



SPECIAL URBAN RENEWAL AGENCY MEETING
Monday, April 18 2011 at 4:30 p.m.
Ketchum City Hall, Ketchum, Idaho

Present: URA Chair Randy Hall
URA Vice Chair Mark Eshman (via telephone)
Commissioner Baird Gourlay
Commissioner Larry Helzel
Commissioner Nina Jonas
Commissioner Curtis Kemp

Absent: Commissioner Trish Wilson

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

1. CALL TO ORDER

The meeting was called to order by Chairman Randy Hall at 4:30 p.m.

2. COMMUNICATIONS FROM THE BOARD OF COMMISSIONERS

Commissioner Helzel – At the last meeting, which I attended by phone, we prioritized the entities with which we would try to enter into an agreement. In terms of what I believe was chosen, the Ketchum Business Group, the panel accepted as the second. After reading the weekly email from Jima Rice, I would have a difficult time negotiating with that group in good faith on behalf of the URA if it comes to that. If the Ketchum Business Group wishes to stay in the game, I would like to hear some representative from that group disassociate themselves from those comments, which I took to be highly disparaging. I can't understand how anybody or any landlord/tenant relationship could start on such a disparaging and untrusting framework.

Commissioner Jonas – I still contest if renting the building to the Cairde Group is the highest and best use. Thorough analysis has not been performed. There is no evidence that a restaurant will increase meaningful traffic to the Visitors Center thus improving business for those operators inside the URA district nor is there a way to measure any success or failure of such claim. Renting a building to an entity does not show fiscal responsibility to bondholders for the bonds or tax increment revenue bonds and will not directly gain from rent received. The URA does not pay property tax so increasing the value will not bring more increment tax income. In fact, the \$100 - \$200,000 the URA is considering putting into the building for specific tenant improvements might more prudently be spent on paying bond principle. Therefore, I now beg my fellow commissioners that we perform a discounted cash flow model for the proposed tenant improvements as compared to the gains of an equivalent one time payment towards the URA bonds principal. Then, compare those figures to another model within our own history, that of Town Square. The City and the URA saw the public come together to create the Town Square, which led to a lease agreement between the two entities and an added value of \$195,621 for the URA at no additional cost. Please let us aim for industry standards for best practices and do a full analysis so that an educated decision can be made.

Vice Chair Eshman – To clarify something Nina said, it's not fiscal responsibility although that's a good idea for any public agency. We have a fiduciary responsibility, which is a legal obligation that we all have under the indenture with the bond. The other thing that was a misstatement of fact is that the lease stream revenue can be applied for the interest on the bond.

4. COMMUNICATIONS FROM COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR

- a) **Update on Letter of Intent to Lease between the Urban Renewal Agency and the Cairde Group regarding the property located at 491 Sun Valley Road – Lisa Horowitz, Community and Economic Development Director.**

Chairman Hall – Lisa, we appreciate all of the work you have done on this project but we're not there yet. We need another day or two in order to button down the details of the lease and are still waiting for some numbers to come in that haven't yet.

Lisa Horowitz – I talked to four different commercial brokers and told them I would not use their names about what's going on in the rental market in the downtown core. They gave me what they're seeing in terms of various aspects that would be in a letter of intent; the lease amount, all reflected in triple net, what are the triple net components, how much do they usually cost, what's going on with tenant improvements in terms of are landlords typically paying or are tenants, what kind of terms are they seeing, what kind of renewal terms are they seeing, are they seeing the right to terminate and anything else. Hopefully, in the next couple days, we will bring forward a letter of intent that's a staff and vice chair recommended to the Board draft letter of intent.

Commissioner Helzel – We are getting close but are not there yet and we do not want to bring forth an incomplete package. It may take another 48 hours or so. We should have a time certain. That will put discipline on all parties concerned. We need to bring this back to the Board as soon as we can.

Chairman Hall motioned to move this agenda item to Thursday, April 21 at 12:00, seconded by Commissioner Kemp. The motion was approved 5-1 (Commissioner Jonas opposed).

3. COMMENTS FROM THE PUBLIC

Phyllis Shafran – When you posted your thing you said there would be an update on the letter of intent to lease. Now, you're saying it's not ready. It would have been nice if you just cancelled the whole meeting. When you post something, you should have it ready, unless you do a revised renewal of your calendar. When there is a lease, is there going to be a vote on the acceptability of the terms of the lease and will there be public comment?

Chairman Hall – There has to be a vote and we will take public comment at that meeting. On Thursday, the letter of intent will be ready.

Kingsley Murphy – The URA plans on doing a fair amount of the tenant improvements on this project and having been a landlord for a long time and a contractor for 30+ years, I want to warn you that it's an older building and you shouldn't commit to any TIs on a project. If you want to work with a future tenant on a compensation package for that, I would recommend you waive certain months of rent but I would never, as a landlord, open the door to a potential open ended check as far as doing any upgrades to that building knowing the age. I'm sure there's a lot of things that could come back to bite you.

Chairman Hall – I appreciate that and would like to distinguish that we're not doing any tenant improvements. We're just doing building maintenance upgrades that we have to do no matter what. They have to do with a plumbing issue that developed over the winter, upgrade to services, electrical and other things we need to do regardless of who the tenant is but you're right. I wouldn't feel comfortable moving forward without some sort of not to exceed number so we protect everybody's interest.

Kingsley Murphy – I understand what you're saying but I would just credit the tenant for that. How they want to do the heating and electrical, if you spend a bunch of money doing the heating to bring the building up to what you think is right, that's wasted money. You can compensate them for that and they can bring it up to a minimum standard you are looking for for the building in case they are not a long term tenant. I wouldn't step in to do those things. Give them the credit and they'll do it to your standards.

Keith Perry – Will the letter of intent have details in it as far as what the lease rent is and everyone will know that in time to have public comment? Will we get a chance to look at what it is and make public comment before you make the decision or will it be public comment at the end of the meeting after it's a done deal?

Commissioner Helzel – We can't promise that the term sheet or letter of intent will be finished in time so that you would have 24 hours to review it before the meeting. It will be available at the meeting and we will have public comment before we make a decision.

Keith Perry – One of the things in Steve's bid was that it didn't include the money for Idaho Power to bring the power to the building. If I was on the Board, it would be something I would have asked as to whether it was a \$5,000 item or a \$50,000 item. Do we have any idea what that item is?

Chairman Hall – We have a good idea and we're still working on those numbers.

Keith Perry – Along with that, we're bringing 3-phase power to the building, which is nice for the tenant. Nobody has 3-phase power and I'm surprised that if Starbucks, being billed as a non-restaurant use and with just some espresso machines, why they would need 3-phase power. Isn't that a lot more expensive?

Chairman Hall – I don't think we're going to do 3-phase and that was something they put out there. Once we reviewed it and researched it, we don't feel the need. If they want 3-phase, they'll have to provide that.

Keith Perry – You have to keep in mind that we had 72 hours to put that proposal together and now there's over 50 people signed onto that. We had an inadequate time and unfair time to put that proposal together. We can't control every one of 50 or 60 people and what they say.

Commissioner Helzel – I have no problem with the content of your proposal. I just have a problem with the people who are speaking for the group and I think you can understand that.

Jima Rice – Why did you decline to take my public comment?

Commissioner Helzel – I asked the Chair not to take your comment and before you got here, I made my comment, which you can read in the minutes of the meeting. They will probably be available on Thursday.

Jima Rice – I would like it in the record that the URA has chosen not to state why they declined to take my comments, Jima Rice.

5. CONSENT CALENDAR

- a) Approval of minutes from the March 16, 2011 URA Board meeting.

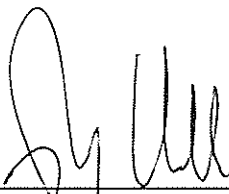
Commissioner Kemp motioned to accept the consent calendar, seconded by Commissioner Helzel. The motion was approved 5-4 (Commissioner Jonas abstained)

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

No Executive Session

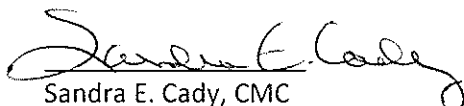
7. ADJOURNMENT

Commissioner Curtis Kemp motioned to adjourn the meeting at 4:55 pm, seconded by Commissioner Larry Helzel. The motion was approved unanimously.



Randy Hall
Chairman

ATTEST:


Sandra E. Cady, CMC
Secretary/Treasurer