



SPECIAL URBAN RENEWAL AGENCY MEETING
Wednesday, February 23, 2011 at 4:00 p.m.
Ketchum City Hall, Ketchum, Idaho

Present: URA Chair Randy Hall
URA Vice Chair Mark Eshman
Commissioner Baird Gourlay
Commissioner Larry Helzel
Commissioner Nina Jonas
Commissioner Curtis Kemp
Commissioner Trish Wilson

Also Present: Gary Marks, Executive Director
Sandy Cady, Secretary/Treasurer
Lisa Horowitz, Community and Economic Development Director
Stephanie Bonney, Attorney
Lisa Enourato, Planning Technician/Assistant to City Administrator

1. CALL TO ORDER

The meeting was called to order by Chairman Randy Hall at 4:00 p.m.

2. COMMUNICATIONS FROM THE BOARD OF COMMISSIONERS
a) Discussion on meeting schedules.

Chairman Randy Hall – First we have to have an idea as to how much substance to these meetings do we really have, how many times do we need to meet. I'm all for meeting on a regular basis but is it every month, every other month?

Commissioner Trish Wilson – I suggest we schedule one once a month and if we don't have anything to discuss, we cancel.

Chairman Randy Hall – At some point we might only have enough on the agenda to do every other month. My recommendation is to start every month and see where that goes.

Commissioner Nina Jonas – How about quarterly for a regular meeting.

Commissioner Larry Helzel – I thought we could look at quarterly meetings that are separate and discreet from City Council meetings and if we needed to meet more often than that, those would run either before or after City Council meetings as they have in the past. It might still be more meetings than we need but we could cancel if there was nothing to talk about. That would be a good compromise and a way to satisfy the public who don't want city business to be heard on the same evening or afternoon as URA business.

Commissioner Curtis Kemp – I favor quarterly meetings and am fine with Larry's notion of having it separate from Council meetings.

Commissioner Baird Gourlay – This is on the same calendar year as the City correct? Larry, I like the idea but might suggest that we have it so that it's not January and could be tied in so the last meeting we have is at the end of the fiscal quarter so we can tie in with financials. It might have to be the August meeting and then we would figure out the quarters from the August meeting.

Commissioner Trish Wilson – We've met twice now in February. If we met in the middle of the month of each quarter, that would be August.

Commissioner Larry Helzel – You would have August, November, February and May as the quarters. I think that would work.

Commissioner Nina Jonas – How much time do you need before the end of the fiscal year? What would be a well-placed meeting before the end of September?

Commissioner Curtis Kemp – August

Executive Director Gary Marks – Not knowing what business might come up and the timing of that business, August is as good as anything.

Commissioner Curtis Kemp – Does that work for the budget? That's the only thing we have to go on now.

Executive Director Gary Marks – The budget meeting is usually in August.

Chairman Randy Hall – Gary, you understand what the URA's workload is. If we go onto a quarterly route, what's the best time from your perspective as an Executive Director?

Executive Director Gary Marks – The August and quarterly rotation works well. I think it's the second Monday in August when we have our budget meeting. The second Monday would work on a quarterly basis.

Commissioner Nina Jonas – But we want a non Monday so we don't run into the 5:30 meeting.

Commissioner Curtis Kemp – The second and fourth Monday's are P&Z.

Commissioner Larry Helzel – Why do they have to be in the evening?

Executive Director Gary Marks – They don't.

Commissioner Baird Gourlay – Quarterly.

Commissioner Nina Jonas – Quarterly.

Vice Chairman Mark Eshman – I have the question whether we're better off scheduling quarterly and if business comes up is it easy to schedule more meetings in between or is it better to schedule monthly meetings and cancel the ones where we don't have business. We've had three meetings in the last four weeks.

Chairman Randy Hall – We had work to get caught up on.

Executive Director Gary Marks – Our schedule lately has been unusual. If you want a regular meeting, I would suggest quarterly. It doesn't mean we won't have a need for meetings in between. As far as trying out a regular meeting, I would suggest quarterly to start.

Chairman Randy Hall – We can do it Tuesday in the evening or on Monday at noon. I would prefer noon.

Commissioner Larry Helzel – I prefer it as well. I think we'll get some pushback from the public who will say that if we're working we can't come to a daytime meeting. Maybe we should try to do at least one meeting in the evening.

Commissioner Curtis Kemp – I'm fine with either time.

Commissioner Baird Gourlay – If it's an important enough issue, they're going to come. The County has meetings from 9:00 am to 5:00 pm.

Commissioner Curtis Kemp – Sun Valley Council meetings are mid afternoon.

Commissioner Nina Jonas – Is it easier for people's schedule to have a meeting every two months and cancel them rather than quarterly? Is it harder to create a special meeting or to cancel a meeting? In the year that I've been here it doesn't seem like there's a lot of business but when there is business, it's all consolidated.

Executive Director Gary Marks – Let's look at the year in review. We refinanced the loans, we went through the CIP; we've had more than the usual workload.

Commissioner Larry Helzel – I don't want to say those are one-time events but those are not recurring events.

Executive Director Gary Marks – I wouldn't anticipate we'd be seeing that sort of thing this coming year. Let's try quarterly and see how that works.

Commissioner Trish Wilson – Our public seems to be Annie Corrock. Before we vote on this, why don't we hear from the public who has something to say about our meetings?

Annie Corrock – This has been a huge issue of mine over the years. I did go back and look at the past since you started the URA in 2006. Every year had 10 meetings except for one year. You have had an average of 10 meetings per year. My feeling about it for the public is that it's much easier to cancel than it is to add. It's only a 24 hour timeframe in which a special meeting needs to be called and that has been traditionally the way it's been done. It's hard for the public to come to a meeting at the last minute. I also feel that the example of this last two weeks, this is the third meeting trying to get one meeting accomplished. One of the problems was that it was trying to get the business done in a period of time where you didn't have a back end. You had to get it done prior to a meeting. I've always been complaining about piggybacking the two for two reasons; the reason of timing and prior to adding two new members and nameplates, it was difficult to tell which meeting was what. We even had people comment at the public comment at URA on city business if they happened to come early. I would like to see them separated. I also feel having meetings on a more regular basis makes you more proactive rather than reactive which is what we've been seeing. I think you would be doing yourself and the public a favor by being more proactive, having meetings, hearing from your staff, etc. Larry brought this up last night; let's hear about the four projects that Lisa named last night; the two properties that were purchased, the Fourth Street and I was surprised to hear that the Downtown Master Plan was a URA project. Let's get some information on those so you can be proactive in the future when, hopefully, some money does

start coming in. I vote for once a month meetings that are easier to cancel and have them at separate times on separate dates so that you're not conflicting with other meetings.

Commissioner Nina Jonas – How about the second Monday at noon of every month and then we can cancel?

Chairman Randy Hall – That doesn't work for me.

Commissioner Larry Helzel – I'll miss a lot of meetings because I'm gone a lot and that's the week that I'm gone because it's off Council meetings. I could arrange it quarterly, plus I really don't think we need a meeting once a month.

Commissioner Trish Wilson – Have you averaged 10 meetings a month because they've been before the City Council and you never finished business and had to have more meetings? That's been my experience since I've been on.

Executive Director Gary Marks – Look at the history. We've bought property, had the Fourth Street project, had to deal with three separate loans that were involved in the two property purchases and recently had to refinance those loans, went through the CIP; from this point on, until money starts coming in I'm not sure what we're going to be meeting a lot about unless we meet because our value continues to drop and we have issues with that. I don't see the activity.

Chairman Randy Hall – I'm willing to meet once a month or every other month as long as it's before a Council meeting. That's just how my schedule is. I have issues with daycare and my City business will not allow me to just add these extra meetings unless it's next to a Council meeting. Then, I can just come an hour earlier. If it's more important to separate it and do it different nights, then I suggest we do it quarterly and then I can figure out a way to make it happen. That's my preference. I also agree that we had URA meetings where we didn't really have to. They were mostly housekeeping that we couldn't piggyback. When I hear we had 10 meetings a year, some of those meetings weren't timely and we could have piggybacked them in another meeting 30-60 days later.

Stephanie Bonney – You are a board of seven and we want to try to schedule everything so we get maximum attendance. As a board of seven, the fact that you miss a person here and there is not as critical as when you are a board of five. Maybe we also need to get out of the mindset that if occasionally someone is gone, that's okay. Staff was thinking every other month might be a good compromise.

Chairman Randy Hall – I am referring to Gary's experience as Executive Director. He knows what's coming before I know what's coming. You're advocating for quarterly meetings because you feel that is going to meet the needs of the workload that the URA is doing.

Stephanie Bonney – We talked this morning and don't know how interested the Board is with this idea but some of these meetings might be not just Board business but some public education. Part of that might be bringing people from other URAs to talk about some of the things they've done. We talked about the fact that URAs are so misunderstood by people in general. You go to the legislature and nobody understands them. Some of those meetings don't have to be URA business as usual.

Commissioner Curtis Kemp – We could do that quarterly also. Although we've had a lot of meetings, most of them last only 30-40 minutes. We could easily have a guest speaker.

Commissioner Larry Helzel – I would like to modify my quarterly to five meetings a year. We could meet the second Monday or Tuesday at noon in August for the budget, in November to approve the financials, in January to set up a plan for the year, in March to do any corrections or use the March meeting as a tutorial and in May as a catch up. It doesn't interfere with anybody's December plans and should be plenty to cover the business. Instead of meeting in February, we would meet in January and March.

Chairman Randy Hall – Let's all hope that the economy picks up and the increment increases and we have something to talk about and have reason to meet more often. I would love, if there was URA activity, to justify meeting once a month because we have business that's moving the community forward.

The Commissioners all agreed with Commissioner Larry Helzel's schedule.

Commissioner Larry Helzel – These meeting will be at noon and will do it on the first Monday or first Tuesday after people look at their schedules.

Commissioner Nina Jonas – January 3, March 7, August 1, November 7 and May 2.

Annie Corrock – Are you going to make this part of your by-laws?

Stephanie Bonney – I would not advise you add this to your by-laws.

Chairman Randy Hall – Annie brings up that there are blanks somewhere.

Stephanie Bonney – By-laws are very important and need to say things like you are required to have one annual meeting and what your notice is. If you put your dates in the by-laws, every time you change your annual meeting dates, you have to amend by-laws. By-laws are intended not to be that specific. I will check to see if we have blanks.

Commissioner Larry Helzel motioned that the Ketchum Urban Renewal Board meet five times per year and that meeting date will be 12:00 noon on the first Mondays; March, May, August, November and January. That's March 7, May 2, August 1, November 7 and January 3, 2012, seconded by Vice Chair Mark Eshman.

Executive Director Gary Marks – Clarify that the motion is for regular meetings and precludes special meetings.

The motion passed unanimously.

3. COMMENTS FROM THE PUBLIC
a) Comments from the Public

Annie Corrock – I would like to address some of the things on the agenda tonight. Your first meeting in March, could we have some of the reports that I asked for of the previous projects. That might be a good time since you won't have much on the agenda. Could you consider having your staff put together maybe just one of the projects; the report on how it went, how much money we spent, do you have local option tax to show that it made a difference such as on Fourth Street, a comprehensive report of your projects that are already done.

Commissioner Curtis Kemp – I don't know how we would tie in the local option tax revenues.

Annie Corrock – It was mentioned by someone at the economic development meeting with Tom Hudson. I think it was John Gaeddart who asked if there was some way. If it can't, it can't. Is there anyway you can track the businesses on Fourth Street as to how much money was collected at one point. These are suggestions and I'm sure there is a model from which to do a report and see how this has affected the economy, what they've created and what's good and what's bad. My second comment is on the RFP. Isn't that something you guys should discuss prior to going out and doing it? There wasn't a meeting in which the RFP to put a vendor in that building happened. It seems like once again we're doing things in a reactive way rather than a proactive way. There's an ad in the paper for that and you haven't discussed it. Because of the offsite vendor issue, does this affect putting a vendor in the Mountain West building because it is public property versus private property? Along with that Mountain West Bank, that building is owned by the URA and yet there are tenants in it who are there as I understand, because they are guests of the City. Is there some sort of documentation between the City and the URA as to how those tenants are there, what is the monetary value, and who gets the credit for the monetary value? In the past it's been the City taking the credit for the monetary value of having the Chamber in there. They took that in lieu of financial support they gave in the past. That was discussed during their budget time. That was a City decision yet I never saw where the City and the URA has discussed or written anything up as to who has the lease and how that works.

Phyllis Shafan – Larry last time you made a comment that in October these financials came to you about getting this money put on the financial statements. You said this was all done in October. Dennis Brown's mother had died and that meeting wasn't until December 6. I asked before you even voted on the fact that the \$1.5 million was not on the financials, why this wasn't done and also made a comment about the fact that it should be on the financials. You claimed last night that this all happened in October and it didn't. I came before you voted on approving the financials that came in on December 6.

Commissioner Larry Helzel – I apologize if I misspoke. I was operating from my memory and not from minutes.

Phyllis Shafran – That should have been on the financials the year before. This has been before the City Council since March of 2009. I don't know whether the fact that they weren't on the financials, if it would have affected the bonds. You made some comments about the fact that if these financials are revised, if might make us look funny. Are you doing fraud by not having them on the financials?

Stephanie Bonney – I have addressed this several times. They are not required. The footnote is being put on the financials in the interest of disclosure. They are not required.

Phyllis Shafran – It was in lieu housing money that was given to the City.

Stephanie Bonney – I'm aware of that. We have another resolution to address that today but they're not required to be on the financials, they have never been required to be on the financials, a position that I have verified with the Idaho State Board of Accountancy. The Board is going to put them on the financials next year. There is a resolution that states that but I would at least like to please ask you to clarify that you keep stating that they are required. They are not required to be on the financials.

Phyllis Shafran – It's a loan.

Stephanie Bonney – The issue has been addressed. I drafted a resolution last night specifically to adopt today.

Phyllis Shafran – The resolution doesn't say that it's going to be put on the financials.

Stephanie Bonney – It certainly does.

Phyllis Shafran – They should have been on last year's and the year before.

Stephanie Bonney – Your comments have been noted and we are moving forward.

Commissioner Trish Wilson – I brought this up and I would like to have this done as well but we had a reasonable discussion about this last night and now I'm sorry I brought it up. It is going to be addressed and I hope that this will satisfy you.

Phyllis Shafran – It's been something that's been going on for two years.

Commissioner Trish Wilson – I understand that but it's being taken care of and we should be happy about that.

Jimma Rice – I have three questions and I don't expect answers today. What has been constantly on my mind since the River Run annexation is, appreciating that we want to use the URA possibilities to encourage economic development in the community, which I value, what has always been my question is what is the balance between what the City gets out of the URA, the annexation and the designation of the URA from River Run, from Sun Valley Company and what do they get. In my view, the ultimate should be a win win for both the Company and the City. My sense is that a lot of the decisions that were made at the time were made based on perhaps the City's need for income, the City's expectation for income and representative of some needy maneuver or interest on the part of the City to perhaps give things over to Sun Valley Company that in fact were not equal to the benefit that the City was getting.; for example, negotiations around the parks space, which are required of the URA, negotiations around affordable housing. There are elements like that that have to do with the economic strength of our City and should be considered and negotiated in return for the fact of infrastructure development within the annexed area that will ultimately accrue to Sun Valley's profit in major ways. I am very interested in a balance between what accrues to Sun Valley Company as it can develop land that brings them an enormous amount of profit, that we will supply the roads for; are we getting, in exchange, the right coverage of other elements that are pursued by the URA such as green building, green efforts, economic development, economic stimulus for the entire community. Questions that came up at the time were is River Run going to compete. They say they are not going to compete but they have in fact competed with us in the 20 years that I've been here and have not done very much to help the economic portion of the City.

Commissioner Larry Helzel – Can I ask for clarification?

Jimma Rice – The simplest thing is that Sun Valley doesn't advertise in any way anything that goes on in Ketchum.

Commissioner Larry Helzel – Are you asking the City Council to attempt to renegotiate the development agreement with Sun Valley?

Jimma Rice – No, I'm asking for a simple clarification about what is the win win. What ultimately did the negotiations that came about for the annexation and the URA with Sun Valley Company, what's the win win for the City and what the City gets from it and what Sun Valley Company gets from it. I haven't heard any kind of accounting for that. It seems there were a lot of favors that were given for Sun Valley Company and I'm not sure what the City is getting as a result. For example, there might have been a negotiation that would enable

what I am going to suggest happens in the Mountain West Bank right now, which is that down at River Run there should be some kind of area, building, center or whatever that broadcasts all the economic strengths of our City and valley, that talks about the entrepreneurship efforts that are going on in our City that displays the various businesses that are developing and are already in existence so that as tourists come through, they can stop and see what businesses we have. This is a terrific way to get tourists to appreciate what's going on here, some of them to come back and actually live here because they realize there's an opportunity for business here, there could be business support here. Just the very presence of the center would indicate Sun Valley's partnership with us, which they claim they have and I haven't seen much evidence for. I'm looking for that kind of win win. Let's not give away everything that we have when we can negotiate some opportunities that in the long run will benefit us as a community. Along that line, the space in the Mountain West Bank building should be used for the same purpose. Rather than trying to encourage another food emporium in the City, why don't we put up something that's adjacent to the visitor's center saying here's what our economy is about, we have a lot of entrepreneurship going on, we have a lot of sports design going on here, we have a biotech company here. These are all things that make us much more up to date, represent us as a community that is in a current timeframe and highlights to our visitors that this isn't just a place to visit and leave or buy a second home and live here two months out of the year at best. This is a place that you can come to, that your kids might be able to look forward to a job here and cultivate that kind of attitude which is the one piece that's been missing. A lot of people think I'm against Sun Valley Company and I keep saying that it's not an either or. It's a win win between both. Sun Valley benefits if we have people who want to come here because they think we are a livable community, it benefits the people who move here and use the golf resorts and we benefit if Sun Valley Company brings people to us. Why don't we present a City that is livable for all kinds of people with all kinds of backgrounds and all types of ages and it's not just a resort. It's a year round community with potential for year round jobs for year round residents.

Jim Donoval – I am here to applaud you tonight. Phyllis said you had a meeting last night and started talking about the reporting of the \$1.5 million in the financial statements which has been something that I've come forward upon over the last two years. This ordinance is really close to the suggested language that I sent over a couple months ago. I am applauding you for going forward with this. It well documents what the intent was initially, where the money went. We have disagreements on how you're going to use it eventually but with what you're doing tonight in passing this resolution, you're getting to the point that I asked you to get to two years ago. It is my understanding that there is language in this ordinance that in next year's audited financials there will be that language in the footnote even though you're not going to back into prior years. I'm not happy with that but on a go forward basis; we're finally getting to a place where everybody is in agreement with what the financial statements need to look like to reflect the obligation for the affordable housing monies. Thank you for getting to that point.

4. RESOLUTIONS

a) Resolution 11-URA2: Regarding restricted In Lieu Affordable Housing Funds and providing such information in future audits – Gary Marks, Executive Director.

Executive Director Gary Marks – I'm not sure what else there is to be said. The resolution was drafted by Stephanie last night, aided by the language that Mr. Donoval supplied previously.

Commissioner Larry Helzel motioned the URA Board adopted Resolution 11-URA2, a resolution of the Ketchum URA regarding restricted in lieu affordable housing funds and providing such information on future audits, seconded by Commissioner Curtis Kemp. The motion passed unanimously.

5. COMMUNICATIONS FROM EXECUTIVE DIRECTOR

a) Overview of the FY2010-2011 Budget – Gary Marks, Executive Director.

Executive Director Gary Marks – This is an overview of the 2010/11 adopted budget for the urban renewal agency. This presentation comes by the suggestion of Chairman Hall in light of the fact that we have new members of the Board; we wanted to provide an overview of how the budget is set up and give a chance for folks to ask questions. At the end of the presentation there is information that relates how some of the expenses are distributed between the City and the URA. It's a simple budget as public budgets go. It's two funds; there's a general fund and a debt service fund. The debt service fund is new this year due to the fact of our refunding bonds that were sold in August of the past calendar year. What does the general fund do? It provides the budget authority for personal services, materials and services, and capital outlay. On the capital outlay front, there is none this year. The debt service fund as I stated provides the budget authority to make our debt payments related to 2010 urban renewal refunding bonds. For this current fiscal year, the way the repayment schedule was structured; there is only an interest payment for this current fiscal year. We'll start into principal payments in the following year. The general fund; the resources, the cash balance of approximately \$390,000, increment revenue which has been estimated at \$454,000, minor interest earnings and we come to a total of \$845,000. On the requirements side, I've broken this out so certain things can be seen more easily; personal services at \$68,000, professional services at \$50,000 which is predominantly the work of Randy Young this year with the Capital Improvement Plan and also the update of the URA Plan.

Vice Chairman Mark Eshman – Where are the funds custodied?

Executive Director Gary Marks – US Bank. Professional services covered that, administrative services is a distribution of the overhead costs that includes the legislative costs, not salaries but keeping the power bill paid, etc., the administrative expenses related to clerical support that we have and also legal. Just a catchall; notices, insurance, utilities; \$3,500. Because we're setting up the debt service fund this year, there's a transfer of \$400,000 over to the new debt service fund. In the past, the debt service for the three loans was paid directly out of this general fund, then a contingency of \$57,000 totaling almost \$630,000. If you take the revenues and requirements the difference is an ending balance of \$215,000. That's what's projected in the budget. On the debt service fund, you simply have the \$400,000 coming in that was transferred from the general fund. On the payment side, you have the interest payment of \$211,000, paying agent fee. The ending balance is \$188,000. With that extra cash in the balance of the debt service fund, we've structured a leveling strategy where at least for the next 10 years, if we can transfer a flat \$400,000 a year into this fund, we'll be able to make our debt service payment easily. The payment ramps up over time. The first few years, it's under \$400,000. The years after that, it starts to rise above that. For the first ten years or so, \$400,000 a year out of the URA general fund would cover our debt service. The URA is a percent of total City URA appropriated funds. You take both budgets; we have one administration here, me, Sandy and all the other folks that administer the budget. What does the URA represent of that total recognizing the two different budgets; 4.75%. It's almost 5% of all this appropriated activity we do with budgets in the URA. How many FTEs are assigned to the URA? That's not 48, that's .48, which is about 1/2 of an FTE assigned there and salary and benefits are assigned to the urban renewal fund. The URA's percent of total City URA personal services; look at the cost of personal services throughout this administration; by the way, that .48 compares to a total employee count of 51. As far as what we appropriate, 1.4% of our personal services end up in the URA. URA, as far as overhead expense; 6.2%. Who are the FTEs; me, .1, 10% of me is accounted for in the URA general fund, 10% of our Treasurer/Clerk Sandy, 5% of the Deputy Treasurer/Clerk, 10% of the Community and Economic Development Director Lisa, 10% of my assistant and 3% of the janitor for a total of .48. You have about 1/2 of a person working for the URA.

Commissioner Trish Wilson – Is that assuming a 40 hour work week?

Executive Director Gary Marks – Yes. The janitor is a distribution across every fund within the budget trying to a lot out a calculation or area that the janitor has to take care of. It's not based on meetings but on this space here. The majority of the janitor for this space here is covered by the Council part of the budget and the City part. There's a 3% share that we've folded over for the URA. A minimal charge but recognition that the URA does utilities this facility as it is now and the janitor will have to come in and pick it up.

Commissioner Larry Helzel – For this fiscal year, there are zero capital outlays budgeted. From what you said, we should anticipate the same for 2011 and 2012, more or less.

Executive Director Gary Marks – We took about a 10% reduction in our increment revenue this current year. The reason for that is our value spelled out 13%. The overlapping districts took their 3% increase. The net is approximately a 10% drop for us. We were collecting over \$500,000 annually and now we're down to \$450,000. As the recession continues, we want to keep a close eye on how our values go. Unlike other local governments, the levy for the urban renewal district, you don't add 3% on and the tax rate is an afterthought. The tax rate is what drives what we collect and then that tax rate is applied to the value, whatever that is. If the value is dropping, our revenues will likely drop.

Commissioner Larry Helzel – Is it fair to say that future capital outlays will be highly dependent upon new construction?

Executive Director Gary Marks – Yes. We need to have economic activity come back and something to start at least preventing the loss of value in property. As long as the property value continues to drop, it will become more and more of an issue for us.

Stephanie Bonney – In order to spend money on any future projects, we have to have this year's bond payment and next year's bond payment sitting in the bond fund. We have to have two payments taken care of before you spend the funds. The bond resolution requires this regardless of the economic climate.

Commissioner Nina Jonas – Administrative expense is attorney?

Executive Director Gary Marks – Administrative overhead and things like insurance, utilities and other things that keep things going.

Commissioner Nina Jonas – All contracted non-Ketchum employees?

Executive Director Gary Marks – No, that's not a personnel number. That's all materials and services.

Commissioner Trish Wilson – How much in cash is at US Bank?

Executive Director Gary Marks – We don't have that information in the room but Sandy can get that to you.

Commissioner Trish Wilson – My only concern would be that's insured only to \$250,000.

Secretary/Treasurer Sandy Cady – We don't have the whole amount at US Bank. We keep some in the checking account and most of it is invested in the Idaho State Treasury so that when the bills come up, I pull it out of the State Treasury and then pay. There's not that much sitting in the checking account.

Commissioner Trish Wilson – The State Treasury is not in great shape. Do they provide insurance on funds that are there?

Secretary/Treasurer Sandy Cady – I believe so.

Stephanie Bonney – No, they don't. It's the State investment pool. As bond counsel I see no concerns but the investment is such that the interest is .5%, a very small amount. You are restricted on how you can invest those funds. You're not required to invest them with the State Investment but you are required to invest them in government notes and bonds, either State or US, which are not rated below an A. In the future, you could discuss if you wanted to invest in somewhere other than the State Investment Pool. They have never, in the history of Idaho, pulled against that fund but I have not done any investigation to see whether they could or not.

Vice Chairman Mark Eshman – How much money do you think is in that pool in total?

Secretary/Treasurer Sandy Cady – Probably millions.

Vice Chairman Mark Eshman – So the purpose of this fund is exactly this for other municipalities, to make deposits?

Executive Director Gary Marks – It's a pool that municipalities and local governments throughout the state deposit a lot of their funds.

Stephanie Bonney – Then they only invest those funds that government entities are allowed to invest, which is government bonds and notes rated at least an A. They are ultra conservative which is not bad; I don't think there's risk of losing money there but the interest rates are exceedingly low.

Vice Chairman Mark Eshman – Does the City keep their money there as well?

Executive Director Gary Marks – Yes.

Commissioner Larry Helzel – In past years it has been better.

Executive Director Gary Marks – Personal services are personnel and it's the way local governments throughout, and I've worked in three states, and that's what it's always been called.

Phyllis Shafran – You were supposed to get back to me a long time ago about where you come up with your fringe rate. In the employer paid taxes and benefits, the fringe rate on your adopted budget is 41% of the salaries. You were going to get back to me on how you decide what an employee overhead is.

Executive Director Gary Marks – You advised me that this got into some information that we couldn't disclose.

Stephanie Bonney – Correct but that's not her question. You cannot go into an individual's but the question is where did you come up with 41%? Did you take all the City employees, add in all the benefits?

Executive Director Gary Marks – It's an actual expense. It's the health insurance, the unemployment insurance, etc.

Phyllis Shafran – So the City pays about 41% per everybody's salary. When I do budgets, I come up with about 20%.

Executive Director Gary Marks – It depends on the individual. For example, the worker's comp we carry on our firefighters is much higher than clerical workers. You would expect that clerical workers might be lower and their salaries might be lower also. There are a lot of variables there that determine what the percentage might be. It's a hard percentage to look at and negotiate some kind of meaning out of.

Stephanie Bonney – Do you take an average across?

Executive Director Gary Marks – No. We calculate each employee, exactly what we expect their expense will be. A lot of local governments estimate that kind of thing. I don't believe in that. We go right down to what the health insurance is going to cost, what the dental insurance is going to cost, the vision, worker's comp, unemployment insurance, social security, Medicare; all of those are broken down based on each individual's salary.

Stephanie Bonney – Someone can't say how much is health insurance for Lisa Horowitz.

Phyllis Shafran – That's not what I asked. Usually you come up with somewhere like 20%, not to a City person. It was surprising that it was 41% and you've explained that clearly.

Executive Director Gary Marks – If you looked at other local governments around our area, you would find pretty much the same thing. We don't estimate.

Commissioner Nina Jonas – It covers the employees who are working in the URA; it doesn't cover random other employees.

Chairman Randy Hall – We're talking about 41% benefit load on .48% FTE.

Executive Director Gary Marks – It's the proportionate amount that attributes to the salary that's shown.

Secretary/Treasurer Sandy Cady – I don't have an actual report from the State Treasurer. I usually just look at it online and I can't get online right now but will email that information to you.

6. COMMUNICATIONS FROM COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR

a) Discussion of a Request for Proposal for Food Service Providers at 491 Sun Valley Road (Ketchum Visitor's Center) – Lisa Horowitz, Community and Economic Development Director.

Commissioner Larry Helzel – I might have been instrumental in this process so I would like to give everybody a little background on how we got here. It was last February, about a year ago, when it was announced that the committee looking to raise funds for the Town Square was going to be successful and that they had raised enough money to make the Town Square a reality with proportionate help from the City. I discussed with Curtis that this was fantastic; we would have a beautiful Town Square and this building which is not so beautiful and is there a way where we could redevelop the property to make a building to replace that building with something that would be spectacular and provide some amenities that we don't yet have. It was also influenced in the middle of February when I went to Jackson and Jackson has a Town Square with restaurants and bars around it and the views from the second stories from those restaurants is beautiful looking over the tops of the buildings at the mountains. I thought that if we had the proper building, the view over the top of

Atkinson's to the mountains would be great. As a thought, I talked to a local developer and tried to find out what kind of a lease revenue would be required to tempt a spec developer to create a build to suit to replace this building and found that current rents would not support replacing that building. You couldn't get anyone to make the investment in it at rents between \$1 and \$1.5 per foot. Curtis then did some renderings of some amenities we could have in that building. One thing I remember is looking at a better opportunity to showcase our Ore Wagons. That went nowhere. As we got into April and May, this issue of the food vendors and the vendor carts came up and that presented substantial challenges to the community to try to define what would be appropriate. That's the background of how we got to where we are today and where we are today is that we are trustees not only of the taxpayer but today of the bondholders. We have a building which is empty and we're not getting any rent from it and we have a responsibility to make this a productive asset. If you look at the budget that Gary just presented, there's nothing on there called rent. We have a fiduciary responsibility to get some cash flow from that asset. The idea came forth that the highest and best use for that building would be to combine some type of food service on the Town Square which would diffuse the vendor cart issue along with a redesign, revamp and repurpose of what's called the visitors center, but I would like to call it a marketing center. We could do many of the same things that Jimma Rice just mentioned in terms of showcasing our community.

Chairman Randy Hall – About 6 weeks ago or longer, I was walking through the building with Tony Bogue who was then Executive Director of the Chamber. First I was with Jason Miller several months ago who came to me and said they were going to move their operation from the Chamber building to the bus barn at Warm Springs by the Hemingway School. Mountain Rides vacated the space. So, Tony wanted to run an idea by me. She said they didn't need all that space where the Chamber was operating. We can get by with the space that Mountain Rides just vacated. She wanted to know if I would support the Chamber moving into the smaller space and then they would do modifications, create a counter and allow their service to interface with the public. In looking at the 1200 square feet, I thought there might be an opportunity for the URA to collect some rent and solve the vendor issue by bringing in the food and beverage. I talked to Lisa about the possibilities and if this would be a good compliment to the marketing and reduce some of the pressure off us to solve the vendor issue. I'm still very passionate that the Town Square should have on some level of food and beverage. A couple days later, we were approached from a real estate agent who had a client whose lease was up and was interested in asking about the possibilities for this space. I said I'd like to see food and beverage and she said that's what her client was interested in doing. That's a little more of the background.

Community and Economic Development Director Lisa Horowitz – My first call on this space was about 2 years ago. I had a broker call right after the Chamber moved in and they had a client who was very interested. At that time, the space was fully occupied. When the space became more and more empty and in talking to the Chairman, I did call that broker back and said that there've been changes and based on these series of conversations and interests, we did develop a request for proposals so we could have a level playing field and that the Board could evaluate it. Our thought was to let the Board know that we were putting this together and to bring all the proposals to the Board where you would have a chance to evaluate those proposals and whether you thought this was a good idea. Now that there has been the question raised and time on your agenda, we have the proposal before you before the period is closing. We extended the closing period. There were two parties that called that were interested, both which asked to have a little more time. This has been extended until March 4. If we're lucky to get one of two proposals, we'll need to try to do this on the March 7 newly scheduled regular meeting to look at those proposals. In this document, some of these bullet points about the Chamber portion of the space were pulled directly from the PowerPoint that the Sun Valley Marketing Alliance put together in terms of their vision for the space.

Stephanie Bonney – Legally, this is nothing more than we'd like some information. The Board is not obligated to accept any of these. It's not a bid process and you are free to reject the whole idea, you're free to go back to negotiate with any of these people; there aren't any legal constraints here in terms of negotiating a lease.

Commissioner Trish Wilson – It is our obligation to make that URA property available to anyone to come in and propose to utilize the space and we would select. What do we have to do to make this fair?

Stephanie Bonney – Legally you don't have to do anything.

Commissioner Trish Wilson – We can lease this out to anyone?

Stephanie Bonney – Legally there is no obligation in terms of leasing the space as having to advertise for a certain amount, you have to look at everybody, etc. It would be legal to go to a vendor and ask them to come in there.

Commissioner Larry Helzel – That is contrary to if we offered the property for sale.

Stephanie Bonney – Not for URA, just for City property. The City can also lease property without bids. There are no bid requirements for the leasing of property.

Commissioner Larry Helzel – What we want to talk about today is whether the rest of the Commission agrees with the Chairman and I that the highest and best use for the property for the foreseeable future might be a combination of some sort of food service along with a visitor/marketing center. If we don't agree, we should know about it.

Commissioner Trish Wilson – When you say visitor/marketing center, what is the Chamber doing? Isn't that what they should be doing? As a business person, I think that the Chamber ought to be doing that.

Commissioner Baird Gourlay – They're a part of that component.

Community and Economic Development Director Lisa Horowitz – They would be staffing it. The idea was just to make it clear to any vendor that it's going to be a shared space. They would be separate entities but the creative idea is that the space would be somewhat integrated. That remains to be seen on who bids and what their physical proposal would be. There could be a very creative solution that incorporates what Jimma said where it's a combination of municipal entrepreneurship in one corner and all the things that the Chamber are doing and the food and beverage could bleed into it. That all has to be worked out.

Commissioner Baird Gourlay – That's what Gary Randall, who was hired for that position, is talking about doing. He wants to get vibrancy in there. There's mention in the bullet points about the tour, the guides corner; I met with him today with Zach Crist and they have a lot of ideas that they want to vet. On March 1, they're going to have a meeting to present a lot of their ideas and get public feedback. There's mention of 1200 square feet in here but we don't know what the lines are of the 1200 square feet? There's no mention of how much the rent is?

Community and Economic Development Director Lisa Horowitz – I talked to three different commercial leasing agents and the feedback was that rents are all over the place. We thought it best to put it out there and see what the private sector would propose for the Board to consider.

Commissioner Larry Helzel – We would have a fiduciary obligation to charge a market rent. We're not going to undercut private landlords.

Commissioner Nina Jonas – Susan talked about URA owned property and she said there was an example in Boise of a parking garage that was owned by a URA and only allowed because the monies gained on that were going to pay the bond. Is that the bond that they have? Can we own and rent in the URA or are there only certain obligations that we have to uphold.

Executive Director Gary Marks – I think you're talking about the Capital City Development Corporation. They do own a parking structure and my understanding is that they're repaying the debt off of the revenue they collect on parking fees.

Stephanie Bonney – That wasn't a requirement for them to own that structure.

Commissioner Nina Jonas – She also said when that debt was paid up, it would be forfeited to the City, the parking structure.

Stephanie Bonney – That would have been an agreement between the City and the URA. There's no legal mechanism that requires that.

Commissioner Nina Jonas – So the URA is okay in owning this building and charging rent.

Stephanie Bonney – Yes. Can you work out those kinds of agreements with the City? Yes, that's a partnership where the City contributed a certain amount of money and they agreed that the property transfers. It doesn't transfer by law.

Commissioner Baird Gourlay – A couple people in the food service business called me and there's a feeling that there's an unfair advantage for some food service to go into this location based on the fact that the Chamber is also located there. These other food service businesses that are members of the Chamber feel that if somebody is going in there to get information and they can also get food is a disadvantage for them and they feel it's a conflict of interest. I see their point but also know that as a URA Board member, I want this to be a lively vital space and I feel that what Larry and Randy have brought forward is compelling.

Commissioner Larry Helzel – If other existing food service operators feel that this is such a special location, they should put in a proposal and look to move their business there.

Commissioner Baird Gourlay – Some of them are on long term leases. They also had the opportunity to put in offsite vending but they came in and almost ate each other.

Commissioner Trish Wilson – Food service is more likely to draw more people into the Chamber than the Chamber is to draw people into the food service. It has a better benefit for those things Jimma was talking about to educate people more about our community if it's done right.

Vice Chairman Mark Eshman – How will tourists find the visitors center?

Commissioner Trish Wilson – They have to be looking for it.

Chairman Randy Hall – The Chamber is seeing somewhere between 6 and 10 people per day. It's not much. We have prime real estate owned by the URA and if we can figure out a way the URA can generate some revenue, figure out a compatible use with exposing more people to what we're about as a community through looping videos and the other social media aspects that the new Chamber direction is and also help to solve some of the issues on the Square regarding to vendors; it gets me out of the way for pushing for food out on the Square. That building is in poor shape and will take a significant amount of tenant improvements. If you wanted to put a restaurant into that space, you're talking about a lot of dollars that I would expect the tenant to do. If the URA does part of that is something we all have to decide on.

Community and Economic Development Director Lisa Horowitz – We tried to indicate that the urban renewal agency would perhaps pay for tenant improvements that ran with the building; things that would stay and be improvements that the agency could benefit from if there was a different tenant. That's why we suggested to upgrade the power and water and removing that tinted film off the windows. We made it clear that we would be looking for a tenant for other types of improvements that benefit their business that may not withstand the test of time should their lease terminate.

Commissioner Baird Gourlay – Are we going to allow them to change the structure, the entryways?

Community and Economic Development Director Lisa Horowitz – That's going to be up to you all.

Commissioner Larry Helzel – That's negotiable. One of the amenities that I would like to see in there is a community box office. There would be one place you could go to buy a ticket to Company of Fools or coordinated with the Sun Valley Recreation Center so anybody who was in town could buy a ticket to anything in one location and this would be it. Maybe the box office charges a \$.50 or \$1 up charge the way most electronic places do. That's another way to keep people in the Town Square and something really easy to do.

Commissioner Nina Jonas – This seems like a backward process. I believe that the Commission at large should have spoken at large about doing this RFP before initiating it. I understand we have no obligation to it but we have a very limited budget and we've put a lot of labor into this. There is a true cost to the URA general fund. I think this is a perfect example of the really bad blurring between the URA hat and the City Council Mayor hat. The five of us are used to Randy proposing ideas and us disposing on these ideas but I don't think that is the structure of this Commission and that's how we've gotten here. A lot of the arguments and conversations I've heard for the advantage of this are City Mayor and Council problems; the vending problem and getting people satisfied about that and the restaurant problem. They're not URA problems. This is a perfect example of the terrible blurring and I wish it had come to us first before investing in the labor of doing this. At this point, we are at a state where it sounds great to solve some of my City Council problems along with getting some revenue for the URA and I understand the URA is here to help the City in its agenda but this is an example of a perfect blurring.

Commissioner Baird Gourlay – We're always going to blur. The URA was formed by the City Council and URAs are typically mechanisms that are used by cities to make sure cities exist and are vibrant. We're a check and a balance situation. We're balancing against what are the values of the City Council and here's something the City Council wants to do; do we want to do it?

Commissioner Nina Jonas – I'm comfortable with that but think it should have come to us before investing in the labor of putting the RFP together since our budget is so limited.

Chairman Randy Hall – Maybe you forget but I did call you and mentioned to you that this was the approach we were going to take. I don't remember you raising your concerns at that point and I remember you saying something to the effect that you appreciated that we were going this route. I'm willing to do it however you all want to do it but we had a good idea come to us, I vetted it in one way, shape or form with a few of you and got positive feedback and that's the course we went.

Jimma Rice – Is it true that URA boards are overlapping with City Councils? My understanding and is the intent of some upcoming legislation is that they stand separate so there isn't any conflict of interest.

Stephanie Bonney – They're addressing what the actual makeup is. Urban renewals have no City Council members, although that's very rare, most of them have some City Council members and some of them have all City Council members. The majority have a split between some council members and some not.

Jimma Rice – Are the non council members the dominant members of the URA?

Stephanie Bonney – I don't know that. The statute allows both.

Vice Chairman Mark Eshman – Sometimes things are going to happen in ways that we can't control or predict. This sounds like it came to use and wasn't something we went out and sought. The Chair has handled this very well in the sense that the RFP is a fair process. Stephanie says that we don't even have to abide by it. I would suggest that we do. We will be lucky if we get anyone who's qualified that wants this space and we should make the most of it. It's not going to be a ton of money but in terms of stimulating interest in the Town Square and creating some vibrancy around the Town Square, in which the City has invested a lot of time and money, it's a great idea. We should go full steam ahead and try to get the best possible tenant we can.

Commissioner Nina Jonas – In that light shall we expand the scope from just outside of food and beverage?

Commissioner Trish Wilson – It should be something that benefits the Town Square. Do we want a law office or real estate office in there?

Commissioner Larry Helzel – We all see the benefits of some kind of food service there. We should go down this road and if we're unsuccessful in getting an acceptable proposal from a food service operator, we can reconvene and decide to what other class of trade we'd like to open it up to. At the first go round, we stick with what we've identified as what the Town Square needs.

Commissioner Curtis Kemp – I'm in agreement and this is an opportunity that we have to pursue.

Community and Economic Development Director Lisa Horowitz – The deadline is Friday at 2:00 pm. You could add to you meeting on March 7 at noon to discuss the proposals. You wouldn't have the benefit of the staff report. We wouldn't have time to put a lot of analysis together.

Commissioner Baird Gourlay – Could we get an executive summary of each proposal?

Community and Economic Development Director Lisa Horowitz – Yes and we'll try to get that to you Friday afternoon and I will bring the proposals to the meeting.

Chairman Randy Hall – As far as the process goes, this is one of the first board's we've had with seven people and I'll make some mistakes but try to communicate with everybody and try to move forward with consensus.

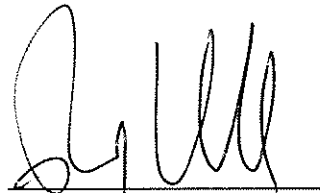
I will try to do as best I can in communicating with everybody. If I am stepping out of line or in an area you're not comfortable with then let me know. I'm not looking for controversy but trying to process ideas as they come to us. Anything I can do to help keep jobs in the community I'm going to work very hard at doing.

7. EXECUTIVE SESSION to discuss personnel, litigation and land acquisition pursuant to Idaho Code 67-2345 1(a) (b), (c) and (f).

No Executive Session.

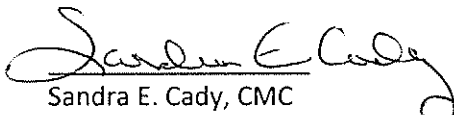
8. ADJOURNMENT

Chairman Randy Hall motioned to adjourn the meeting at 2:35 pm, seconded by Commissioner Baird Gourlay. The motion was approved unanimously.



Randy Hall
Chairman

ATTEST:



Sandra E. Cady, CMC
Secretary/Treasurer