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Via electronic mail (dhasegawa@cityofboise.org)

September 27, 2021

The Board of the Harris Ranch Community Infrastructure District No. 1 (“HRCID”)
c/o David Hasegawa, District Manager
150 N. Capitol Blvd.
Boise, Idaho 83702

**Re: Response to September 7, 2021 Harris Ranch CID Taxpayers’ Association (“HRCIDTA”) Letter
The Myth of the “Myth of ‘Notice’”**

Dear Members of the Board:

This letter responds to HRCIDTA claims regarding lack of notice of the HRCID. The developer is committed to working with HRCID Staff to ensure that processes associated with the first actively operating community infrastructure district in the State of Idaho work as well as possible. We remain open to such discussions. But this HRCIDTA letter is not an accurate depiction of Idaho law regarding notice in real property matters, and the letter misstates how notice has occurred within Harris Ranch in general and with regard to two prominent HRCIDTA board members in particular.

Background

As elsewhere in the United States, Idaho relies heavily on its recording statutes to ensure that private parties are aware of the encumbrances on real property that they may purchase. It is a basic tenet of Idaho law that a “purchaser of land is charged with every fact shown by the land records and is presumed to know every other fact which an examination suggested by the land records would have disclosed.” 77 Am.Jur.2d Vendor and Purchaser § 381 (citing *Kalange v. Rencher*, 136 Idaho 192, 30 P.3d 970 (2001)). This system of record notice is an acknowledgment of the practical difficulties of ensuring that property owners know what encumbrances affect their property. There are no flashing neon signs at the entry of a taxing district and it would be impracticable to rely on individuals to provide information about properties they own (or might have owned in the past). Instead, the long-standing solution is to create a single repository for this information, administered by local governments – in this case, the Ada County Recorder’s Office. This is also why an entire industry of title companies has grown up to provide such reports and inform owners of the responsibilities associated with their property.

Every title report associated with Harris Ranch property provides multiple disclosures of the HRCID. These reports provide record notice and an opportunity to review the following recorded documents:

- **District Clerk's Notice of Assessment Lien** (Recorded December 21, 2011 as Instrument No. 110120216);
- **CID Tax and Special Assessment Disclosure Notice** (Recorded September 20, 2010 and October 4, 2010 as Instrument Nos. 110087657 and 110092989) (the "Disclosure Notice"); and
- **Agreement and the terms and conditions contained therein between City of Boise, Idaho and Harris Ranch District Community Infrastructure District No. 1 (City of Boise, Idaho) and Harris Family Limited Partnership (District Development Agreement No. 1)** (Recorded November 30, 2010 as Instrument No. 110112805) (the "Development Agreement")

Each provides significant information about the CID. For example, the Disclosure Notice identifies:

- The total amount of bonds (\$50,000,000) that may be issued;
- The life span of the HRCID (30 years);
- The maximum levy rate (not to exceed 3 mills (or .003) plus administration expenses);
- The purposes for which bonds may be issued ("... installation of community infrastructure facilities, including, without limitation, roadways, parks, recreation areas, public facilities, interest in real property, water, wastewater, storm water, food control improvements and related financing costs"); and
- Estimated tax liability examples with calculations.

Over the course of only a few pages, the Disclosure Notice describes the impact of HRCID in detail. This concise explanation is recorded against every property in the HRCID. The recorded Disclosure Notice also satisfies the requirements of the CID Act, in particular Section 50-3115. For example, it includes the following mandatory language at the beginning of the recorded document: "YOU ARE PURCHASING REAL PROPERTY THAT IS INCLUDED WITHIN THE BOUNDARIES OF A COMMUNITY INFRASTRUCTURE DISTRICT..." **This is the required notice for both homeowners who purchase from builders and those who purchased from third-party homeowners.**

This is only the title report, which, of course, each homeowner is obligated to review and approve. In addition, Harris Ranch works with each of its builders to ensure that they are providing disclosure of matters related to the HRCID. A letter in the record from Boise Hunter Homes reflects this point. **Boise Hunter Homes has built and sold 500 new homes in Harris Ranch and has never had a homeowner complain that they were unaware of the HRCID.** In addition, Harris Ranch provides HRCID documentation with its "welcome packet" that is provided to the various title companies at closing.

The simple fact is that the HRCID is disclosed to each and every homeowner in Harris Ranch as is required by statute.

Those signing the various letters on behalf of the HRCIDTA board are no exception. For example, during the July 20, 2021 HRCID regular meeting, Mr. Bill Doyle was part of the following exchange with CID Board Member Holli Woodings:

Woodings: *Bill, I do have one question because this has been coming up over the past year since folks have become more aware of the CID. It's my understanding that upon sale of the homes in Harris Ranch, prospective homeowners are supposed to be given notification—given the pamphlet on the existence of the CID. . .*

Doyle: *That's a misunderstanding. So, what the development Agreement requires in my understanding in the reading of it is that only the initial purchasers be provided a disclosure statement. The content of that disclosure statement, as you may know, is an exhibit to the developer agreement. Any subsequent purchasers receive no notification whatsoever.*

Woodings: *Was it included in your title work?*

Bill: *That's a good question. I pulled it out, and there is a reference in my preliminary title to a CID....*

The example of Mr. Crowley is glaring, particularly as he has repeatedly alleged of lack of notice in various settings. During the July 20, 2021 hearing, Mr. Crowley was emphatic on this point:

Crowley: *We purchased our house just over 3 years ago and, at that time, received no notification, no disclosure, or any idea of the impact that the CID would have on our property taxes.*

This is a potentially damaging claim not only with regard to Harris Ranch, but also with regard to Mr. Crowley's builder, who regularly does work in Harris Ranch and is aware of the HRCID. So, we investigated. Here is what we found:

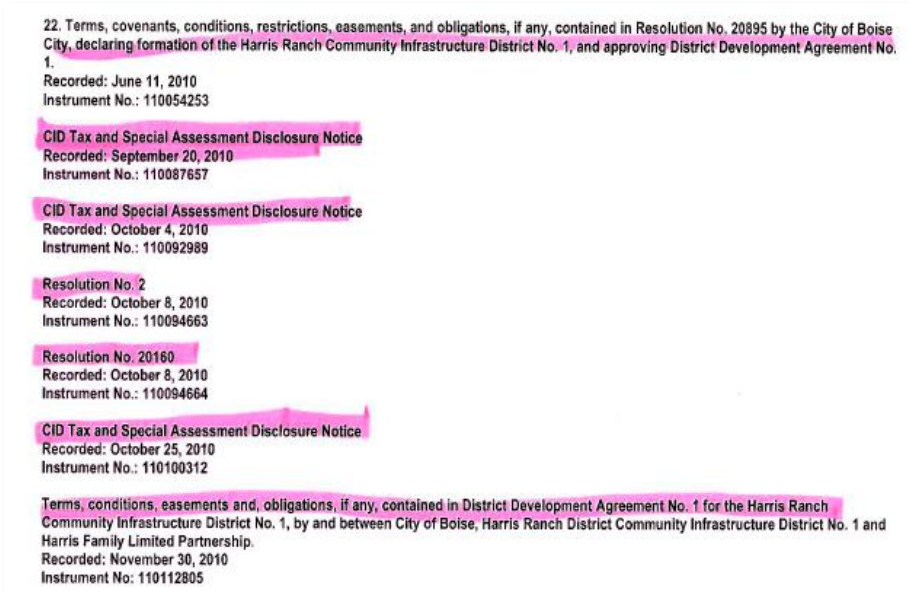
March 11, 2018 – The existence of the CID was discussed with Mr. Crowley's agent via email (excerpt shown below):

The Crowley's have decided they like lot 8 instead of 9.
Couple questions:
-what are the HOA dues? **They haven't been established yet. #6 of CCR's stage they'll have a reduced HOA amount.** Do they have access to a pool? **They do not.**
Is this home in the CID tax district? Yes

May 12, 2018 – Mr. Crowley signs an RE-22 Pre-Sold New Construction Purchase and Sale Agreement with Zach Evans Construction, LLC, including the following "Additional Terms and Conditions" (excerpt shown below):

50. ADDITIONAL TERMS AND/OR CONDITIONS:
1) Buyer acknowledges Property is in the Community CID taxing district.

October 31, 2018 – Mr. Crowley executed an “Acknowledgment and Approval of Title Commitment, CCR’s, and Plat Map” with the closing company, TitleOne. The title commitment includes seven references to the CID.



Based on our investigation, Mr. Crowley was not only aware of the HRCID, but his agent had discussed it with his builder two months before a purchase agreement was even signed. Nearly six months passed between the purchase agreement and closing, meaning **Mr. Crowley had notice of the CID for almost eight months before he came to the closing table**. That is more than adequate time to do whatever investigation a homeowner would like into the impacts of the HRCID.

Conclusion

We ultimately do not believe this is about notice. This goes back to Mr. Crowley’s statements in a recorded Zoom meeting on September 2, 2020, during which Mr. Crowley indicated his intent to do or say whatever is necessary to attack the HRCID, interfere with the Development Agreement, and hold up, postpone, or delay bond issuances and reimbursements that are authorized by Idaho Code, required by the Development Agreement, relied upon by Harris Ranch, and that form the basis for the many amenities expected and enjoyed by Harris Ranch residents and that brought so many homeowners (including Messrs. Doyle and Crowley) to the community in the first place. We are sure the HRCID Board will consider the facts and see these claims for what they are.

Very truly yours,

T. Hethe Clark
HC/bdb

c: CID Board Members
CID Staff (Jim Pardy (CID Engineer), Rob Lockward (CID Counsel))
Client