of the subject property, as improved, is the continued use as warehouse building improvements.

Most Probable Buyer/User

As of the date of value, the most probable buyer of the subject property is an owner user.

LAND VALUATION

Land is valued using the Sales Comparison Approach. 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 utility. In the following analysis, the opinion of market value is based on listings, pending sales, and sales of properties similar to the subject property.

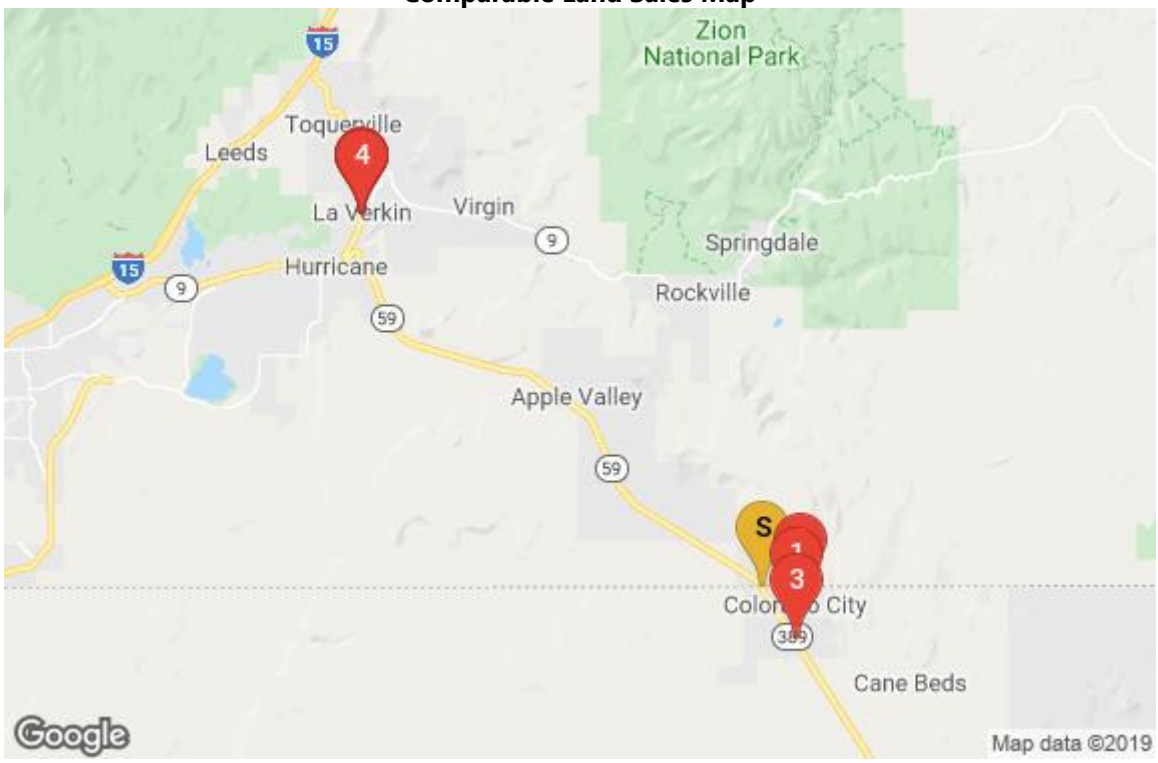
Elements of Comparison
Elements of comparison are characteristics of properties and transactions that cause the prices of real estate to vary. The main elements of comparison in the sales comparison analysis are as follows: 1) real property rights conveyed, 2) financing terms, 3) conditions of sale, 4) expenditures made immediately after purchase, 5) market conditions, 6) location, 7) physical characteristics, 8) economic characteristics, and 9) zoning/use.

Comparable Sales Data
I researched public records and other sources and interviewed knowledgeable real estate professionals in the area to identify and verify sales and listings of properties that are comparable to the subject. The comparable sales are adjusted to the subject: if the comparable sale was superior to the subject, I applied a negative adjustment to the comparable sale. A positive adjustment to the comparable property has been applied if it were inferior to the subject.

Unit of Comparison
The unit of comparison depends on the land use economics and how buyers and sellers use the property. The unit of comparison in this analysis is price/acre.

I have researched four comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched, inspected, and verified by a party to the transaction.

Comparable Land Sales Map



*** Sales 1 & 2 are not easily seen but are located near Sale 3 in Colorado City.**

Land Comparable 1



Transaction

ID	4365	**Date**	7/18/2018
Address	SEC Pioneer St and	**Price**	$20,000
City	Colorado City	**Price per Acre**	$10,526
State	AZ	**Price Per Land SF**	$0.24
Tax ID	404-21-110		
Grantor	Brody & Elizabeth Olson	**Property Rights**	Fee Simple
Grantee	Grace Reigns Inc		

Site

Acres	1.90	**Topography**	Generally level
Land SF	82,764	**Zoning**	None
Road Frontage	Pioneer St, paved;	**Zoning**	None
Shape	Square		
Utilities	All available		

Comments

This sale consists of a single parcel that is 1.90 acres in size, generally level and square in shape. It appears Pioneer Lane runs north to south across the parcel on the eastern border, separating about 1/4 of the site across this unimproved road. Electricity and city sewer and water are available.

Land Comparable 2



Transaction

ID	4363	**Date**	6/7/2017
Address	Academy Ave, East of	**Price**	$15,000
City	Colorado City	**Price per Acre**	$12,295
State	AZ	**Price Per Land SF**	$0.28
Tax ID	404-33-037		
Grantor	Theral and Michelle Timpson	**Property Rights**	Fee Simple
Grantee	Sage Mountain Holdings		

Site

Acres	1.22	**Topography**	Generally level
Land SF	53,143	**Zoning**	None
Road Frontage	Academy Avenue, paved,	**Zoning**	None
Shape	Rectangular		
Utilities	All available		

Comments

This sale consists of a single parcel that is 1.22 acres in size, generally level and rectangular in shape. The site appears to be fully usable with electricity and city sewer and water available.

Land Comparable 3



Transaction

ID	4366	**Date**	8/26/2016
Address	NEC SR-389 & Central	**Price**	$120,000
City	Colorado City	**Price per Acre**	$23,622
State	AZ	**Price Per Land SF**	$0.54
Tax ID	404-23-017		
Grantor	Mark F. James, WLM Investments & Holdings LLC	**Property Rights**	Fee Simple
Grantee	John W. Timpson		

Site

Acres	5.08	**Topography**	Generally level
Land SF	221,285	**Zoning**	None
Road Frontage	SR-389, paved; and	**Zoning**	None
Shape	Triangular		

Comments

This sale consists of a single parcel that is 5.08 acres in size, generally level and triangular in shape. A Dollar General store is located to the south across Central Street. and there appears to be a dry creek bed that runs along the northern property line.

Land Comparable 4



Transaction

ID	4225	**Date**	3/1/2018
Address	175 North State Street	**Price**	$475,000
City	La Verkin	**Price per Acre**	$120,865
State	UT	**Price Per Land SF**	$2.77
Tax ID	LV-98-A	**Financing**	Cash
Grantor	Jay & Dorothy Frazier	**Property Rights**	Fee Simple
Grantee	Stewart Ferber	**Days on Market**	8
Conditions of Sale	Arm's Length	**Verification**	MLS# 18-190699
SalesHistory	No sales in prior three years		

Site

Acres	3.93	**Topography**	Level
Land SF	171,191	**Zoning**	COMM
Road Frontage	540,	**Zoning**	COMM
Shape	Rectangle		
Utilities	All In Area	**Environmental Issues**	None Known

Comments

This parcel has good frontage on State Street in La Verkin. It is currently used for agricultural purposes but is in a commercial zone and marketed for commercial property.

Land Analysis Grid			Comp 1		Comp 2		Comp 3		Comp 4	
Address	640 N State Street		SEC Pioneer St and		Academy Ave, East of		NEC SR-389 &		175 North State	
City	Hildale		Colorado City		Colorado City		Colorado City		La Verkin	
State	Utah		AZ		AZ		AZ		UT	
Date	10/28/2019		7/18/2018		6/7/2017		8/26/2016		3/1/2018	
Price	$0		$20,000		$15,000		$120,000		$475,000	
Acres	1.29		1.90		1.22		5.08		3.93	
Acre Unit Price	$0		$10,526		$12,295		$23,622		$120,865	
Transaction Adjustments										
Property Rights	Fee Simple		Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional		Cash Equiv.	0.0%	Cash Equiv.	0.0%	Cash Equiv.	0.0%	Cash	0.0%
Conditions of Sale	Cash		Arm's Length	0.0%	Arm's Length	0.0%	Arm's Length	0.0%	Arm's Length	0.0%
Adjusted Acre Unit Price			**$10,526**		**$12,295**		**$23,622**		**$120,865**	
Market Trends Through	10/28/2019	0.0%	0.0%		0.0%		0.0%		20.0%	
Adjusted Acre Unit Price			$10,526		$12,295		$23,622		$145,038	
Subsequent Trends Ending	10/28/2019	0.0%	0.0%		0.0%		0.0%		0.0%	
Adjusted Acre Unit Price			$10,526		$12,295		$23,622		$145,038	
Location	Hildale		Colorado City/Inf.		Colorado City/Inf.		Colorado City/Inf.		La Verkin/Sup.	
% Adjustment			20%		20%		20%		-75%	
$ Adjustment			$2,105		$2,459		$4,724		-$108,779	
Acres	1.29		1.90		1.22		5.08		3.93	
% Adjustment			0%		0%		10%		5%	
$ Adjustment			$0		$0		$2,362		$7,252	
Topography	Level		Generally level		Generally level		Generally level		Level	
% Adjustment			0%		0%		0%		0%	
$ Adjustment			$0		$0		$0		$0	
Shape	Irregular		Square		Rectangular		Triangular		Rectangular	
% Adjustment			0%		0%		0%		0%	
$ Adjustment			$0		$0		$0		$0	
Utilities	To Site		All available		All available		All Available		All In Area	
% Adjustment			0%		0%		0%		0%	
$ Adjustment			$0		$0		$0		$0	
Zoning	Comm.		Residential		Residential		Commercial		Commercial	
% Adjustment			50%		50%		0%		0%	
$ Adjustment			$5,263		$6,148		$0		$0	
Adjusted Acre Unit Price			**$17,895**		**$20,902**		**$30,709**		**$43,511**	
Net Adjustments			70.0%		70.0%		30.0%		-70.0%	
Gross Adjustments			70.0%		70.0%		30.0%		80.0%	

Transaction Adjustments

Transaction adjustments include: 1) real property rights conveyed, 2) financing terms, 3) conditions of sale, and 4) expenditures made immediately after purchase. These items are applied to the application property adjustments. No adjustments are necessary.

Property Rights Conveyed

The estimate of market value for the subject property is based on Fee Simple Interest. I have looked for sales that sold under similar conveyance. All sales used in this analysis are Fee Simple Interest with no adjustments required for property rights conveyed.

Terms/Financing

The estimate of market value for the subject property is based on all cash or terms equivalent to cash. All sales used in this analysis were all cash sales or considered equivalent to cash and require no adjustment for financing terms.

Conditions of Sale
The sales were arm's length transactions with no adjustments required for condition of sale.

Adjustments for Immediate Expenditures
A knowledgeable buyer considers the needed expenditures to make the site usable because these costs affect the price the buyer agrees to pay. Such expenditures may include cost to demolish or remove improvements, costs to rezone the property, costs to extend utilities or to improve roadways to the property, etc. None of the comparables required adjustments for expenditures of this nature.

Market Conditions
Market conditions may change between the time of sale of a comparable property and the date of the appraisal of the subject property. Inflation, deflation, fluctuations in supply and demand, or other factors can cause changes in property pricing. Market conditions that change over time create the need for an adjustment.

Market conditions have been increasing since about 2011 in the general area. Although prices are improving there is little evidence to suggest what appreciation is taking place. The sales are recent enough and reflect current market conditions with no adjustments applied.

Physical Characteristics
If the physical characteristics of a comparable property and the subject property differ, each of the differences may require comparison and adjustment to the comparable. The most notable physical differences for comparable sales in the market include:

- Location
- Acres
- Topography
- Shape
- Utilities
- Zoning
- Other

Location
Location adjustments consider a variety of factors including block placement, visibility, exposure, access, etc. The subject property is centrally located in Hildale. Sales 1-3 are located in Colorado City and are inferior in terms of location and were adjusted upward 20%. There are very few comparable land sales in the subject area. Thus, I have included a sale from outside the subject area. Sale 4 is located La Verkin and judged as a superior commercial location and adjusted downward 75%.

Acres
In general, smaller parcels tend to sell for a higher unit of measure than larger parcels. This is consistent with the general economic theory of marginal utility. The higher price results in fewer available buyers who either need the property or can afford it. This reduced demand results in a slightly lower price per unit of measure. Sale 1 and 2 are similar enough in terms of size that no adjustments have been applied. Sales 3 and 4 are larger and adjusted upward.

Topography
The subject and the sales used are generally level in terrain with no adjustments applied.

Shape
No adjustments have been applied in this regard.

Utilities
The subject and all sales have all utilities stubbed to the respective sites with no adjustments applied.

Zoning
Sale 1 and 2 are planned for residential development which is inferior to the commercial zone and were adjusted upward 50%. No adjustments have been applied to Sales 3 and 4.

Conclusion "As Vacant"
The comparables have strengths and limitations, yet as a whole are good representations of the market. The adjusted comparables range from $17,895/acre to $43,511/acre with an average near the mid-range. The is a relatively broad range but the sales used are the best available. Sale 4 is most similar in terms of physical characteristics and has been given primary consideration. All of the comparables have been considered in my opinion of the "as vacant" value. There appears to be more support near the mid-range of the adjusted sales. It is my opinion the "as vacant" market value of the subject property is $30,000 per acre times 1.29 acres equals $38,700 or **$40,000 rounded**, as shown below.

Land Value Ranges & Reconciled Value			
Number of Comparables: 4	**Unadjusted**	**Adjusted**	**% Δ**
Low:	$10,526.32	$17,894.74	70%
High:	$120,865.14	$43,511.45	-64%
Average:	$41,827.15	$28,254.12	-32%
Median:	$25,805.15	$25,805.15	0%
Reconciled Value/Unit Value:		$30,000.00	
Subject Size:		1.29	
Indicated Value:		$38,700	
Reconciled Final Value:		**$40,000**	
Forty Thousand Dollars			

COST APPROACH TO VALUE

Methodology

In the Cost Approach, I estimate replacement or reproduction costs of the improvements (including direct costs, indirect costs, and entrepreneurial incentive), deduct all forms of depreciation (physical, functional, and economic/external), and add land value to derive a valuation. In theory, an investor or buyer of real estate will not pay more for a property than the cost to replace or reproduce the property less any accrued depreciation plus payment of entrepreneurial incentive.

The Cost Approach incorporates five components: direct and indirect construction costs, entrepreneurial incentive, depreciation, and land value. I have listed below elements considered in each category.

Direct Construction Costs

The replacement cost is calculated based upon the cost per square foot with all of the square foot costs including the following:

Construction Costs

Site and Building Improvements

The subject property is improved with the construction of a class 'S' retail/warehouse building that is in use as a retail/storage building. There is a 6,256 SF at the main level and 2,536 SF at the upper level for a total of 8,792 SF. There are 3 restrooms at the main level and one restroom at the upper level. The building was originally constructed in the 1980's and added onto and fully remodeled in 2010. The site is mostly in undesignated gravel parking area with a portion at the front of the building with paved concrete parking. The existing building improvements make good use of the available site.

Given the age of the improvements an actual cost breakdown of the existing improvements is not provided. I have relied on Marshall & Swift Valuation Service. The estimated hard costs used from Marshall & Swift Valuation Service have been taken from Section 14, Page 14, for February of 2018 for an average quality class “S” warehouse building. The area multiplier is 0.94 and with a current cost multiplier of 1.06. Adjusted price for the Class “S” metal warehouse building area is $45.59 per square foot.

The hard cost data for the building improvements is estimated at $399,384.

Building Improvements					
Item	Unit Type	Cost	Quantity	Multiplier	Total
Metal Warehouse	Sq. Ft.	$45.59	8,792	0.9964	$399,384
				Total Building Improvement Costs	**$399,384**

Soft Costs

Soft costs include engineering, architectural, permits, fees, financing, and other possible costs as well as entrepreneurial incentive or developer profit. Engineering and Architectural costs are estimated at 4.0% of the building and site costs respectively as shown on the following table.

Soft Costs			
Item		Percent Type	Total
Engineering & Architectural Building	4.0%	% of Building Cost	$15,975
Engineering & Architectural Cost Site	4.0%	% of Site Cost	$0
		Total Soft Costs	**$15,975**

Developer Profit

Entrepreneurial profit is not considered a construction cost per sé, since it is not actually paid in the construction process. Profit is earned only if the real estate development creates a higher value than its cost. Without anticipation of profit, few if any developments would be undertaken. Entrepreneurial profit also takes into consideration the amount of risk that is associated with the development and the advantage of having a finished building versus waiting to complete a respective building. It is typical for entrepreneurial profit to range from around 7% to over 20%. Most developers of owner-occupied properties expect a profit between 8% and 15%.

Owner-occupied buildings are rarely built on a speculative basis while occasionally stand-alone tenant occupied buildings are built on a speculative basis. There is greater risk associated with a speculative building. Given the overall improvements in the economic recovery and considering the soft demand for a project to be built on a speculative basis in the current market, entrepreneurial profit near the mid-range would be most appropriate. I have concluded entrepreneurial profit at 10%.

Total Costs		
Subtotal: Building Soft & Hard Costs		$415,360
Subtotal: Site Soft & Hard Costs		$0
Developer's Profit	10.0%	$41,536
	Total Cost	**$456,896**

Depreciation

The next step is to estimate depreciation applicable to the improvements. Depreciation is a market-recognized loss in value due to use, disintegration, and the environment. Depreciation is recognized only insofar as the market identifies this loss in value. Accrued depreciation is a loss in value to the replacement costs of the improvements and may emanate from physical deterioration, functional obsolescence, external obsolescence, or any combination of these factors. The various forms of depreciation are discussed below.

Physical Depreciation

"To estimate accrued depreciation with the economic age-life method, the ratio of a building's effective age to its total economic life is applied to the current cost of the improvements to obtain a lump-sum deduction for accrued depreciation." The metal warehouse building has a life expectancy of 45 years, an effective age of 20 years, and remaining economic life of 20 years. Physical deprecation has been estimated at 23%. (see Marshall and Swift Valuation section 97, page 24).

Functional Obsolescence

The subject conforms to the typical quality and amenities to meet market standards. As such there is no functional obsolescence associated with the improvements. The adjustment for functional obsolescence is 0 % of the building hard and soft costs.

External Obsolescence

External Obsolescence is the result of factors outside of the property that adversely affect value. External obsolescence is generally incurable. Adjacent properties to the subject are industrial, commercial, or residential in nature. The area lacks fully improved roads and landscaping. It is noted typical construction costs plus land value exceed sales in the area. The subject property is located in an area where historically there has been very little market activity. External obsolescence has been estimated at 5%. The property is in an area with limited market with the improvements misplaced for maximal economic return.

Deducting all forms of real property depreciation develops a total depreciation of $150,776.

Depreciation is summarized in the table below:

Depreciation: Section 1 of 1					
Component	**Eff. Age**	**Life**	**Percent**		**Amount**
Physical Depreciation: Block Building	20	45	23.00%		$105,086
Functional Obsolescence Building			0.00%		$0
External Obsolescence Building & Site			5.00%		$22,845
			Total Depreciation		**$127,931**
			Depreciated Value of Improvements		**$328,965**

Land Value

The final step in the cost approach is the addition of the land value. The subject land value is **$40,000.**

Land Value	
Land Value	$40,000
Furniture Fixtures & Equipment	$0
Cost Approach Value Indication	**$368,965**
Rounded	**$370,000**

Cost Approach Conclusion

Building Improvements					
Item	Unit Type	Cost	Quantity	Multiplier	Total
Metal Warehouse	Sq. Ft.	$45.59	8,792	0.9964	$399,384
				Total Building Improvement Costs	**$399,384**

Soft Costs			
Item		Percent Type	Total
Engineering & Architectural Building	4.0%	% of Building Cost	$15,975
Engineering & Architectural Cost Site	4.0%	% of Site Cost	$0
		Total Soft Costs	**$15,975**
Total Costs			
	Subtotal: Building Soft & Hard Costs		$415,360
	Subtotal: Site Soft & Hard Costs		$0
	Developer's Profit	10.0%	$41,536
		Total Cost	**$456,896**

Depreciation: Section 1 of 1					
Component	Eff. Age	Life	Percent		Amount
Physical Depreciation: Block Building	20	45	23.00%		$105,086
Functional Obsolescence Building			0.00%		$0
External Obsolescence Building & Site			5.00%		$22,845
			Total Depreciation		**$127,931**
			Depreciated Value of Improvements		**$328,965**

Land Value	
Land Value	$40,000
Furniture Fixtures & Equipment	$0
Cost Approach Value Indication	**$368,965**
Rounded	**$370,000**

SALES COMPARISON APPROACH TO VALUE

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 the Sales Comparison Approach, the appraiser analyzes sales, listings, or pending sales of properties similar to the subject property, using the most relevant units of comparison.

A systematic procedure for applying the Sales Comparison Approach includes the following steps: 1) researching and verifying sales, listings, and pending sales data, 2) selecting relevant units of comparison, 3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and 4) reconciling the adjusted indications sales into a value indication for the subject.

Unit of Comparison
The primary unit of comparison in the market for retail building properties such as the subject is GBA.

Sales Analysis
I researched public records and other sources and interviewed knowledgeable real estate professionals in the area to identify and verify sales and listings of properties that are comparable to the subject property. We have chosen five comparable sales and listings that are considered useful in developing an opinion of the market value of the subject property.

The following comparable property sales and listings were selected.

Comparable 1			
			
Transaction			
ID	4372	**Date**	3/21/2018
Address	SWC Township Ave and Hammon Street	**Price**	$200,000
City	Colorado City	**Price Per SF**	$33.33
State	AZ	**Transaction Type**	Closed Sale
Tax ID	404-53-291 and 404-53-292	**Financing**	NA
Grantor	Blackmore LLC	**Property Rights**	Fee Simple
Grantee	Basic Cabinet Co Inc	**Days on Market**	NA
SalesHistory	NA	**Conditions of Sale**	NA
Access	Paved road	**Verification**	County Records
Site			
Acres	2.30	**Topography**	Level
Land SF	100,188	**Zoning**	None
Road Frontage	Township Ave, paved; Hammon Street, dirt,	**Flood Zone**	NA
Shape	Rectangular	**Encumbrance or**	NA
Utilities	All available	**Environmental Issues**	NA
Improvements & Financial Data			
GBA	6,000	**PGI**	NA
Rentable Area	6,000	**EGI**	NA
Quality	Average	**Expense Ratio**	NA
Year Built	2005	**NOI**	NA
Renovations	NA	**Cap Rate**	
Condition	Average	**EGIM**	
Comments			
This sale consists of a two parcels that are 2.30 acres in size improved with a 6,000 sf warehouse built in 2005 with metal siding and roof and two 10' x 14' overhead doors. The site is level and rectangular in shape, and appears to be fully usable with all utilities that are typical of the area available.			

Comparable 2			



Transaction			
ID	4376	**Date**	11/29/2017
Address	25 S. Barlow Street	**Price**	$501,532
City	Colorado City	**Price Per SF**	
State	AZ	**Transaction Type**	Closed Sale
Tax ID	404-53-287	**Financing**	NA
Grantor	United Effort Plan Trust	**Property Rights**	Fee Simple
Grantee	ES 177559 LC	**Days on Market**	NA
SalesHistory	NA	**Conditions of Sale**	NA
Access	Paved road	**Verification**	County Records

Site			
Acres	0.95	**Topography**	Level
Land SF	41,382	**Zoning**	None
Road Frontage	Barlow Street, dirt;	**Flood Zone**	NA
Shape	Rectangular	**Encumbrance or**	NA
Utilities	All available	**Environmental Issues**	NA

Improvements & Financial Data			
GBA	11,080	**PGI**	NA
Rentable Area	11,080	**EGI**	NA
Quality	Average	**Expense Ratio**	NA
Year Built	1980 and 1999	**NOI**	NA
Renovations	NA	**Cap Rate**	
Condition	Average	**EGIM**	NA

Comments

This sale consists of a single parcel that is 0.95 acres in size, level and rectangular in shape. The site is improved with three buildings, a 7,600 sf metal sided warehouse with a metal roof, a 1,200 sf quonset metal storage shed built in 1980, and a 2,280 sf metal and wood storage shed

Comparable 3			
			
Transaction			
ID	4375	**Date**	11/29/2017
Address	385 Township Avenue	**Price**	$219,279
City	Colorado City	**Price Per SF**	$39.51
State	AZ	**Transaction Type**	Closed Sale
Tax ID	404-53-290	**Financing**	NA
Grantor	United Effort Plan Trust	**Property Rights**	Fee Simple
Grantee	Sunny Peaks LLC	**Days on Market**	NA
SalesHistory	NA	**Conditions of Sale**	NA
Access	Paved road	**Verification**	County Records
Site			
Acres	0.96	**Topography**	Level
Land SF	41,818	**Zoning**	None
Road Frontage	Township Ave, and	**Flood Zone**	NA
Shape	Rectangular	**Encumbrance or**	NA
Utilities	All available	**Environmental Issues**	NA
Improvements & Financial Data			
GBA	5,550	**PGI**	NA
Rentable Area	5,550	**EGI**	NA
Quality	Average	**Expense Ratio**	NA
Year Built	1999 and 2003	**NOI**	NA
Renovations	NA	**Cap Rate**	
Condition	Average	**EGIM**	
Comments			
This sale consists of a single parcel that is 0.95 acres in size that is level and rectangular in shape. The site is improved with two buildings, a 2,550 sf retail/warehouse metal building with metal barrel roof and a 3,000 sf warehouse with a flat membrane roof.			

Comparable 4			
			
Transaction			
ID	3238	**Date**	5/31/2016
Address	1240 Uzona Avenue	**Price**	$369,993
City	Hildale	**Price Per SF**	$45.84
State	UT	**Transaction Type**	Closed Sale
Tax ID	HD-HDIP-29	**Financing**	Conventional
Grantor	Thomas Holm	**Property Rights**	Fee Simple
Grantee	Hilldale City	**Days on Market**	NA
SalesHistory	NA	**Conditions of Sale**	Arms Length
Access	NA	**Verification**	MLS 16-175108, inspection
Site			
Acres	1.67	**Topography**	Tiered
Land SF	72,745	**Zoning**	Industrial
Road Frontage	297,	**Flood Zone**	Not in Flood Zone
Shape	Rectanguler	**Encumbrance or**	None Known
Utilities	All Stubbed/Propane	**Environmental Issues**	None Known
Improvements & Financial Data			
GBA	8,072	**PGI**	NA
Rentable Area	8,072	**EGI**	
Quality	Average	**Expense Ratio**	
Year Built	1994	**NOI**	
Renovations	NA	**Cap Rate**	
Condition	Average	**EGIM**	NA
Comments			
Office warehouse building located in the Hildale Industrial Park.			

Comparable 5			



Transaction			
ID	4369	**Date**	9/7/2017
Address	75 S Central Street	**Price**	$200,000
City	Colorado City	**Price Per SF**	$23.08
State	AZ	**Transaction Type**	Closed Sale
Tax ID	404-31-023	**Financing**	Cash Equiv.
Grantor	UNITED EFFORT PLAN	**Property Rights**	Fee Simple
Grantee	HERITAGE FOSTER	**Days on Market**	NA
SalesHistory	NA	**Conditions of Sale**	Arm's Length
Access	Paved	**Verification**	County Records/Former Appraisal

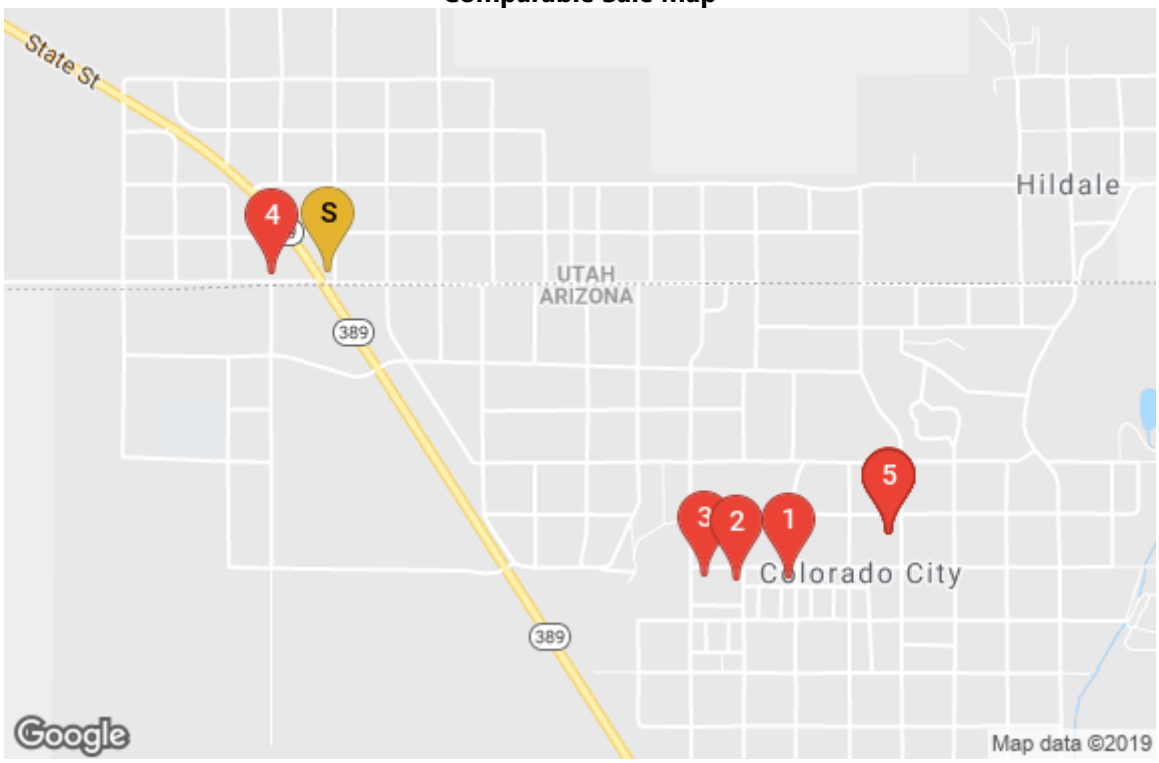
Site			
Acres	1.72	**Topography**	Level
Land SF	74,923	**Zoning**	Commercial
Road Frontage	Central Street,	**Flood Zone**	None
Shape	Rectangular	**Encumbrance or**	NA
Utilities	To Site	**Environmental Issues**	NA

Improvements & Financial Data			
GBA	8,664	**PGI**	NA
Rentable Area	8,664	**EGI**	NA
Quality	Avg.	**Expense Ratio**	NA
Year Built	2001	**NOI**	NA
Renovations	NA	**Cap Rate**	
Condition	Average	**EGIM**	

Comments

This is the former Radio Shack Building.The warehouse building includes 8,664 SF of which 5,720 SF is warehouse area and 2,944 SF is retail area. The west portion of the building has a large opening to the building that is about 36'x18'. The "as vacant" land value has been estimated at about $20,000.

Comparable Sale Map



INDUSTRIAL BUILDING SALES GRID												
	SUBJECT	SALE 1		SALE 2		SALE 3		SALE 4		SALE 5	
Location		Township & Hammon		25 S Barlow		Towhship Ave & Rich.		1240 Uzona Ave		75 S Central St.	
City		Colorado City		Colorado City		Colorado City		Hildale		Colorado City	
Date of Sale		Mar-18		Nov-17		Nov-17		May-16		Sep-17	
Sales Price		$ 200,000		$ 501,532		$ 219,279		$ 369,993		$ 200,000	
Size	8,792	6,000		11,080		5,550		8,072		8,664	
Price/SF		33.33		45.26		39.51		45.84		23.08	
ELEMENTS OF COMPARISON REQUIRING ADJUSTMENT											
Prop. Rights	Fee Simple	Fee Simple	0%	Fee Simple	0%	Fee Simple	0%	Fee Simple	0%	Fee Simple	0%
Adjusted Value			$ 200,000		$ 501,532		$ 219,279		$ 369,993		$ 200,000
Financing	Cash/Equiv.	Cash	0%	Cash	0%	Cash	0%	Cash	0%	Cash	0%
Adjusted Value			$ 200,000		$ 501,532		$ 219,279		$ 369,993		$ 200,000
Conditions	Arms Length	Arms Length	0%	Arms Length	0%	Arms Length	0%	Arms Length	0%	Arms Length	0%
Adjusted Value			200,000		501,532		219,279		369,993		200,000
Expenditures	None	None	$ -	None	$ -	None	$ -	None	$ -	None	$ -
Adjusted Value			$ 200,000		$ 501,532		$ 219,279		$ 369,993		$ 200,000
Market Cond.	Oct-19	Mar-18	0%	Nov-17	0%	Nov-17	0%	May-16	0%	Sep-17	0%
Adjusted Value			200,000		501,532		219,279		369,993		200,000
Value/Unit			33.33		45.26		39.51		45.84		23.08
PHYSICAL FEATURES											
Location	Hildale	Colorado City	0%	Colorado City	0%	Colorado City	0%	Hildale	0%	Colorado City	0%
Site Size	1.29	5.24 Acres	0%	0.95 Acres	0%	0.96 Acres	0%	1.67 Acres	0%	1.72 Acres	0%
Land Value	$40,000	$28,000		$15,000		$15,000		$20,000		$20,000	
Building alloc.	-	$ 172,000		$ 486,532		$ 204,279		$ 349,993		$ 180,000	
Building area		6,000	0%	11,080	0%	5,550	0%	8,072	0%	8,664	0%
Building Size	8,792		28.67		43.91		36.81		43.36		20.78
Quality/Condition	Metal/Avg.	Steel/Inf.	5%	Steel/Sim.	0%	Steel/Sim	0%	Block/Sup.	-10%	Frame/Inf.	5%
Effective Age	20 Years	5 Years	-15%	10 Years	-10%	10 Years	-10%	10 Years	-10%	20 Yrs.	0%
Use	Retail/Sto.	Warehouse	15%	Office/WH	5%	Retail/WH	5%	Offie/WH	5%	Warehouse	15%
Other	None	None	0%	None	0%	None	0%	None	0%	None	0%
Net Adjusted			5.0%		-5.0%		-5.0%		-15.0%		20.0%
Adj. Value/Unit			**30.10**		**41.72**		**34.97**		**36.86**		**24.93**
Indicated Improvement Value		264,639		366,761		307,427		324,030		219,191	
Add Land Value		40,000		40,000		40,000		40,000		40,000	
Total Real Property		304,639		406,761		347,427		364,030		259,191	
Add Trade Fixtures		0		0		0		0		0	
Improvement Value		**304,639**		**406,761**		**347,427**		**364,030**		**259,191**	

EXPLANATION OF ADJUSTMENTS

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The main elements of comparison that should be considered in sales comparison analysis are: 1) real property rights conveyed, 2) financing terms, 3) conditions of sale, 4) expenditures made immediately after purchase, 5) market conditions, 6) location, 7) physical characteristics, 8) economic characteristics, 9) zoning/use, and 10) non-realty components of value.

Real Property Rights Conveyed

The Fee Simple Interest is being appraised. The sales used were also fee simple properties with no adjustments applied.

Financing Terms

Beneficial or detrimental sales terms can affect the sales price. The market value definition is based on cash or cash equivalent terms. No adjustments are made for financing terms as all had similar market financing or were cash sales.

Conditions of Sale

All of the sales were arm's length transactions and no adjustments are made.

Expenditures Made Immediately After Purchase
A knowledgeable buyer considers needed expenditures to make the property usable because these costs affect the price the buyer agrees to pay. Such expenditures may include costs to demolish and remove obsolete improvements, costs to rezone the property, costs to extend utilities or to improve roadways to the property, and/or costs to remediate environmental contamination. There were no known expenditures after the sale.

Market Conditions
Property prices may change between the time of sale of a comparable property and the date of the appraisal. Inflation, deflation, fluctuations in supply and demand, or other factors can cause changes in property pricing. No adjustments are necessary for market conditions.

Property Adjustments

Physical Characteristics

Location
Location adjustments may be required when the location characteristics of a comparable property are different from those of the subject property. These include, but are not limited to, general neighborhood characteristics, freeway accessibility, street exposure, block placement, neighboring properties, view amenities, and other factors. Often differences in location are seen in a difference of land values as I have separated out land value for each comparable sale, no adjustment is made for location.

Site Size
As I have removed site value no adjustment is made for site size.

Building Size
As I am adjusting on a price per SF and the comparables are generally similar in size, no adjustments have been applied in this regard.

Quality/Condition
Quality and condition relates to the construction and maintenance of a property. Quality is more specific to the materials used while being constructed, and condition relates to the maintenance and up keep that has taken place. The subject is in average condition. It is especially difficult to determine how the market reacts to any differences. Our interview with brokers indicated that most market participants did not quantify for differences in quality but there is some indication by the market of superior quality buildings selling for more. Sales 1 and 5 have an inferior level finish and were adjusted upward while Sale 4 is a superior block building and was adjusted downward. Sales 2 and 3 are generally similar in quality with no adjustments applied.

Effective Age
The subject property has an effective age of 20 years. I have adjusted for general differences in age at approximately 1% per year, which we have seen as generally standard in the market.

Use
The subject is finished out as a retail/storage building. The sales used have a lower level of finish and were adjusted upward.

Other
No other adjustments have been applied.

Sales Comparison Approach Value Conclusion
The adjusted comparable sales provide an indicated value range of $24.93/SF to $41.72/SF for the improvements on the subject property but exclusive of the land value. There appears to be more support near the mid-range of the adjusted sales. It is my opinion, the market value of this portion of the subject property is $35.00 per SF time 8,792 equals $307,720 adding the land value of $40,000 equals **$350,000 (rounded)**.

RECONCILIATION

Summary of Value Conclusions
The indicated values from the approaches used and our concluded market values for the subject property are summarized in the table at the bottom of this page.

Cost Approach
The Cost Approach to value is based on the value of the site as vacant, plus the cost to construct the buildings and other on-site improvements. The Cost Approach to value was developed but given the lack of market considerations, this approach to value has been given nominal consideration.

Sales Comparison Approach
The Direct Sales Comparison Approach to Value used Comparable Sales for the purpose of comparison. The properties used provided a good comparison to the subject property and are indicative of what the property would sell for in the marketplace. While there are some physical differences, the sales provide a good and reliable indication of the subject's market value.

Income Approach – Direct Capitalization
Income Capitalization approach to value considers the value a buyer would be willing to pay for the property given the cash flow the property is capable of generating. The most sensitive portion of the analysis is the selection of a capitalization rate. A 1% change in the CAP rate will affect the value conclusion by about 10%. Capitalization rates in recent years have been lower than historic norms. Recent sales in the area have provided an indication of current CAP rates which is considered to be reliable given current market condition. The income approach was not applied as while the subject could generate an income stream, the most probable buyer is an owner-occupant and this approach is not necessary to provide credible results.

Value Conclusion(s)

Based on the data and analyses developed in this appraisal, I have applied primary consideration to the sales comparison approach. I have reconciled to the following value conclusion(s), as of October 28, 2019, subject to the Limiting Conditions and Assumptions of this appraisal.

Appraisal Premise	Date of Value	Market Value
"AS IS" MARKET VALUE		
Retail/Storage Building	October 28, 2019	$350,000

DETERMINATION OF MARKET GROUND RENT

Methodology

The market ground rent is typically determined for in the Income Capitalization Approach. It is developed by converting a projection of future income into an indication of present value by a capitalization process. The most typical method used to capitalize income is direct capitalization. In direct capitalization, the appraiser forecasts stabilized income, and then capitalizes the income into a value indication using a rate developed directly from sales of leased properties, from surveys, and from other sources. Direct capitalization is an easily understood methodology that investors commonly used when analyzing income-producing properties. Although I will not be capitalizing the income from the ground rent this analysis is used to determine the market ground rent.

We can also determine a market rent rate by working backwards from the land value and multiplying the value be a market capitalization rate to determine the yearly rent.

Market Rent Analysis

The following comparable ground leases have been used to help support our opinion of market rent for the subject ground lease:

Lease Summary Table

Address	Commencement	Term	Acres	Annual Rent	Rent/SF/Year
2390 Aviation Way, Cedar City, UT	March 1, 2017	20 Yrs.	0.280	$854	$0.070
2380 Aviation Way, Cedar City, UT	January 1, 2006	20 Yrs.	0.136	$356	$0.060
2300 S 800 W #13S 2E, Hurricane, UT	August 1, 2009	20 Yrs.	0.090	$470	$0.120
850 N 300 E, Parowan, UT	October 1, 2019	20 Yrs.	0.130	$379	$0.067
4196 S Airpot Pkwy #55B, St. George, UT	January 1, 2013	40 Yr.	0.101	$792	$0.180
4196 S Airpot Pkwy #56B, St. George, UT	July 1, 2012	40 Yrs.	0.101	$842	$0.191
4197 S Airpot Pkwy #53J, St. George, UT	May 2, 2015	40 Yrs.	1.033	$9,630	$0.214

Comments on Lease Data

The comparable rental properties have a rental range from $0.06/SF/Year to $0.214/SF/Year. Each of the properties is smaller than the subject site but given the lack of comparable land leases in the area, the leases used are the best available.

The leases at the Cedar City Airport and Parowan Airport range from $0.06/SF/Year to $0.07/SF/Year. These are 20-year leases from Cedar City and Parowan respectively and represent current market conditions. These leases are from a superior area and adjusted downward. The building-to-site coverage percentages are higher for these leases when compared to the subject property and were adjusted downward.

I have included one lease from the General Dick Stout Field Airport in Hurricane. Other land leases from the City of Hurricane are generally similar than the one reported. The land is leased for $0.12/SF/Year. However, this lease includes the building footprint plus 5 feet outside the perimeter of the footprint. Given the high building-to-site coverage ratio, it would bring the effective land size up thus a downward adjustment on a per square foot basis is necessary. The location is superior and was adjusted in this regard.

The land leases from the St. George Municipal Airport range from $0.18/SF/Year to $0.214/SF/Year. A downward adjustment was applied for superior location and smaller size.

The comparable rents indicated above have been analyzed to help support my opinion of the market ground rent for the subject property. It is noted that the subject property is currently leased for $1,200 per year or $0.021/SF per year. The existing subject lease is from CITY OF HILDALE to PREFERRED PARTS, LLC. The lease was signed on September 23, 2019 and expires on March 31, 2036.

The current lease rate appears to be below market lease rates. Current capitalization rates for land range from 5% to 7%. The capitalization rates for land are typically lower when compared to improved property capitalization rates given the lower risk as these are longer term leases and most are improved properties. Given the "as vacant" land value at $40,000 multiplied by capitalization factor of 6% which is typical for the market area gives an annual lease rate of $2,400 per year (or $0.043/SF/Year). This lease rate is supported by the adjusted comparable leases noted above and is within context of the market. The market lease rate for the subject property is $2,400 per year which is higher than the contract lease rate.

ADDENDUM

Glossary of Terms

Assessed Value: The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value or based on an assessment ratio that is a percentage of market value. ‡

Cash Equivalency: The procedure in which the sale prices of comparable properties sold with atypical financing are adjusted to reflect typical market terms.

Contract, coupon, face, or nominal rent: The nominal rent payment specified in the lease contract. It does not reflect any offsets for free rent, unusual tenant improvement conditions, or other factors that may modify the effective rent payment.

Effective Rent: 1) The rental rate net of financial concessions such as periods of no rent during a lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis. ‡ 2) The economic rent paid by the lessee when normalized to account for financial concessions, such as escalation clauses, and other factors. Contract, or normal, rents must be converted to effective rents to form a consistent basis of comparison between comparables.

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. ‡

Floor Area Ratio: (FAR) The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area; also called *building-to-land ratio*. ‡

Full Service Lease: A lease in which rent covers all operating expenses. Typically, full service leases are combined with an *expense stop*, the expense level covered by the contract lease payment. Increases in expenses above the expense stop level are passed through to the tenant and are known as *expense pass throughs*.

Going-Concern Value: 1) The market value of all 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*. 2) The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable. ‡

Gross Building Area (GBA): The sum of all areas at each floor as measured to the exterior walls.

Highest and Best Use: The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. ‡

Insurable Value: A type of value for insurance purposes. ‡

Intended Use: The use or uses of an appraiser's reported appraisal, appraisal review or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

I**ntended User:** The client and any other part of identified by name, or type, as users of the appraisal, appraisal review or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.

Investment Value: The value of a property interest to a particular investor or class or investors based on the investors 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. ‡

Leased Fee Interest: A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).‡

Leasehold Interest: The tenant's possessory interest in the leased property. ‡

Load Factor: The amount added to usable area to calculate the rentable area. It is also referred to as a "rentable add-on factor" which, according to BOMA, "is computed by dividing the difference between the usable square footage and rentable square footage by the amount of the usable area. Convert the figure into a percentage by multiplying by 100.

Market Value "As If Complete" On The Appraisal Date: Market value as if complete on the appraisal date is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value "As Is" On The Appraisal Date: Market value "as is" on the appraisal date is an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of appraisal.

Market Value: Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. Market value means the most probable price which 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: 1) A reasonable time is allowed for exposure in the open market; 2) Both parties are well informed or well advised, and acting in what they consider their own best interests; 3) Buyer and seller are typically motivated; 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 5) 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.§

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. ‡

Net Lease: Lease in which all or some of the operating expenses are paid directly by the tenant. The landlord never takes possession of the expense payment. In a *Triple Net Lease* all operating expenses are the responsibility of the tenant, including property taxes, insurance, interior maintenance, and other miscellaneous expenses. However, management fees and exterior maintenance are often the responsibility of the lessor in a triple net lease. A *modified net lease* is one in which some expenses are paid separately by the tenant and some are included in the rent.

Net Rentable Area: (NRA) 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor. *

Prospective future value "upon completion of Construction": Prospective future value "upon completion of construction" is the prospective value of a property on the future date that construction is completed, based upon market conditions forecast to exist, as of that completion date. The value estimate at this stage is stated in current dollars unless otherwise indicated.

Prospective Future Value "Upon Reaching Stabilized Occupancy": Prospective future value "upon reaching stabilized occupancy" is the prospective value of a property at a future point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. The value estimate at this stage is stated in current dollars unless otherwise indicated.

Exposure Time 1) the time a property remains on the market. 2) The estimated length of time 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; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. ǂ

Shell Space: Space which has not had any interior finishing installed, including even basic improvements such as ceilings and interior walls, as well as partitions, floor coverings, wall coverings, etc.

Usable Area: 1) The area actually used by individual tenants. 2) The Usable Area of an office is computed by measuring to the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Excludes areas such as mechanical rooms, janitorial room, restrooms, lobby, and any major vertical penetrations of a multi-tenant floor. *

Use Value: In real estate appraisal, the value a specific property has for a specific use; may be the highest and best use of the property or some other use specified as a condition of the appraisal. ǂ

Value Appraised: During the real estate development process, a property typically progresses from a state of unimproved land to construction of improvements to stabilized occupancy. In general, the market value associated with the property increases during these stages of development. After reaching stabilized occupancy, ongoing forces affect the property during its life, including a physical wear and tear, changing market conditions, etc. These factors continually influence the property's market value at any given point in time.

ǂ The Dictionary of Real Estate Appraisal, Fifth Edition, 2010.

§ The office of the Comptroller of the Currency, 12 CFR Part 34, Subpart C, §34.42(f), August 24, 1990. This definition is compatible with the definition of market value contained in The Dictionary of Real Estate Appraisal, Fifth Edition, and the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of The Appraisal Foundation, 1992 edition. This definition is also compatible with the OTS, RTC, FDIC, NCUA, and the Board of Governors of the Federal Reserve System definition of market value.

** 1990 BOMA Experience Exchange Report,*

Income/Expense Analysis for Office Buildings (Building Owners and Managers Association, 1990)

GARRETT HANNIG

Certified General Appraiser



393 E Riverside Dr, #102
St. George, UT 84790

T: (435)673-7720
F: (435)673-7718

garrett@sutap.com

morleyandmcconkie.com

Bachelor of Science

Utah State Certified General Appraiser License No. 6131658-CG00

Arizona State Certified General Appraiser License No. 32124

Supervisory Appraiser for New Appraiser Trainees

Expert Witness

ACCURITY
Morley & McConkie, LC

OVERVIEW

Garrett Hannig's background in public relations and a proclivity for statistical analysis, not to mention thirteen-plus years in the real estate appraisal industry, provide him with the ability to write an extremely reliable and detailed appraisal analysis. Not one to shirk from a difficult assignment, Garrett enjoys the challenge of going the extra mile to research what he needs to be competent in any property type assigned to him.

APPRAISAL EXPERIENCE

02/2006 to Current **Morley & McConkie, LC**	Certified General Appraiser specializing in commercial appraisals of many property types, including, but not limited to government, subdivisions, mixed-use, hospitality services, medical facilities, water rights, Small Business Administration, etc.

PARTIAL LIST OF COMPLETED APPRAISAL EDUCATION

Total Hours of Appraisal Education *(as tracked from 2012)*	**114**
Loss Prevention Program for Real Estate Appraisers	04/2008
Real Estate Finance, Statistics, and Valuation Modeling	05/2008
General Appraiser Sales Comparison Approach	09/2008
USPAP Update Course	10/2008
General Appraiser Site Valuation and Cost Approach	10/2008
General Appraiser Income Approach/ Parts 1 & 2	02/2009
General Appraiser Market Analysis and Highest & Best Use	06/2010
Business Practices and Ethics	08/2010
General Appraisal Report Writing and Case Studies	01/2011
Residential Sales & Income Approach	02/2011
7-Hour National USPAP Update Course	02/2012
St. George Symposium, State of Utah Division of Real Estate	03/2012
Environmental Contamination of Income Properties	03/2013
St. George Symposium, State of Utah Division of Real Estate	03/2014
7-Hour National USPAP Update Course	05/2014
Supervisory Appraiser/Appraiser Trainee Course	10/2014
St. George Symposium, State of Utah Division of Real Estate	03/2015
7-Hour National USPAP Update Course	04/2016
Appraising Convenience Stores	11/2016
Appraisal of Assisted Living Facilities	01/2017
St. George Symposium, State of Utah Division of Real Estate	03/2018
7-Hour National USPAP Update Course	10/2018

ADDITIONAL PROFESSIONAL EXPERIENCE

2000-2005 **PGA Tour**	Golf Caddy and Professional Golfer specializing in golf instruction, sports psychology, travel planning, and public relations.
1995-2000 **Hannig Construction**	General Construction dealing with Excavating and Home/Commercial Development.

PARTIAL LIST OF CLIENTELE

State Bank of Southern Utah
Washington County Water Conservancy
St. George City
Washington City
Durham Jones & Pinegar
Utah's Lending Source
NAI Utah South
Utah First Federal Credit Union
Bank One
Valley Bank of Nevada
LDS Church
Capital Community Bank
Holiday Resort Realty
Nevada Bank & Trust
Private Capital Group
Thayer County Bank
Utah Community Credit Union
Red Rock Canyon School
First Utah Bank
Southern Utah University
Small Business Administration
Washington County School District
Town and Country Bank
Utah State Trust Land Admin.
Bank of American Fork
Hughes & Randall
Cushman & Wakefield
Beehive Credit Union
America First Credit Union
Zions First Nation Bank
Desert Canyons Development
United Effort Plan
Central Bank
America West Bank
Rock Canyon Bank
Bank of Utah
Ash Creek Special Service District
Dixie State University
Celtic Bank
Jensen Property Management
Western National
Mountain West Small Business Finance
Desert First Credit Union
Mountain American Credit Union

STATE OF UTAH
DEPARTMENT OF COMMERCE
DIVISION OF REAL ESTATE

ACTIVE LICENSE

DATE ISSUED: 03/06/2019

EXPIRATION DATE: 05/31/2021

LICENSE NUMBER: 6131658-CG00

LICENSE TYPE: Certified General Appraiser

ISSUED TO: GARRETT HANNIG
1561 E 50 S
ST. GEORGE UT 84790

THE GREAT SEAL OF THE STATE OF UTAH 1896

SIGNATURE OF HOLDER

REAL ESTATE DIVISION DIRECTOR

Department of Financial Institutions
State of Arizona

CGA - 32124

This document is evidence that: **GARRETT W. HANNIG** has complied with the provisions of Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

and that the Superintendent of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

GARRETT W. HANNIG

This license is subject to the laws of Arizona and will remain in full force and effect until surrendered, revoked or suspended as provided by law.

Signed in the Superintendent's office at 2910 North 44th Street, Suite 310, in the City of Phoenix, State of Arizona, this 15th day of December, 2017.

Expiration Date : **January 31, 2020**

Robert D. Charlton
Superintendent

ACCURITY
Morley & McConkie, LC

REAL ESTATE APPRAISALS, CONSULTING & FEASIBILITY STUDIES

Proposal for Appraisal Services

From:	Garrett Hannig Morley & McConkie, LC 393 East Riverside Drive Bldg 1 #102 St. George, Utah 84790 Phone: (435) 673-7720 Email: garrett@sutap.com
Requested by:	Christian Kesselring City of Hildale P.O. Box 840490 320 East Newel Ave. Hildale, UT 84784
Client:	Christian Kesselring representing City of Hildale
Subject Property:	Industrial Property
Intended User:	Christian Kesselring representing City of Hildale
Intended Use:	Potentially selling the subject property.
Fee:	$3,000
Payment:	50% Retainer/50% due upon completion of report.
Report Delivery:	TDB
Completion Date:	3 Weeks from Engagement
Scope of Work:	Market value of "Fee Simple" Estate. All relevant approaches to value are to be developed. A Physical inspection of the subject property is to be made. Narrative Appraisal Report in compliance with Uniform Standards of Professional Appraisal Practice. I have also been asked to determine a fair market ground rent for land in the industrial park.
Confidentiality:	The appraisal along with the appraisal results will be held confidential and will not be disclosed to any party other than the client without permission by the client to the appraiser.

393 E. RIVERSIDE DR. SUITE 102 ST. GEORGE, UT 84790 (435) 673-7720 FAX (435) 673-7718

Appraiser Independence: The appraiser involved with this assignment is a disinterested third party with no interest in the outcome of the appraisal conclusion. The appraiser certifies that they have no interest in the outcome of the appraisal results. Payment of the appraisal fee is not predicated on predetermined assignment result. The appraiser has not had any involvement with this property in the past 3 years.

The undersigned understands the terms set forth above and agrees to engage Morley & McConkie, LC to complete an appraisal on the property as described herein.

Appraiser Signature



Name

10-16-2019
Date

Client Signature



Name

10/16/2019
Date

Part 3
Canvassing Returns

20A-4-301 Board of canvassers.

(1)
(a) Each county legislative body is the board of county canvassers for:
(i) the county; and
(ii) each local district whose election is conducted by the county if:
(A) the election relates to the creation of the local district;
(B) the county legislative body serves as the governing body of the local district; or
(C) there is no duly constituted governing body of the local district.
(b) The board of county canvassers shall meet to canvass the returns at the usual place of meeting of the county legislative body, at a date and time determined by the county clerk that is no sooner than seven days after the election and no later than 14 days after the election.
(c) If one or more of the county legislative body fails to attend the meeting of the board of county canvassers, the remaining members shall replace the absent member by appointing in the order named:
(i) the county treasurer;
(ii) the county assessor; or
(iii) the county sheriff.
(d) Attendance of the number of persons equal to a simple majority of the county legislative body, but not less than three persons, shall constitute a quorum for conducting the canvass.
(e) The county clerk is the clerk of the board of county canvassers.
(2)
(a) The mayor and the municipal legislative body are the board of municipal canvassers for the municipality.
(b) The board of municipal canvassers shall meet to canvass the returns at the usual place of meeting of the municipal legislative body:
(i) for canvassing of returns from a municipal general election, no sooner than seven days after the election and no later than 14 days after the election; or
(ii) for canvassing of returns from a municipal primary election, no sooner than seven days after the election and no later than 14 days after the election.
(c) Attendance of a simple majority of the municipal legislative body shall constitute a quorum for conducting the canvass.
(3)
(a) The legislative body of the entity authorizing a bond election is the board of canvassers for each bond election.
(b) The board of canvassers for the bond election shall comply with the canvassing procedures and requirements of Section 11-14-207.
(c) Attendance of a simple majority of the legislative body of the entity authorizing a bond election shall constitute a quorum for conducting the canvass.

Amended by Chapter 377, 2014 General Session

20A-4-302 Duties of the board of canvassers -- Receiving returns.

(1) If the election returns from each voting precinct in which polls were opened have been received at the time the board of canvassers convenes, the board of canvassers shall canvass the election returns as provided in this part.
(2) If all of the election returns have not been received, the board shall postpone the canvass from day to day, Sundays and legal holidays excepted, until:
  (a) all of the election returns are received; or
  (b) the board has postponed the canvass seven times.
(3)
  (a) If the election officer has not received the election returns from any voting precinct within seven days after the election, the election officer shall send a messenger to the judges to obtain the missing election returns.
  (b) The messenger shall obtain the election returns from the judges and return the election returns to the election officer.
  (c) The election officer shall pay the messenger 10 cents per mile for the distance necessarily traveled.
(4) If the board determines that election returns were not received from a voting precinct because the polls did not open in that precinct, the board shall:
  (a) sign a certificate attesting to that fact; and
  (b) file the certificate with the election officer.

Enacted by Chapter 1, 1993 General Session

20A-4-303 Duties of the board of canvassers -- Canvassing the returns.
(1)
  (a) The board of canvassers shall canvass the election returns by publicly opening the returns and determining from them the votes of each voting precinct for:
    (i) each person voted for; and
    (ii) for and against each ballot proposition voted upon at the election.
  (b) The board of canvassers shall, once having begun the canvass, continue until it is completed.
(2) In canvassing returns, the board of canvassers may not:
  (a) reject any election returns if the board can determine the number of votes cast for each person from it;
  (b) reject any election returns if the election returns:
    (i) do not show who administered the oath to the judges of election;
    (ii) show that the election judges failed to fill out all the certificates in the pollbooks; or
    (iii) show that the election judges failed to do or perform any other act in preparing the returns that is not essential to determine for whom the votes were cast; or
  (c) reject any returns from any voting precinct that do not conform with the requirements for making, certifying, and returning the returns if those returns are sufficiently explicit to enable the board of canvassers to determine the number of votes cast for each person and for and against each ballot proposition.
(3)
  (a) If it clearly appears to the election officer and board of canvassers that certain matters are omitted or that clerical mistakes exist in election returns received, they shall transmit the election returns to the election judges for correction.
  (b) Upon receipt of the election returns for correction from the board of canvassers, the election judges shall correct the election returns as required by the facts.

(c) The clerk and the board of canvassers may adjourn from day to day to await receipt of corrected election material.
(4) If a recount is conducted as authorized by Section 20A-4-401, the board of canvassers shall canvass the results of that recount as provided in this section and Section 20A-4-401.

Amended by Chapter 133, 2002 General Session

20A-4-304 Declaration of results -- Canvassers' report.
(1) Each board of canvassers shall:
(a) except as provided in Part 6, Municipal Alternate Voting Methods Pilot Project, declare "elected" or "nominated" those persons who:
(i) had the highest number of votes; and
(ii) sought election or nomination to an office completely within the board's jurisdiction;
(b) declare:
(i) "approved" those ballot propositions that:
(A) had more "yes" votes than "no" votes; and
(B) were submitted only to the voters within the board's jurisdiction;
(ii) "rejected" those ballot propositions that:
(A) had more "no" votes than "yes" votes or an equal number of "no" votes and "yes" votes; and
(B) were submitted only to the voters within the board's jurisdiction;
(c) certify the vote totals for persons and for and against ballot propositions that were submitted to voters within and beyond the board's jurisdiction and transmit those vote totals to the lieutenant governor; and
(d) if applicable, certify the results of each local district election to the local district clerk.
(2) As soon as the result is declared, the election officer shall prepare a report of the result, which shall contain:
(a) the total number of votes cast in the board's jurisdiction;
(b) the names of each candidate whose name appeared on the ballot;
(c) the title of each ballot proposition that appeared on the ballot;
(d) each office that appeared on the ballot;
(e) from each voting precinct:
(i) the number of votes for each candidate;
(ii) for each race conducted by instant runoff voting under Part 6, Municipal Alternate Voting Methods Pilot Project, the number of valid votes cast for each candidate for each potential ballot-counting phase and the name of the candidate excluded in each canvassing phase; and
(iii) the number of votes for and against each ballot proposition;
(f) the total number of votes given in the board's jurisdiction to each candidate, and for and against each ballot proposition;
(g) the number of ballots that were rejected; and
(h) a statement certifying that the information contained in the report is accurate.
(3) The election officer and the board of canvassers shall:
(a) review the report to ensure that it is correct; and
(b) sign the report.
(4) The election officer shall:
(a) record or file the certified report in a book kept for that purpose;

(b) prepare and transmit a certificate of nomination or election under the officer's seal to each nominated or elected candidate;
(c) publish a copy of the certified report in accordance with Subsection (5); and
(d) file a copy of the certified report with the lieutenant governor.
(5) Except as provided in Subsection (6), the election officer shall, no later than seven days after the day on which the board of canvassers declares the election results, publish the certified report described in Subsection (2):
(a)
(i) at least once in a newspaper of general circulation within the jurisdiction;
(ii) if there is no newspaper of general circulation within the jurisdiction, by posting one notice, and at least one additional notice per 2,000 population of the jurisdiction, in places within the jurisdiction that are most likely to give notice to the residents of the jurisdiction; or
(iii) by mailing notice to each residence within the jurisdiction;
(b) on the Utah Public Notice Website created in Section 63F-1-701, for one week;
(c) in accordance with Section 45-1-101, for one week; and
(d) if the jurisdiction has a website, on the jurisdiction's website for one week.
(6) Instead of publishing the entire certified report under Subsection (5), the election officer may publish a statement that:
(a) includes the following: "The Board of Canvassers for [indicate name of jurisdiction] has prepared a report of the election results for the [indicate type and date of election]."; and
(b) specifies the following sources where an individual may view or obtain a copy of the entire certified report:
(i) if the jurisdiction has a website, the jurisdiction's website;
(ii) the physical address for the jurisdiction; and
(iii) a mailing address and telephone number.
(7) When there has been a regular general or a statewide special election for statewide officers, for officers that appear on the ballot in more than one county, or for a statewide or two or more county ballot proposition, each board of canvassers shall:
(a) prepare a separate report detailing the number of votes for each candidate and the number of votes for and against each ballot proposition; and
(b) transmit the separate report by registered mail to the lieutenant governor.
(8) In each county election, municipal election, school election, local district election, and local special election, the election officer shall transmit the reports to the lieutenant governor within 14 days after the date of the election.
(9) In a regular primary election and in a presidential primary election, the board shall transmit to the lieutenant governor:
(a) the county totals for multi-county races, to be telephoned or faxed to the lieutenant governor not later than the second Tuesday after the election; and
(b) a complete tabulation showing voting totals for all primary races, precinct by precinct, to be mailed to the lieutenant governor on or before the third Friday following the primary election.

Amended by Chapter 255, 2019 General Session
Amended by Chapter 433, 2019 General Session

20A-4-305 Delivery of checked official register to county clerk after canvass.

Within 10 days after the canvass of a November municipal election, local district election, bond election, or special election, the clerk or recorder shall transmit the checked official register to the county clerk.

Amended by Chapter 228, 2008 General Session

20A-4-306 Statewide canvass.

(1)
(a) The state board of canvassers shall convene:
(i) on the fourth Monday of November, at noon; or
(ii) at noon on the day following the receipt by the lieutenant governor of the last of the returns of a statewide special election.
(b) The state auditor, the state treasurer, and the attorney general are the state board of canvassers.
(c) Attendance of all members of the state board of canvassers shall be required to constitute a quorum for conducting the canvass.

(2)
(a) The state board of canvassers shall:
(i) meet in the lieutenant governor's office; and
(ii) compute and determine the vote for officers and for and against any ballot propositions voted upon by the voters of the entire state or of two or more counties.
(b) The lieutenant governor, as secretary of the board shall file a report in his office that details:
(i) for each statewide officer and ballot proposition:
(A) the name of the statewide office or ballot proposition that appeared on the ballot;
(B) the candidates for each statewide office whose names appeared on the ballot, plus any recorded write-in candidates;
(C) the number of votes from each county cast for each candidate and for and against each ballot proposition;
(D) the total number of votes cast statewide for each candidate and for and against each ballot proposition; and
(E) the total number of votes cast statewide; and
(ii) for each officer or ballot proposition voted on in two or more counties:
(A) the name of each of those offices and ballot propositions that appeared on the ballot;
(B) the candidates for those offices, plus any recorded write-in candidates;
(C) the number of votes from each county cast for each candidate and for and against each ballot proposition; and
(D) the total number of votes cast for each candidate and for and against each ballot proposition.
(c) The lieutenant governor shall:
(i) prepare certificates of election for:
(A) each successful candidate; and
(B) each of the presidential electors of the candidate for president who received a majority of the votes;
(ii) authenticate each certificate with his seal; and
(iii) deliver a certificate of election to:
(A) each candidate who had the highest number of votes for each office; and
(B) each of the presidential electors of the candidate for president who received a majority of the votes.

(3) If the lieutenant governor has not received election returns from all counties on the fifth day before the day designated for the meeting of the state board of canvassers, the lieutenant governor shall:

(a) send a messenger to the clerk of the board of county canvassers of the delinquent county;
(b) instruct the messenger to demand a certified copy of the board of canvasser's report required by Section 20A-4-304 from the clerk; and
(c) pay the messenger the per diem provided by law as compensation.

(4) The state board of canvassers may not withhold the declaration of the result or any certificate of election because of any defect or informality in the returns of any election if the board can determine from the returns, with reasonable certainty, what office is intended and who is elected to it.

(5)
(a) At noon on the fourth Monday after the regular primary election, the lieutenant governor shall:
(i) canvass the returns for all multicounty candidates required to file with the office of the lieutenant governor; and
(ii) publish and file the results of the canvass in the lieutenant governor's office.
(b) Not later than the August 1 after the primary election, the lieutenant governor shall certify the results of the primary canvass to the county clerks.

(6)
(a) At noon on the fourth Tuesday in March of a year in which a presidential election will be held, the lieutenant governor shall:
(i) canvass the returns of the presidential primary election; and
(ii) publish and file the results of the canvass in the lieutenant governor's office.
(b) The lieutenant governor shall certify the results of the presidential primary election canvass to each registered political party that participated in the primary not later than the April 15 after the primary election.

Amended by Chapter 433, 2019 General Session