

SEWER TRUNK LINE COOPERATIVE DEVELOPMENT AGREEMENT

This SEWER TRUNK LINE COOPERATIVE DEVELOPMENT AGREEMENT (“**Agreement**”) is made and entered into as of the ____ day of _____, 2025 (the “**Effective Date**”) by and between the CITY OF MERIDIAN, a municipal corporation of the State of Idaho (“**City**”), and TOLL BROTHERS, INC., a Delaware corporation (“**Developer**”). City and Developer may be referred to in this Agreement individually as a “**Party**” or collectively as the “**Parties**” as warranted under the circumstances.

RECITALS

A. Developer owns, or will own, that certain real property in Ada County, Idaho that is approximately 180 acres and graphically depicted on Exhibit A, attached hereto and incorporated herein (the “**Property**”).

B. Developer is planning to develop the Property through annexation into the City of Meridian and subdivision of the Property, which will consist of approximately 689 single-family buildable lots and 14 buildable commercial lots to be developed as two subdivisions in multiple phases (collectively “**Day Spring**”).

C. Developer is in the process of securing the necessary land use entitlements from the City and other agencies for Day Spring, including, but not limited to, approvals for annexation, zoning, and subdivision of the Property (the “**Day Spring Approvals**”).

D. City, through its public works department, constructs, manages, and maintains a City-wide sewer system and provides sewer services to property within the City’s municipal boundaries.

E. As part of City’s provision of sewer service within the City’s municipal boundary and to plan for service within the City’s area of impact, City has prepared the 2023 Collection System Master Plan Update, which includes a sewer infrastructure Capital Improvements Plan (“**CIP**”).

F. The CIP and the City’s Comprehensive Financial Plan (“**CFP**”) include sewer projects that address current and future capacity issues, replace deteriorated components, and expand the City’s wastewater service area as the City grows and infills.

G. Providing sewer service to the Property necessitates completion of sewer infrastructure projects on the CIP and CFP, including a portion of the sewer infrastructure project identified as project K.4 that is located north of W. Ustick Road, as depicted on Figure F1 of the CIP (the “**CIP Map**”), attached hereto and incorporated herein as Exhibit B, which project is described and detailed on Exhibit C (the “**Plans and Specifications**”), attached hereto and incorporated herein (collectively, the “**Sewer Improvements**” or “**Project**”). For clarity, the Parties acknowledge that Developer also intends to construct a portion of the sewer infrastructure identified as K.3 on the CIP Map at Developer’s expense or the expense of others, but, for the purpose of this Agreement, K.3 is explicitly excluded from the Sewer Improvements or Project, and any expenses associated with K.3 shall not be Reimbursable Project Costs, as that term is defined below.

H. The Sewer Improvements are regional public infrastructure improvements that generally benefit the City and are designed to serve large areas of northwest Meridian in addition to the Property.

I. Pursuant to the CIP and CFP, the Sewer Improvements are planned to be completed between City fiscal years 2027 and 2028, with a planned completion date of September 30, 2028 (the “**CIP Completion Date**”).

J. The Parties desire to enter into this Agreement in order to set forth the terms and conditions related to: (1) the construction of the Project; and (2) the sharing, between the Parties, of the Project Costs, as that term is defined below.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, and based on the recitals set forth above, which are hereby acknowledged by the Parties as true and correct and incorporated herein, the Parties hereby agree as follows:

1. Additional Definitions. In addition to the terms defined throughout the body of this Agreement, the following terms shall have the following meanings in this Agreement:

a. **“Project Estimate”** means an estimate of the Project Costs prepared by the Developer in consultation with the Project Engineer (or other engineer licensed under the laws of the State of Idaho) attached hereto and incorporated herein as Exhibit D.

b. **“Project Construction Manager”** shall mean an employee or agent of Developer, or a related entity, who shall coordinate and supervise all aspects of the Project design, bidding, and construction.

c. **“Project Costs”** refers to all costs of completing the Project, including: (i) all design, engineering, permitting, construction, testing, and inspection costs (**“Direct Project Costs”**), (ii) compensation for the Project Construction Manager, which shall total three percent (3%) of Direct Project Costs, and (iii) all other costs related to and reasonably necessary for completion of the Project.

d. **“Project Engineer”** shall mean an Idaho licensed engineer engaged by Developer to manage and coordinate the design, inspection and certification of the Project.

e. **“City Liaison”** shall mean the City employee(s) who shall coordinate and oversee the Project on behalf of City.

f. **“Substantial Completion”** and **“Substantially Complete”** shall mean when the Project Engineer determines City has full and unrestricted use and benefit of the facilities, both from an operational and safety standpoint, and only minor incidental work or correction or repair remains for the physical completion of the Project. For clarity, Substantial Completion does not constitute final acceptance by the City.

2. Project Design and Plans and Specifications. Developer has engaged with qualified consultants, including the Project Engineer, to have the final Plans and Specifications prepared for the Project. By entering into this Agreement the Parties both acknowledge and agree that the Plans and Specifications have been duly reviewed and are hereby approved. Upon execution of this Agreement, Developer shall forward to City copies of the Plans and Specifications for the Project in its and/or its consultant’s possession, including but not limited to design plans, data, consultant reports prepared by third parties, soil reports, engineering reports, and right-of-way plans (collectively **“Design Plans”**). Developer hereby grants City an irrevocable license providing City with reasonable access to all designs, plans, specifications, reports, data and other materials (both digital, electronic and hard copy) produced by Developer and its agents and contractors under this Agreement. All ownership interest in the Design Plans is Developer’s.

3. Project Estimate. Based on the Project Estimate, the Project Costs are estimated to be Seven Million Two Hundred Forty-Five Thousand Six Hundred Sixty-Five Dollars (\$7,245,665); however, the Parties acknowledge and agree this is only an estimate and the actual Project Costs may be greater or less than the Project Estimate.

4. Construction Bidding. Developer shall utilize a competitive sealed bid process to solicit bids for construction of the Project in compliance with the Plans and Specifications, which bids shall be solicited in accordance with Idaho law for the procurement of public works construction by political subdivisions, including, but not limited to, Idaho Code section 67-2805(2)(a). Developer may hire, at Developer's sole cost and expense, a third-party construction project manager to solicit competitive bids following the requirements set forth above. City shall review and approve in writing the bid process and bid amount prior to Developer awarding a construction contract to the successful bidder ("**Contractor**"), which approval shall not be unreasonably withheld or conditioned. Developer shall provide City with a summary of all responsive bid packages. For clarity, and in accordance with Section 14 of this Agreement, City shall not be required to approve any bid amount that exceeds Six Million Five Hundred Sixty-Four Thousand Three Hundred Ninety-Eight Dollars (\$6,564,398).

5. Construction Contract. The construction contract between Developer and Contractor (the "**Construction Contract**") shall include, at minimum, the following provisions: (i) a requirement that the Contractor provide payment and performance bonds required by the Public Contracts Bond Act, Chapter 19, Title 54, Idaho Code, naming City as an additional beneficiary; (ii) a requirement that the Contractor be licensed as a public works contractor (Chapter 19, Title 54, Idaho Code); (iii) a requirement that the construction of the Project be Substantially Complete within two (2) years from the date Developer issues a notice to proceed to the Contractor, or no later than September 30, 2028, whichever is earlier; (iv) a provision that the time for Substantial Completion of the Project will only be extended by (a) acts of God, (b) war, (c) delays caused by City, or (d) unreasonable delays caused by utilities providers or other agencies; (v) a requirement that the Contractor maintain liability insurance insuring against bodily injury or death with limits of not less than Two Million Dollars (\$2,000,000) per person and per occurrence, and property damage with a limit of One Million Dollars (\$1,000,000) per occurrence, naming both Developer and City as additional insureds; and (vi) at least a two (2) year warranty on the work and materials of the Project that is assignable to City, said warranty period shall begin immediately upon issuance of City's Final Acceptance Letter. Prior to entering into the Construction Contract for the Project, Developer shall obtain the written approval of City of the form and terms of the Construction Contract, which shall not be unreasonably withheld so long as this Section 5 is being complied with. Developer shall provide City with a final copy of the executed Construction Contract.

6. Construction and Completion of the Project.

a. Permits and Fees and Notice to Proceed. Prior to the commencement of construction, Developer shall require that the Contractor: (i) has obtained all applicable permits to work in the right-of-way, and (ii) has paid all applicable fees for such permits. City permits, if any, shall be issued at no charge, unless otherwise required by City ordinance or resolution.

b. Manner of Construction. Upon City's written approval of the Construction Contract, Developer shall provide for construction of the Project in compliance with the Construction Contract, and shall diligently and continuously prosecute such construction to completion.

c. Change Orders to Construction Contract. Developer shall obtain the written approval of City Liaison before approving any change order in the Construction Contract if: (i) the cost of the change order will exceed one percent (1%) of the original contract price; and/or (ii) the

cumulative total of all previously approved change orders exceeds five percent (5%) of the original contract price. Change orders that increase the original contract price in excess of five percent (5%) are not Reimbursable Project Costs.

d. Inspections. Inspecting and testing of the Project shall be arranged for by Project Construction Manager in cooperation with City Liaison. With respect to the portions of the Project that are required to be inspected and approved by City, City shall provide such inspections and approvals at no charge, unless otherwise required by City ordinance or resolution.

e. Access to Public Right-of-Way. City shall cooperate with Developer to ensure access to the Ada County Highway District public right-of-way for Developer and its agents as may be reasonably necessary in connection with the Project design and construction.

7. Issuance of City Final Acceptance Letter. Upon completion of the construction of the Project, Developer shall furnish to City the Project Engineer's written certification that the Project is complete in accordance with the Plans and Specifications. Within thirty (30) calendar days after delivery of the Project Engineer's written certificate, City shall either: (i) accept the same; or (ii) provide a written itemization of those matters it reasonably finds to be non-conforming, in which case Developer shall promptly cause the remediation of all non-conforming matters. City shall acknowledge its acceptance of the Project in writing as complete and issue a letter stating that the project is complete (a "**Final Acceptance Letter**") within thirty (30) calendar days after the later of: (i) delivery of the Project Engineer's certification to City, or (ii) remediation of any non-conforming matters. Within thirty (30) calendar days after the issuance of the Final Acceptance Letter, Developer shall deliver to City drawings for the Project, as-built, in electronic files in AutoCAD format.

8. Warranty. Upon issuance of the Final Acceptance Letter, Developer shall complete all paperwork necessary to assign to City the Contractor's two (2) year warranty of the work and materials on the Project. Developer or Contractor shall provide a warranty surety to City in the amount of twenty (20) percent of the Project Costs for the duration of the warranty period.

9. Payment of Project Costs; Final Accounting and Settlement.

a. Payment of Project Costs. All Project Costs shall be initially paid for and funded by Developer, subject to Developer's right to reimbursement from City for the Reimbursable Project Costs as provided in this Agreement.

b. Accounting of Project Costs. Within thirty (30) calendar days after issuance of the Final Acceptance Letter, Developer shall submit to City a final accounting of the Project Costs and the Reimbursable Project Costs.

c. Agreement of Final Amount. Within thirty (30) calendar days after Developer's submittal of the final accounting of Project Costs, Developer and City shall reach an agreement and acknowledge in writing the final amount of the Project Costs and the Reimbursable Project Costs.

d. Reimbursable Project Costs. The "**Reimbursable Project Costs**" shall be one-half (50%) of the total Project Costs (excluding Project Costs for change orders that increase the original contract price by more than five percent (5%)).

e. Timing of Payment of the Reimbursable Project Costs. Subject to Section 11 of this Agreement, payment of the total amount of the Reimbursable Project Costs shall be made by

the City to Developer on or before the CIP Completion Date in a manner as reasonably directed by Developer.

10. Remedies.

a. Default by Developer. In addition to such other remedies at law or in equity for default that City may have, in the event Developer fails or neglects to perform its obligations under the terms and provisions of this Agreement in the time and manner required herein, City may withhold any reimbursement due to Developer hereunder until such defaults are corrected to the satisfaction of City.

b. Default by City. Subject to Section 11 if this Agreement, in the event City fails or neglects to perform its obligations under the terms and provisions of this Agreement in the time and manner required herein, Developer shall be entitled to all remedies available at law or in equity.

11. Appropriation. The Parties acknowledge and agree that City's obligation to pay to Developer the Reimbursable Project Costs is subject to City, by and through its City Council, appropriating the necessary funds to make such payments. City intends, subject only to the provisions of this Section 11, to remit the Reimbursable Project Costs to Developer, but Developer acknowledges and agrees City cannot contractually obligate a future City Council to appropriate funds for said payments.

12. Attorney Fees. Should either party find it necessary to employ an attorney for representation in any action seeking enforcement of any of the provisions of this Agreement, or to protect its interest in any matter arising under this Agreement, or to recover damages for the breach of this Agreement, or to resolve any disagreement in interpretation of this Agreement, the prevailing party in any final judgment or award entered therein shall be entitled to reimbursement from the other party of all reasonable costs, charges and expenses, including attorneys' fees, expended or incurred by the prevailing party in connection therewith and in connection with any appeal.

13. Developer's Discretion. Notwithstanding anything to the contrary herein, Developer may terminate this Agreement in the event that: (i) the Day Spring Approvals are denied; (ii) the Day Spring Approvals are approved with conditions that are not satisfactory to Developer, in Developer's sole discretion; or (iii) Developer, in Developer's sole discretion, elects not to proceed with the Day Spring development for any reason or no reason. If Developer elects to terminate this Agreement pursuant to this Section 13, Developer shall provide written notice of the same to City in accordance with the notice provisions herein (a "**Termination Notice**"). Upon delivery of a Termination Notice, this Agreement shall terminate and be of no further force or effect except for any provisions herein that expressly survive termination. If Developer delivers said Termination Notice, City shall not be required to pay Developer any Reimbursable Project Costs or any other costs whatsoever.

14. City's Discretion. Notwithstanding anything to the contrary herein, City may terminate this Agreement in the event that: (i) the low bid for the Project exceeds Six Million Five Hundred Sixty-Four Thousand Three Hundred Ninety-Eight Dollars (\$6,564,398); or (ii) Developer fails to execute a Construction Contract with the Contractor by September 31, 2026. If City elects to terminate this Agreement pursuant to this Section 14, City shall provide a written Termination Notice to Developer in accordance with the notice provisions herein. Upon delivery of a Termination Notice, this Agreement shall terminate and be of no further force or effect except for any provisions herein that expressly survive termination, and City shall not be required to pay Developer any Reimbursable Project Costs or any other costs whatsoever. For the avoidance of doubt, once City has given its consent to enter into the Construction Contract in accordance with Section 5 of this Agreement, City may not terminate this Agreement pursuant to the provisions in this Section 14.

15. Termination Following Performance. This Agreement shall terminate two (2) years after City makes the final and complete payment of the Reimbursable Project Costs to Developer in accordance herewith and be of no further force or effect except for any provisions herein that expressly survive termination.

16. Notice. All notices, approvals, consents, requests, elections and other communications required or permitted to be given under this Agreement (each a “**notice**”) shall be in writing and shall be given by: (a) hand delivery, in which event such notice shall be deemed duly given and received upon the earlier of delivery or refusal to accept delivery thereof; (b) U.S. Certified Mail, return receipt requested, with postage prepaid, in which event such notice shall be deemed duly given on the date of mailing and shall be deemed received upon the earlier of the date of actual receipt, the date of delivery as shown on the return receipt, or the third day after deposit in the mail; (c) a nationally-recognized overnight delivery service (e.g., FedEx), in which event such notice shall be deemed duly given on the date deposited with such service and deemed received upon the earlier of the actual date of receipt or the day after deposit with the nationally-recognized overnight delivery service; or (d) email transmission, in which event such notice shall be deemed duly given on the date sent and deemed received on the date sent if sent before 5:00 PM in the local time zone where the Property is physically located, or on the next day, if sent after 5:00 PM in the local time zone where the Property is physically located. Notwithstanding the foregoing, actual receipt of a notice, however given and from whomever received shall always be effective, and any notice given by a Party’s attorneys shall, for all purposes, be deemed to have been given by such Party. All such notices shall be addressed to the appropriate Party at the address set forth below, or at such other address as a Party may specify from time to time by notice to the other Party:

If to City:	City of Meridian Attn: City Engineer 33 E. Broadway Ave. Meridian, Idaho 83646 Email: wstewart@meridiancity.org
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If to Developer:	Toll Bros., Inc. Attn: Ryan Hammons, Division President 3103 West Sheryl Drive, Suite 100 Meridian, Idaho 83642 Email: rhammons@tollbrothers.com
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17. General. The Parties acknowledge that each Party and, if they should so choose, their attorneys, have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments or exhibits to this Agreement. The section headings of this Agreement have been inserted for convenience of reference only and shall not affect any construction or interpretation of this Agreement. This is the entire agreement among the Parties with respect to the matters covered hereby and supersedes all prior agreements between them, written or oral. This Agreement may be modified only in writing, signed by both Parties. Except as otherwise provided in this Agreement, any waivers hereunder must be in writing. No waiver of any right or remedy in the event of default hereunder shall constitute a waiver of such right or remedy in the event of any subsequent default. This Agreement shall be governed in all respects by the laws of the State of Idaho and venue shall be Ada County, Idaho. This Agreement is for the benefit only of the Parties hereto and shall inure to the benefit of and bind the heirs, personal representatives, successors, and assigns of the Parties hereto. No Party shall be permitted to assign this Agreement without the express, written consent of the other Party. The Parties expressly acknowledge and agree that Developer, including its employees, agents, contractors, officials, and officers, are not agents of the City in any manner or for any purpose. The invalidity or unenforceability of any

provision of this Agreement shall not affect the validity or enforceability of any other provision hereof. Each Party further covenants to and with the other Party to execute any and all other documents which may be reasonably necessary or appropriate to effect the terms and conditions of this Agreement and any other agreements or documents as contemplated by this Agreement, and to perform such other acts as may be necessary or appropriate to effect the terms and conditions of this Agreement and any other agreements or documents as contemplated by this Agreement. All time periods in this Agreement shall be deemed to refer to calendar days unless otherwise specified. If the last date on which to perform any act, give any notice, or be deemed to have received any notice under this Agreement shall fall on a Saturday, Sunday, or holiday observed by the state courts sitting in Ada County, Idaho, such act or notice shall be deemed timely if performed or given, or such notice shall be deemed received, on the next succeeding day that is not a Saturday, Sunday, or holiday observed by the state courts sitting in Ada County, Idaho, and any successive time periods shall be deemed extended accordingly. Time is of the essence with respect to each and every covenant and obligation under this Agreement. The recitals set forth above and all exhibits attached hereto are incorporated herein as if set forth in full herein.

18. Day Spring Approvals Independent of Agreement. Developer acknowledges that this Agreement shall have no bearing on whether the City Council of the City of Meridian approves or denies the Day Spring Approvals.

19. State of Idaho Requirements. The following provisions, as applicable, are required by Idaho law. The terms used in this Section 19 shall have the definitions as set forth in the respective Idaho Code provisions.

- a. Pursuant to Idaho Code § 67-2346, Developer certifies it is not engaged in, and will not for the duration of this Agreement engage in, a boycott of goods or services from Israel or territories under Israel's control.
- b. Pursuant to Idaho Code § 18-8703, Developer certifies it is not, and will not for the duration of this Agreement become, an abortion provider or an affiliate of an abortion provider.
- c. Pursuant to Idaho Code § 67-2359, Developer certifies it is not, and for the duration of this Agreement will not be, a company owned or operated by the government of China.
- d. Pursuant to Idaho Code § 67-2347A, Developer certifies it is not currently engaged in, and will not for the duration of this Agreement engage in, a boycott of any individual or company because that individual or company engages in or supports the exploration, production, utilization, transportation, sale, or manufacture of fossil fuel-based energy, timber, minerals, hydroelectric power, nuclear energy, or agriculture.
- e. Pursuant to Idaho Code § 67-2347A, Developer certifies it is not currently engaged in, and will not for the duration of this Agreement engage in, a boycott of any individual or company because that individual or company engages in or supports the manufacture, distribution, sale, or use of any firearm.

[end of text; signature pages follow]

IN WITNESS WHEREOF, the Parties have executed this Agreement, effective as of the Effective Date.

CITY:

CITY OF MERIDIAN, a municipal corporation of the State of Idaho


By: Robert E. Simison
Its: Mayor

Attest:

Chris Johnson, City Clerk

DEVELOPER:

TOLL BROTHERS, INC., a Delaware corporation

DocuSigned by:


A96D006C3D70463...

By: Ryan Hammons

Its: Division President

EXHIBIT A
MAP OF THE PROPERTY

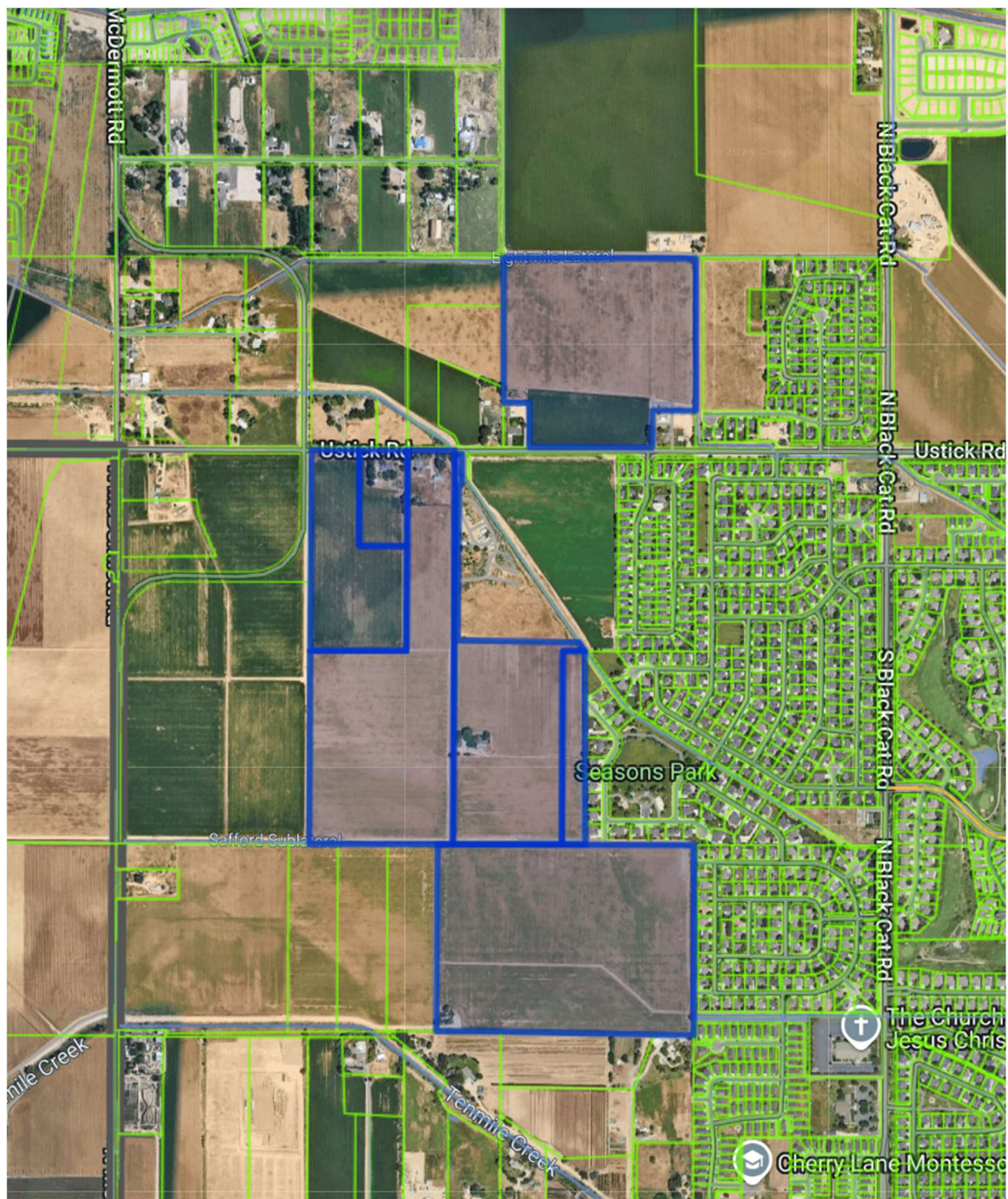


EXHIBIT B

CIP MAP

[see following one (1) page]

EXHIBIT C
PLANS AND SPECIFICATIONS FOR THE PROJECT
[insert]

EXHIBIT D

PROJECT ESTIMATE

Project Estimate:

Total Direct Project Cost	\$6,395,114.81
10% contingency	\$639,511.48
Project Management fees (3%)	\$211,038.79
Total Project Estimate (rounded to nearest dollar)	\$7,245,665