



**SPECIAL URBAN RENEWAL AGENCY MEETING**  
Wednesday, March 16, 2011 at 12:00 p.m.  
Ketchum City Hall, Ketchum, Idaho

**Present:** URA Chair Randy Hall  
Commissioner Baird Gourlay  
Commissioner Larry Helzel  
Commissioner Curtis Kemp

**Absent:** URA Vice Chair Mark Eshman  
Commissioner Nina Jonas  
Commissioner Trish Wilson

**Also Present:** Gary Marks, Executive Director  
Sandy Cady, Secretary/Treasurer  
Lisa Horowitz, Community and Economic Development Director  
Lauren Anderson, URA Attorney  
Katie Carnduff, Administrative Clerk

The meeting was called to order by Chairman Randy Hall at 12:10 p.m.

**1. COMMENTS FROM THE PUBLIC.**

**Chairman Randy Hall** – My job is to keep the conversation and dialogue focused on policy and not on personalities. I'm only going to allow the discussion to be specifically focused to facts. I've been reading these emails and the miscommunication is destructive to this process. The URA is a good thing. The URA owns a very valuable asset and we need to maximize that asset to the entire community. That's the goal. That's what we're going to do. The decision to lease the space; we're past that. Why I decided that food and beverage would be the best and highest use was because of its compatibility to its internal use, the Chamber and its goal to try to increase foot traffic to get more eyes and ears engaged in what the Chamber is doing from a marketing standpoint and from a business standpoint, as well as a use that I believe is acceptable to the external use which is the Town Square which will mitigate the need to do vendors, which we heard from the restaurants on about a year ago that you also did not like. That's my position and there have been no shenanigans. The process was fair. The RFP was out for 6 weeks; we extended it once, and we only got one proposal. Most importantly, this is not some sweetheart bro deal that we're going to give to whoever goes into that property. This is going to be a fair market rental rate that will be defensible.

**Commissioner Larry Helzel** – Although the 4 of us might look like the Ketchum City Council, this is not the Ketchum City Council meeting; we are URA Commissioners. The process here is different. The results of today's meeting on this application will be memorialized by a resolution of the URA board. It is not finished by the passage of legislation; there will be no city ordinances that commemorate or memorialize whatever we do. It is not required. The URA is an independent agency that owns property and this URA board acts primarily in a fiduciary role subsequent to a long term strategic plan

which embraces the desired public specific improvements that the URA was created for. The URA's business takes place in public meetings but we're not required to have public hearings. The interaction that we're having today with you is at the discretion of the chair but it's not required. We have a responsibility as your URA Commissioners to do the best we can for the URA agency and that is our focus and is to the benefit of the community that we've agreed to take public comment on this, although it is not required.

**Commissioner Baird Gourlay** – I was going to recuse myself from this because of my proximity to the location but in talking with the URA attorney, it's apparent that it's not a defensible recusal. I could but think it's the easy way out. It's unfair for me to recuse myself as I've been involved with this from the very beginning. Randy and I were founders of the URA and entered into this purchase of property over five years ago and things have changed. We need to be part of that decision on what we do with that property moving forward. I am going to step down from this Board. With current legislation in Boise, it's apparent that the State has concerns about how the URA boards are pseudo, defacto boards of the City Council and it's important that we let them know and you know that that's not what we want to be. We want to be a board of the community. If I step down, that will leave 3 City Council members and 3 community at large board members so we have an even slate and more even representation on this board. It's unfair to submit my resignation today so thought I that I would let Randy take nominations from any of you and let them evaluate and step down when a nomination comes forward. Tom Hudson was hired by the City Council several years back and I saw a very perceptive man. He had wonderful ideas with community development corporations, ideas of tax credits, public private partnerships and the urban renewal was a wonderful way to fund it. That's what the urban renewal is; a way to fund private public partnerships, work with tax credits and use the incremental taxes. This is important information for anyone who wants to serve up here and know the potentials and achievements that URAs can produce and encourage you to look into them. URAs are a tool for cities to use to rejuvenate, to revitalize and to renew areas that are blighted. Kennedy used them initially to create affordable housing in Cape Cod but furthered their usefulness by redeveloping boroughs and municipalities around Boston that were blighted. The idea caught on rapidly and there are thousands of URAs now in the country. URAs are a tool for the designees to stimulate job creation and retention and business investment in buildings and equipment to accelerate redevelopment by replacing or renovating old buildings with new, to provide a better living and working environment for a neighborhood to enable and encourage the rehabilitation of dilapidated buildings and to prevent urban decay. Urban renewal is further described as a program of land redevelopment of areas of moderate to high density urban land use; not always a good thing, not always a bad thing. Just the idea that business may relocate, historic structures may be demolished, relocation of people is imminent and overtake of land by government are all aspects of urban renewal movement. Our URA has never chosen to do any eminent domain, which I don't believe in and would encourage this URA to never go down that road. One neighborhood may gain from the urban renewal development movement while another might suffer. These are the realities of urban renewal and the burden it places on its decision makers. Examples are Pioneer Place in Portland, Oregon, where their Portland Development Corporation has developed 215,000 sf of retail space with 16 stories of office space above it. Another is the north loop in Chicago which has done similar things. Rehabilitation in urban renewal proceeded initially from local and state legislation, which in Illinois included the Neighborhood Redevelopment Corporation Act of 1941, amended in

1953; the Blighted Area's Redevelopment Act of 1947, the Relocation Act of 1947, the Urban Community Conservation Act of 1953; all led to redevelopment of deteriorating areas. The new legislation had several primary functions, first expanding the city's power of eminent domain, enabling it to seize properties for the new public purpose of slum clearance and prevention. Second, it pioneered the write down formula which permitted the city to convey such property to private developers at a greatly reduced use value after the municipality subsidized its purchase and preparation. San Diego is a culmination of three decades of urban renewal lessons, some good and some bad. From the 60s, 70s and 80s in which designers ripped up downtown areas and replaced them with closed off development that choked traffic and became islands of isolation, we have now learned from the past that the way to breathe real life into cities is to connect neighborhoods, create openness and intimacy where residents can co-mingle and cross fertilize. A walk through the ball park area shows the fruits of those lessons; streets are packed with pedestrians and lined with trees and gas lamps, bookstores, theatres, cafes whose patrons spill onto curbside tables. The two and three story retail shops feature yoga studios, beauty salons and on the upper floors, residences. San Diego is on the cutting edge of the nation's new urbanism. It's an effort to offset urban sprawl by promoting new building codes and zoning laws. If done right, it could increase the chances that those different income levels could work and live in the same place. This is what I've been striving for and I think is the philosophy of this board; a place where Pete's kids and my kids can live together, a place where people want to come to enjoy year round and into the wee hours of the night, a place where bicycles and pedestrians and SUVs can co-exist, a place that makes me want to take the bus or ride my bike into town to visit a person and have an interesting conversation, whether it's around a water fountain or someone playing guitar on the sidewalk, a place that builds soccer fields and ice rinks, a place that encourages artists to display their works, a place that bird watchers and book clubs can meet, where kids can wander in amazement while parents casually watch over them, a place where politics can be discussed with verve but also with respect, a place where streets are lit by streetlights and the snow is melted by geothermal systems, a place where we can learn from each other and grow to be better, a place where we feed off of each other's good will and benefit from a vibrant community. That was my dream and still is. We sired a wonderful organization from Fourth Street to Northwood Place to Town Square; they're all properties that we've amalgamated and have tremendous potential for the future, along with River Run and Warm Springs annexations, there's a lot of municipal infrastructure improvements that we'll need to make and the URA needs all and any funding that it can get and the idea of renting this space gives solid ground for this URA to move forward.

**Lisa Horowitz** – This topic first came up when I had a call from a commercial real estate broker about 2 ½ years ago who inquired as to the space. At that time, the Chamber had just moved in and the building was filled up. When the changes were made from the Chamber to the Marketing Alliance, the space became available. I encourage everyone to walk into the building and look at how it's being used. I called this broker back and said that the urban renewal agency will be trying to fill its space with tenants and that led to Starbucks to first contact me in December of 2010. After some internal discussion, we felt that the fair thing to do was to issue you a request for proposal and allow anybody in our community to develop a proposal to be a tenant in that space. That was on our website on February 6 and we ran a couple display ads in the paper. I had about 5 serious inquiries from brick and mortar businesses in our valley, one Hailey and several up here. None of them

wanted their names divulged. There were a couple of additional ones that walked through the space with commercial brokers in our town. I then got subsequent emails from a few who said that at this time, they did not want to submit proposals so we received one proposal. We also extended the proposal deadline two weeks. We now have one proposal from a local group called the Cairde Group and it would be a Starbucks franchise so they could sell Starbucks products in addition to other products. They have a concept proposal that they've put forward. We've received about 10 written comments from the community on different sides of this issue that are also on the table. This is the second discussion of the board on the concept proposal.

**Chairman Randy Hall opened comment.**

**George Kirk** – I appreciate and applaud the vision behind the creation of the URA and the intents and purposes as described by most of you in your preambles today. In this particular instance, as Randy said, the devil is in the details. I've reviewed the RFP, had no issue in terms of its content at that time so you did not hear from me. In regard to the single most important and valuable asset that the URA owns, which is the aggregate 22,000 sf of land that constitutes the half block in the heart of our downtown, I applaud the vision of long term and the notion of integration and connection and community that you have described. However, for a potential of a lease to consider or contemplate or enter into a transaction where there is a 1250 to 2500 sf tail wagging a 22,000 sf dog of the aggregate park as it relates to potential redevelopment and future plans, may not be maximizing and leveraging as Mayor Hall suggests, the revenue potentials of redevelopment potentials and aggregate scope and scale of the property in the overall sense of our downtown and our redevelopment. You won't hear from anyone here that the notion of redevelopment of the downtown, the notion of maintaining the city core, but if you contemplate leasing half of a building for a term longer than 5 years, and there are \$200,000 of improvements needing to be put into place by someone, it's going to impact the return that you get and will need and necessitate a term that in my opinion is going to be longer than 5 years from the business perspective. I would discourage you from allowing a 2,000 sf tail that has some lease term that a redevelopment potential would have to potentially work around, buyout, recapture improvement cost, etc. into the future from driving the decision. I've heard nothing to date in the discussions along those lines. I understand the need for short term income but to the extent that it impacts the bigger picture and bigger potential, please maintain that bigger potential.

**Pete Pregitzer** – As a restaurant owner, we all see this as Town Square vendors all over again. We were all against that and now you've sweetened the pot by offering a brick and mortar establishment on publicly owned property on the Square. I think the URA is doing something illegal. I've read almost all of the 107 pages of the URA and you're not doing something illegal but I believe it is just not ethical. As far as the way the URA has conducted their business, you bought the property 3 years ago for \$3.2 million without a single tenant with a long term lease. If you want to compete with private business and private landowners on public property, you should have to work under the same rules. A private entity would have had to put at least 25% down, maybe gotten a 5%, 20-year mortgage and would have to have had leases in place to even start getting that loan. That would leave you with a monthly net of \$15,820 plus taxes and insurance. If you want to know what market rent on the building truly is, it would be around \$17,000 per month without any cash flow. Because

you don't have a mortgage and you have a municipal bond to pay for this properly is something that a private land owner cannot do. Now the URA needs income. You can't blame us for wanting us to get a return on our investment. That plan should have been in place when you purchased the building. Remember a lack of planning on your part does not constitute an emergency on ours. Did the URA go to every non-profit organization in the valley to see if they needed office space before just asking for a food service proposal, which I believe was the easy way out and a way to renovate the building without paying for it. Randy said that the URA and the City are separate but the City Council and URA board almost mirror each other. Ironically, the one tenant you have is the Chamber, who pays rent out of the \$400,000 it receives from the City to pay their rent. Anyone has to know that if you rent from the URA, you should be paying the URA. If the City is taking some of the \$400,000 that they give off the top for the Chamber, now you have convoluted and become the same.

**Greg Randolph** – This has been quite an introduction to this job. There are a lot of misperceptions about who is who and what is what. From a marketing standpoint, we are appreciative and fortunate to be in this location. It's the URA's prerogative to rent this space as it sees fit. We don't choose neighbors. The alternative of being here with Starbucks is moving out of the prime location. In speaking to the business community now, you want the most value for your dollar in your membership and we want to deliver for you. Being in a high traffic location helps everybody. Starbucks is going to add value to the building by improving it in a way that the City won't likely be able to. The improvements are impressive and will make us look good. If we need to move because there is a conflict of interest, then we move into a market rate situation that will more than likely mean more of a headache for us and less effective use of yours and City money. We were going to be closer to some businesses than others. For example, across the street is Wiseguy Pizza so if someone comes to the front desk, someone might say to go to Wiseguy because it's right there. We need to think about the reality that this means that everyone is going to go to the one vendor that's in the location. Because our money comes from the members, it's our duty to serve all our members equally and be agnostic in business. We don't have a favorite beer and burger joint or pizza place. Our job is to make sure that everybody does better business. It is fundamental in our interest to serve and promote and refer people to all of our members and not doing so means that we don't retain members and it undermines our whole point of being. Increasing traffic tenfold, whether your Java, Grumpy's or whatever, you see a conflict with this business, the more people we see that get drawn into our center, gives us a better opportunity to send them another direction to a good time. That's our job. We need to try to look beyond this as a fight over the little business that we have. We need to get business here. This speaks to that. This is very sexy for the Visitors Center and a good thing for everyone. We will do a better job serving all of our members, whether it's Grumpy's or Java or anyone else in town who sees a conflict here.

**Lynn Knudsen** – I've lived in the 511 building for 21 years in the heart of Ketchum. I've seen the center of town heartbroken for a long time; shattered with people conflicting against each other and it happens that we now have very little growth in lots of magnificent ideas. This, because it is empowered by money, which is great because Ketchum needs money, I love my neighbors, their businesses and entrepreneurship but for this to be the center of Ketchum, we don't need to be ripping it apart and hurting our Ketchum. We need to embrace the money and support that's going to give Ketchum.

**Annie Corrock** – I hoped to hear from your attorney about the legality of vendors on public land, which is what this is considered and includes the interior of these buildings. Projects for the URA, as Baird pointed out, are to be vetted through the P&Z and it's supposed to make sure the land is blighted prior to doing a project and that it complies with the city codes. That building is not blighted and never has been and I would like to clarify the public land and the vendors on it. In the future, this property has been a confusing issue because it is URA owned but the City has been leasing it but not collecting true cash to give to the URA. Another legal question, when the URA sunsets in the year 2030, that the land becomes ownership of the city? Baird, I appreciate your talk about what URAs do but would like to talk about what our URA has done and what are its pluses and minuses, pros and cones, what is the future and what money is involved that we do know we are going to collect, a comprehensive report on what our URA has and is going to do.

**Meg Borma ??** – I'd like to thank the URA for their efforts and everyone in town thinks that urban renewal is a good thing and all want to support that. I'd also like to thank you for providing this forum when you made clear that it's not required and I think the City thanks you as well. There's been no uproar about new businesses in town, for example, 5B Brewing Company, everybody is for it; the new place on East Avenue, everybody is for it. The issue is having private business leasing public land. The City and the URA needs to be careful about who their tenants are. Everybody understands the need for short term income but there shouldn't be a café in there, they should not rent bikes in there, there shouldn't be a beauty salon in there. I would say the same for the fire station, the police station and lots of other public buildings. Pete's idea about having non-profits in there is something that should be looked at. It's not about competition as it is with conflict of interest. We would like to see our public buildings used for the benefit of the whole community, not just some. The City isn't in a position to subsidize all the local businesses in town or to give them in kind payments for whatever tenant is going to have in there because of the space and the park next door,.

**Phyllis Shafran** – The cost of renting this place out, there's been no information put out about what it's going to cost the URA to refurbish the building and what these tenants are going to pay for the use of the building. Since the cost of this building is already there, we should allow this building to be used for open maintenance, for people who are within the town of Ketchum. There is no place in Ketchum where a community group can meet, where a reading club can meet; we need a place where people can get together and have open meetings and organizations, can come in and have a place to meet. There used to be one in the old Chamber building when it was on Main Street but there isn't a place anymore in Ketchum. Since we don't know what's going to happen with this building in the next couple years, it should be left for the community to use instead of letting a business go in. The cost of renovating the building, which will be torn down in a couple of years, is astronomical.

**Lisa Rippo** – One of my solutions was that I think the building should be sold and we all go away and it becomes free market. The URA claims that this was offered to all of us. It's nearly impossible to get a loan for anything. For any of us to go into this building and spend hundreds of thousands of dollars is unobtainable. It would take angel investors. All of us would love to be in that building. Randy, you quoted, "Thirty years ago I came here as a kid and it was all about taking and all about what I could extract from this community in terms of fun, recreation and everything else. Then, over

the course of the last ten years, this community has taught me that it isn't about taking, it's about giving. I'm learning that the more that I give to my community, the more I get back. It really is about the people that live here and the high level of compassion and understanding. I don't know, there is just something about this place. Some people call it spiritual, some people call it magic, but once you get here, I think you're hooked. I hope I can leave this place better than I found it." I hope you can.

**Michel Rudigoz** – We have a bunch of restaurants that are here together and my point is simple. The City owns the parking lot. The URA owns the building. The building was bought by a bond issued by the City. The URA and the City do the same thing. The URA owns the building. Does the URA own the Square?

**Chairman Randy Hall** – The City owns the two northern lots and the URA owns the two southern lots.

**Michel Rudigoz** – You have all the right in the world to lease that to a tenant and then you're going to pick up part of that beautiful park, where I worked for you regarding the vendors and nobody showed up and wanted to be a vendor. The next thing is that you're going to develop a restaurant. URA or the City, you live here. I've been here for 40 years, since 1971 and feel I represent something in this town. These people here who represent two different entities, going back and forth with their money, they give it to the City, they give it to the URA and the URA gives it to the Chamber of Commerce and we are paying the Chamber. We represent 50% of the employment in Ketchum in 63 establishments, food and beverage. The only thing we can do is come here and you take it away from us and we're dying. No bank right now will give any business, even mine, any money to try to survive. You are pushing us away from here because you decided to bring in an establishment that does not belong to you or the people in Ketchum who are paying their taxes. You have to realize that you are probably elated but we are paying the taxes. If we stop paying the taxes, you die.

**Cristina Cook** – It was hurting when Mr. Gourlay made the comment about how the City is going to dismantle and how the new URA is an organization that will dismantle and out of hope. It was hurtful for people like me and businesses in the community that have invested money, time and life to make this town more vital. I don't know what kind of comment that was. Was it directly specific to businesses who have done nothing for this town so the URA says to turn this place into something magic and make it beautiful every single day from October to March? Great, but the restaurants in this town support about 110 non-profits. 99% of this money comes from the restaurants but the URA is in a very good condition, it owns property and money. I want to make sure that all these donations that we do to the non-profit organizations like concerts, camps, library, St. Luke's, battered women of Idaho, men who can't get a girlfriend, the URA should write them checks. For the URA to do business in this town, when businesses in this town have to pay to get business, is not fair. I am happy and I'm done with donations. I am waiting for the City to spend tax money to support those organizations.

**Tracy Caraluzzi** – The RFP that was originally proposed was an offer of a business on the corner of a City building. Now it's a space where the Chamber will hold a space in the corner of a publicly owned building that will not be occupied in large part by a privately owned group and multi-million dollar company. Rethink this and think it through and how it will impact all of the businesses in Ketchum, not just the restaurants. It was not put out to any other businesses, just a restaurant. Mountain

West Bank loaned the City over \$2.5 million to buy the \$3.3 million building. Last year, the City in an effort to consolidate three loans that they were struggling under the weight of, had to sell bonds in order to pay down the principal instead of just the interest. That business and decision making on the part of the City does not constitute an emergency on the part of the businesses that are going to suffer by this.

**Neil Morrow** – For the last two years, every job that I've had has been in that building. I would like to encourage that the conference room space in that building is a viable space for the community. No matter what happens in the building that space will by ability drive traffic and should be kept as an open conference room because it's a great asset and there isn't really anywhere else for groups to meet. Even if you put something else in there, that space is really valuable.

**Jim Plomasen** – Mr. Helzel gave us a lecture on the organization of this group who look exactly like the City Council but aren't. They even sit in the same places they sit at the City Council meetings but they aren't the City Council and we shouldn't be confused. The indication was given that there are additional members to this URA board who aren't represented by empty chairs or nametags. Can you identify for me and others who don't understand the set up of this thing why there isn't a conflict of interest between your City Council hat and your URA hat? If there are additional members, why aren't they here and why aren't they represented by at least their nametags so we know who they are not.

**Chairman Randy Hall closed public comment.**

**Lisa Horowitz** – The first issue was legal and the vendor ordinance and how that applies to this building. As Susan Buxton reads that ordinance, she does not believe that it applies to the building. She does believe that the language is awkward that was raised and has not yet prepared a written memo but I will ask her to do so to clarify her reading of that ordinance. The next question is what happens when the term of the urban renewal funding sunsets.

**Lauren Anderson** – Generally the property will revert back to the City. I would have to see these documents to see if there's anything special.

**Chairman Randy Hall** – Primarily what happens is that the district no longer collects the increment off that property once it sunsets.

**Commissioner Larry Helzel** – If during the term of the URA, the URA sells the property to an unrelated third party, the termination of the URA is not going to affect that transfer.

**Lisa Horowitz** – The last question was to identify the other members of the urban renewal board and why they are not here today.



**Chairman Randy Hall** – Trish Wilson is an at large member from the community. Mark Eshman is the other at large member of the community. Both have business and banking backgrounds. Nina Jonas is on a vacation that has been planned for a long time. Mr. Eshman got called away on business and Ms. Wilson had a conflict that she had for a couple of months. I have letters to read into the record when appropriate.

**Commissioner Larry Helzel** – If Commissioner Gourlay follows up on what he said during his open comments, right now the URA board consists of your 5 city elected officials and 2 at large people. If and when Mr. Gourlay follows up, we will have 4 elected official and 3 at large from the members of the community. It's unfortunate that we had so many people out of town. We are well aware of the differences in our responsibilities as elected officials being URA board members. To explain the bond restructuring, the URA had three interest only loans, one from Mountain West Bank and two from private parties and had no plan for amortizing the loans and no cash available to pay them off. We took advantage of the opportunity to go to the public market where we consolidated all of this debt and issued municipal finance service through an outside agent, Wedbush, out of Portland. Now, the entire debt of the URA amortizes like any mortgage. The first two years of the bonds we're paying interest only and for the next 20 odd years, we're paying principal interest. At the end of the day, the URA will have no debt. We were very fortunate to have a very successful issue and a much lower interest rate than we could get today and now know exactly what our requirements are on an annual basis and are cash flowing positive.

**Chairman Randy Hall** – It's important to know that the URA was in crisis and we're making decisions accordingly. The refinance of the bond was always part of the plan. We knew and how URAs typically operate is that they get established. You trend the income for a couple years and then immediately leverage that revenue in order to buy assets. That was the plan and we followed through on that plan. The bond issue went very well. We have a very favorable interest rate over a long period of time, no knee jerk reaction; the money is in the URA, the assets in the URA have been managed according to best practices.

**Commissioner Larry Helzel** – A point was made that if the URA didn't have a tenant in mind at the time the property was purchased, maybe it shouldn't have purchased it, maybe it shouldn't have gone into hock to purchase it. What happened as everyone is aware is that the economy changed. The original purpose of purchasing that building was to have the property redeveloped as part of the Downtown Master Plan with one of the possibilities being developed along the lines that George Kirk spoke to. That process has been set back by an indeterminate amount of time because of economic realities. The people who sat here as our predecessors and thought it was a good idea to buy this property made those decisions at what turned out to be the height of the market. There's nothing wrong with admitting what the situation is today; it's changed. We do not see any near term redevelopment opportunities coming for also an indeterminate amount of time and we have the fiduciary responsibility to make the best use of that asset.

**Chairman Randy Hall** – Regarding what Phyllis said about the deal point; the process as I understand it is that our goal here today is to process the one proposal we've received, determine whether or not we're going to accept the proposal and then move on to the next level, which would be negotiating these deal points. Is that correct?

**Lisa Horowitz** – That was my understanding of the process before the board.

**Chairman Randy Hall** – Phyllis, right now we don't have a proposal accepted yet but we will get to the deal points.

**Phyllis Shafran** – But you have suggested in the print out that the URA would be doing certain upgrades. What's that going to cost?

**Chairman Randy Hall** – That will be part of the conversation. We understand that we need to do some upgrades to that building whether we work that out with the Cairde Group or not. The building needs upgraded electricity and plumbing. The reason why we're all sitting here is because Mountain Rides decided that they wanted to move out. They moved to the bus barn by Hemingway School and left several hundred square feet open. Then, Toni said we don't need all this room and can we move over to that space. I looked and said what are we going to do which started this process. We've all reviewed the proposal.

**Commissioner Curtis Kemp** – An extension of my comment a week ago when we had our last meeting in here, I had a chance to look at a schematic plan that was proposed. It appeared to me clearly that the proposal was in excess of the 1,200 sf that was offered. There are some current uses in that building that I believe are necessary to be accommodated in a remodeled situation. Although I am generally in favor of the notion of a coffee shop in that building, the current plan is not something that I would favor.

**Chairman Randy Hall** – You think it's too much space and the Chamber won't have enough space.

**Commissioner Curtis Kemp** – They absolutely will not.

**Lisa Horowitz** – The building, including the second floor space is about 4,500 sf and for the current schematic we suggested 1,200 sf and the drawing shows them using 1,900 sf. I have encouraged the Chamber staff team to engage an architect to figure out exactly how many square feet they need and we will have good answers for the board on that question.

**Commissioner Larry Helzel** – I hope that the Chamber and the Marketing Board will have some input to that process in terms of explaining exactly how much space they need. Also, there was a small board room configuration that was open that I thought was being made available for public purposes. I want to make sure that everybody feels that is the intended use of that space and can be reserved for things.

**Greg Randolph** – This is a negotiation as to how this space is used and we had an architect come to define our needs and how much space we need. We believe in the conference room and it gets used by all types of groups and is essential. The drawing you saw Curtis was with Starbucks taking it first without visiting the site. We will be sticking our elbows out and state what space we need to do our job and have a good visitors center.

**Chairman Randy Hall** – Also in the floor plan we've seen, there is an area for a conference room that could be used both ways if need be.

**Commissioner Curtis Kemp** – I want to emphasize the point that Greg mentioned earlier. Having the use in there that will drive the visitors in there as this is a huge drive for our Visitors Center and the broader community is a huge positive.

**Commissioner Larry Helzel** – Assume that lots of different interests could come up with \$3,000 a month or whatever the lease rate is going to be to use that space. Why wouldn't we devote the space to non-profits or to economic development organizations or the thirty restaurateurs could each commit to \$1,000 a month each and pay the URA \$30,000 a month and take a collection to pay the URA rent to keep the place empty. Someone else suggested we use it as a photography gallery. I'm suggesting that the idea of having a tenant in there that would create a lot of vibrancy and compliment Town Square and bring visitors into the Visitors Center is something that's paramount to our thinking. This is a better use than the other use or non-uses that I just suggested that would not, by themselves, be traffic drivers. I'm very much in favor of the use of this for a coffee shop rather than providing an environment for a non-profit or some other economic development agency that would not be bringing people to the Visitors Center and the Town Square on a full-time basis. We have a 40 year old building that's not in very good shape. We have an existing business that wants to move two blocks. The technicality is that the existing business is going to close and a new group is going to open a new business selling the same products in a different format as the old business. That's a technicality. We have an existing business that wants to move up the street two blocks. In the process, they need to bring in about \$200,000 - \$250,000 of leasehold improvements to this 40-year old building, in exchange the URA is going to have to upgrade plumbing, electrical and change out the smoked windows. It's a real winning situation for the URA and the City because we will get a much enhanced asset, which will bring people to the Town Square and should benefit all the surrounding businesses.

**Commissioner Baird Gourlay** – We have work to do to get the TIs and lease agreement before we can move forward and find out what the needs are for the Chamber of Commerce. We also need to clear up the lease to make sure it is to the URA and not convoluted through the City and if there are in-kind payments that are projected through the Sun Valley Marketing that we make sure that's worked out with the URA and the City to define those two. I have no question that this is going to negatively affect some businesses in town. This will not be positive for Java because of the perceived competition and I think Tully's would be even more nervous as it's more direct competition. They do have clientele who's very loyal to them. Anyone in the coffee business, because the URA board is making this decision, has potential losses. I believe in the grander scheme of things that much better things will transpire from this. I don't see how it competes with other restaurants. If we were able to

put a kiosk in with the Chamber with your menus up, people will not go to this place to eat lunch and dinner. They might go to this place, grab a cup of coffee and find out about a place to go have a wonderful dinner or pizza or find a place where they can get a trekking trip in the woods. The idea is that we want to have some synergy. From that, as an URA board member, it's the right thing for us to do. It's going to rejuvenate this town, revitalize some things and I am going to go to Java every morning.

**Chairman Randy Hall** – These are from our board members who weren't able to make it today. The first one is from Trish Wilson. "I apologize for missing today's meeting. I had a meeting scheduled two months ago at the same time. However, I do want to comment on the topic of today, food service provider at the Visitors Center. If my emotions ruled, I would be swayed by the letter from the local restaurant owners, all of whom I respect and appreciate their input and concern. However, I am a practical thinker and my goal as a URA commissioner is to do what's best for the community. The URA stands for urban renewal and goodness knows we are in the throes of evaluating and changing or marketing efforts to improve our urban community. The Visitors Center plays a major role in the changes being made; however, after asking many people, both locals and visitors, if they visit our Visitors Center, the answer is 100% no. Why not? They had no need and it is not a draw. I have lived in this valley for 28 years and have been at the Visitors Center about 4 times but have learned from those most recent visits that the valuable role in the Visitors Center should be playing in our community. I support a food vendor in the same location as the Visitors Center for the following reasons: 1) we made the opportunity available to every food business in the valley very fair and food is a draw to everyone, while other businesses are not; 2) I believe Starbucks or any other food vendor will attract many hundreds of people in the building who would not have entered the Visitors Center but will now take time to look around and learn about our town including learning about the many wonderful restaurants available to them; 3) Starbucks and should they be the vendor, is already an existing business in our town; 4) the vendor will be paying the URA market rate rent, which any property owner today understands the benefit of having a good renter at market rate; 5) what is good for Ketchum Town Square will be good for the downtown core, attracting many people to our downtown and causing more people to mingle and walk around town; 6) it is not our intent to compete but to enhance and I think this will happen."

Next is from Mark Eshman who got called away on business this morning. "This is a fantastic use of space to encourage more visitors and, more importantly, a richer visitor experience. The misperception seems to hinge on the false assumption that we are either giving away the space or charging below market rent. We also need to state proactively that we are encouraging existing vendors to come forward and bid on the space. They may want to think outside the box and consider a rotating shared space concept."

From my point of view I first want to thank everybody for the lively debate. I know that we're not always going to agree but it helps us to make better decisions when the debate and dialog is respectful. Thank you because we got that today. The harder part of my job is sitting back here making decisions that I believe benefit the entire community. I believe that this benefits the entire community and I know everyone will not agree with that. My view is consistent in that this is a business moving from one fixed base to another fixed base; one block away. We're not adding

competition and the building itself, regardless of who owns it, the building is there. We did not build the building in order to compete with the private sector. The building was there, we bought it, it's an asset, and we need to maximize it. The rentable commercial space in town does not change. I know there are cliques in this town and everybody does a good job to differentiate themselves and their brand. I had a meeting in Starbucks and there were six teenagers who walked in and had never been to Ketchum before. They sat on the Starbucks fireplace. They didn't go to the counter. I don't understand social media but they went right to coffee shops. I was five feet away from them and they said Java voted number 1 coffee in Ketchum and then they looked and there was number 2 and I think Tully's was number 3 and they looked up, called Java and found that they were open til 6 and all 6 of them got up and left to go to Java. The social marketing; everyone does a good job at doing what they're doing. The goal here is to try to find a compatible use and we've done that. I'm appreciative for all the effort that went into this proposal and I understand that Starbucks is a part of it but a small part of it. They are local operators who will be operating this, it creates jobs and is a complimentary use. That said, is it appropriate to motion to move forward?

**Lisa Horowitz** – It's at the pleasure of the board.

**Commissioner Larry Helzel** – I expect there to be some back and forth on the lease terms. It would be useful to facilitate this process to appoint a subcommittee of two, yourself and someone else from the URA board to work with staff and the applicant and to come back to us in the next public meeting, hopefully on the 21<sup>st</sup>, with something that can be formally ratified. Hopefully, by that time, you will also have a legal opinion in writing that will satisfy some of the concerns that were voiced today.

**Chairman Randy Hall** – I would be grateful if you would be the second one in on that. I would make a motion to accept this proposal for the Ketchum URA at what has been referred to as the old Chamber space. Larry and either myself or Mark Eshman will be the point people on a committee to help work out and negotiate the deal points with the applicant.

**Commissioner Curtis Kemp** – Are we voting on the concept and not the plan?

**Commissioner Larry Helzel** – What we're voting on is that the URA board is accepting and opening up full negotiation with this group for the lease of the space. We are no longer accepting applications at this time from anyone else.

**Commissioner Curtis Kemp** – This motion in no way is tied to the schematic plan that was presented.

**Chairman Randy Hall** – We're acknowledging the proposal now so it goes to an application. Then, we work the application which has all these deal points in it; the usable space inside the building, the rent, the tenant improvements, the improvements we're expected to do all gets vetted through a process and we have to come back and then vote on the aggregate plan.

**Commissioner Larry Helzel** – There are other issues besides as George Kirk brought up. If we're in year 8 or year 9 of this tenancy and the URA as part of the City redevelopment wants to demolish the building. We have to have some understanding to that and what process we'll be following in the lease terms.

**Chairman Randy Hall** – I'm also sorry that Lisa's not here or Peter but I don't want to foreclose on any possibility that the applicant might buy the building. What we want is what's in the best interest of the City of Ketchum and that we have a fiduciary responsibility to the KURA. At some point, there might be some language to do a lease with an option to buy under certain parameters. I don't know but the applicant has now expressed interest in buying the property and some of the testimony here tonight would be that the public would be supportive of the URA entering into some future negotiations to sell it.

**Commissioner Larry Helzel** – Somebody should research in the bond indenture as to what the trustees' requirements are in terms of their oversight and the disposition of any asset. I'm sure there's some language that speaks to that.

**Commissioner Larry Helzel** seconded the motion. The motion passed unanimously.

**Jane Rizzo** – The proposed schematic was an ideal space as we suggested it without the opportunity to meet with the Visitors Center purely on the RFP. There were very few specifics on what the Visitors Center actually needed. It did say Guides Corner and that was put on the schematic. We have a meeting tomorrow and Greg has been working specifically on what their needs are. The other point is that you asked for 1200 and we submitted more. Depending on whether we can work it out with the Visitors Center, we intend to have space that we're paying for that would be shared space. If you walked into the Visitors Center, the wing on the right hand side, if there's multi-media or whatever and we need a better understanding from the Visitors Center. The idea is if we were taking more, we would be paying for that in rent but at the same time, we would be sharing.

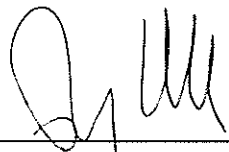
**Commissioner Curtis Kemp** – I appreciate that but in some of my discussion with the Sun Valley Marketing Group and the Chamber, there are some offices that are required in addition to the meeting room space.

**Jane Rizzo** – Also, the conference room you see in the schematic is conceptualized as a community conference room for the Chamber as well.

**??** – Can we verify that the RFP stated 1200 sf and if you look at the pictures, this is a full on restaurant and business that will, in fact, compete with every other restaurant in town. This is not the same business moving two blocks away.

Commissioner Larry Helzel motioned to approve the minutes of the February 14, February 22 and February 23 URA meetings, seconded by Commissioner Curtis Kemp. The motion was approved unanimously.

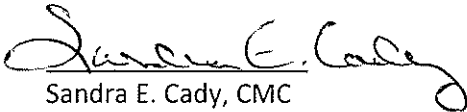
Commissioner Larry Helzel motioned to adjourn the meeting, seconded by Commissioner Curtis Kemp. The motion was approved unanimously.



---

Randy Hall  
Chairman

ATTEST:



Sandra E. Cady, CMC  
Secretary/Treasurer