

KETCHUM URBAN RENEWAL BOARD MEETING AGENDA

REGULAR MEETING

November 20, 2017 beginning at 2:00 p.m.

480 East Avenue, Ketchum, Idaho



1. 2:00 PM- CALL TO ORDER
2. CONSENT CALENDAR
 - a. Approval of Minutes: October 16, 2017 Regular Meeting
 - b. Approval of Current Bills: see packet
3. COMMUNICATIONS FROM THE BOARD OF COMMISSIONERS
4. COMMUNICATIONS FROM THE PUBLIC
 - a. KCDC report to KURA board (Kathryn Guylay, CEO Ketchum Innovation Center)
5. NEW BUSINESS
 - a. Discussion and approval of a reimbursement agreement with Kneebone LLC for public infrastructure associated with the Kneebone mixed-use project (Micah Austin, Planning and Building Director)
 - b. Discussion of approval of Resolution 17-URA10 which approves a Quitclaim Deed to transfer property from the KURA to the City of Ketchum (Ryan Armbruster, Attorney)
 - c. Discussion and direction to staff to decline terrorism coverage on the insurance policy held with ICRMA (Grant Gager, Finance Director)
 - d. Discussion and approval of a letter to the County Commissioners regarding the proposed tax exemption ordinance that would be detrimental to KURA funding (Ryan Armbruster, Attorney)
6. OLD BUSINESS
 - a. Continuation of discussion of KURA priorities and project funding direction (Micah Austin, Planning and Building Director)
7. LEGISLATIVE UPDATES (Ryan Armbruster, KURA Attorney)
8. STAFF REPORTS
9. ADJOURNMENT

Any person needing special accommodations to participate in the above noticed meeting should contact the Ketchum Urban Renewal Agency prior to the meeting at (208) 726-3841. This agenda is subject to revisions and additions. NOTE: Revised portions of the agenda are underlined in bold. Public information on agenda items is available in the Clerk's Office located at 480 East Ave. N in Ketchum or (208) 726-3841.

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Report Criteria:

Invoices with totals above \$0 included.
 Paid and unpaid invoices included.
 [Report].GL Account Number = "9610000000"- "9848009999"

Vendor Name	Invoice Number	Description	Net Invoice Amount
URBAN RENEWAL AGENCY			
URBAN RENEWAL EXPENDITURES			
98-4410-4200 PROFESSIONAL SERVICES			
GALENA ENGINEERING, INC.	6454.02 110117	16454.02/SF/Ketchum Lots 7 & 8	1,147.50
JOHNSON, PAUL	0000011	Wood River Valley Model #1	3,500.00
98-4410-4220 PRO SERVICES-SPACE USE STUDY			
ELAM & BURKE	110117	General Representation	2,028.30
98-4410-4600 LIABILITY INSURANCE			
ICRMP	37A180231001	Annual Member Contribution for Policy Period 10-01-17 to 09-30-18	1,302.00
98-4410-4800 DUES, SUBSCRIPTIONS, & MEMBERS			
CLEAN WEB DESIGN	3260	Business Web Hosting - 11/9/17 - 11/8/18	252.00
REDEVELOPMENT ASSOCIATIO	M16014 10011	Membership Due	850.00
98-4410-7110 ECONOMIC DEVELOPMENT PROJECTS			
KIC	101017	Q4 2017 Contract for Services	7,925.00
Total URBAN RENEWAL EXPENDITURES:			17,004.80
Total URBAN RENEWAL AGENCY:			17,004.80
Grand Totals:			17,004.80



Ketchum Urban Renewal Agency

480 East Avenue North
Ketchum, ID 83340

<http://ketchumidaho.org/>

Regular Meeting

~ Minutes ~

Admin

Monday, October 16, 2017

2:00 PM

Ketchum City Hall

Present: Chairman Baird Gourlay
Commissioner Cameron Packer
Commissioner Gary Lipton
Commissioner Susan Scovell
Commissioner, Jim Slanetz

Absent: Vice Chair Mark Nieves
Commissioner Shelley Seibel

Staff Present: Micah Austin, Director of Planning and Building
Ryan Armbruster– URA Attorney – Present by phone
Grant Gager - Finance Director
Robin Crotty - Secretary

1. 2:00 PM- CALL TO ORDER

Chair Baird Gourlay opened the meeting at 2:00 p.m.

Chair Board Gourlay amended the agenda to include the Kneebone LLC project. Director of Planning & Building advised that the reason it was not on the agenda was because he forgot to add it.

Motion to approve the addition of the Kneebone LLC project the agenda.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Baird Gourlay, Chair
SECONDER:	Gary Lipton, Commissioner
AYES:	Lipton, Packer, Scovell, Gourlay, Slanetz
ABSENT:	Mark Nieves, Shelley Siebel

2. CONSENT CALENDAR

a. Approval of Minutes: September 18, 2017 Regular Meeting

Attorney Ryan Armbruster made corrections to the minutes.

b. Approval of Current Bills

Director of Planning & Building Micah Austin pointed out the \$75,000 expenditure for the parking lot on the bills. Director of Finance Grant Gager gave an update on the parking lot status.

Motion to approve the consent agenda.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Baird Gourlay, Chair
SECONDER:	Gary Lipton, Commissioner
AYES:	Lipton, Packer, Scovell, Gourlay, Slanetz
ABSENT:	Mark Nieves, Shelley Siebel

3. COMMUNICATIONS FROM THE BOARD OF COMMISSIONERS

Commissioner Jim Slanetz talked about projects approved for funding and voiced his opinion of cutting back on funding smaller projects and his reasons for support of larger projects.

Commissioner Gary Lipton advised that Tim Mott from the Sun Valley Performing Arts Center reached out to him and he will have a report at the next meeting.

Chair Baird Gourlay advised he has a report from Jack Barriteau on the Auberge project and suggested the URA consider putting in temporary landscaping for that site. Commissioner Gary Lipton advised he does not agree that the KURA should spend any money and that P & Z should put this type of situation on the application.

4. COMMUNICATIONS FROM THE PUBLIC

Jim Hungelmann voiced concerns about how the KURA spends their money. He is not talking about one project in particular. He talked about transparency and asked to be pointed in the right direction for a resolution giving direction as to why the KURA was enacted. Chair Baird Gourlay gave suggestions as to how and why URA's were formed and talked about the KURA's missions.

5. NEW BUSINESS

Director of Planning & Building Micah Austin presented the Kneebone LLC application. The request is for public improvements in the right of way. He talked about project questions and the cost of 4.4 Million dollars as well as the requested funding and how that fits into the KURA formula. Micah Austin talked about the participation policy and the timing of the request.

Applicant Steve Kearns representing Kneebone LLC talked about the support the project has received from the community. He advised that they did not know this type of funding was available from the KURA and had they known they would have applied. He talked about his support of the KURA funding smaller projects and the fact that the KURA will see tax increments from this project.

Chair Baird Gourlay advised that the participation agreement has not worked very well and talked about projects finding out late about applying for funding from the KURA. He talked about amending the agreement or making an exception and talked about his support of small projects as well as larger projects.

Commissioner Gary Lipton questioned how the KURA handled the last request and is conflicted but is leaning toward helping this applicant out.

Commissioner Jim Slanetz agreed that this is a good project and talked about public benefit. The project is done and the money can be spent on other things at this point. He is leaning toward not funding projects like this going forward.

Commissioner Gary Lipton talked about the KURA's support of Trail Creek and the timing. He said that the KURA is here for everybody and voiced concerns over only supporting the larger projects. The KURA should not be biased.

Commissioner Cameron Packer agrees with Jim Slanetz and the need to have a discussion regarding priorities. She wants to focus on things that have a bigger public benefit.

Commissioner Susan Scovell questioned housing and what was provided. She advised that she is new to the board and talked about the improvements that were already there prior to the start of this project. She does not see what improvements they are asking for. As a compromise she would consider giving less money. She agrees that P & Z should make the applicants aware of applying to the KURA for funding. Director of Planning & Building Micah Austin advised that staff should not be the ones that should be alerting applicants that they should apply for KURA funding. Chair Baird Gourlay advised Commissioner Susan Scovell of other improvements that have occurred at the site. Baird Gourlay asked if she had a number in mind. Susan Scovell advised she thinks the last 3 could be taken off. The formula for the \$61,000 ask was discussed.

Applicant Steve Kearns clarified that curb gutter and sidewalks had to be re-engineered.

Chair Baird Gourlay talked about allocating money. Commissioner Jim Slanetz suggested 50% for two years. Baird Gourlay is in support of giving the applicant the full amount and is in support of these types of projects.

Director of Planning & Building Micah Austin would like to bring this back to the November meeting.

Motion to continue to the November meeting.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Baird Gourlay, Chair
SECONDER:	Gary Lipton, Commissioner
AYES:	Lipton, Packer, Scovell, Gourlay, Slanetz
ABSENT:	Mark Nieves, Shelley Siebel

a. Discussion and approval of a reimbursement agreement with Sun Valley Performing Arts LLC for public infrastructure associated with the Argyros Performing Arts Facility

This item will be continued per Argyros request.

Changing the November 20th meeting was discussed.

Motion to continue discussion and approval to the November 20, 2017.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Baird Gourlay, Chair
SECONDER:	Gary Lipton, Commissioner
AYES:	Lipton, Packer, Scovell, Gourlay, Slanetz
ABSENT:	Mark Nieves, Shelley Siebel

b. Quarterly update from Sun Valley Economic Development and approval of contract payment

Director of Planning & Building Micah Austin talked about the contract that was approved for \$15,000. He talked about the quarterly installment that the board pays and the requirements of Harry Griffith's quarterly reports.

SVED Director Harry Griffith distributed a handout to the commissioners and explained the format of the report. He talked about the metric in the report and talked about the major activities for business attraction and about the 4 current projects in the works. He talked about the 2016 profiles and what has been completed and about business retention. The lack of retaining employees was pointed out and how that relates to housing. Harry Griffith talked about modeling of scenarios for commercial projects and SVED's involvement. Commissioner Gary Lipton questioned changing codes and how we approach that.

Harry Griffith talked about the Comp Plan and what that encompasses, project development and what has been accomplished and the change of directorship in the KIC and his support of their mission. He talked about other innovation projects as well as middle income housing and what they have done over the last number of months regarding this need and about organizational development and what that involves as well as the upcoming summit.

Commissioner Jim Slanetz questioned business retention and lobbying at the state level for internet sales tax and the importance of protecting bricks and mortar. Harry Griffith advised they could advocate and will be meeting with commerce and will raise this issue.

Harry Griffith advised that the KURA has been a great supporter and talked about additional things SVED could do for the KURA for additional funding. Commissioner Gary Lipton suggested getting an outline from Harry Griffith and they could entertain further funding in the future.

Motion to approve quarterly report from Sun valley Economic Development and authorize the quarterly installment.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Baird Gourlay, Chair
SECONDER:	Susan Scovell, Commissioner
AYES:	Lipton, Packer, Scovell, Gourlay, Slanetz
ABSENT:	Mark Nieves, Shelley Siebel

c. Discussion of proposed Special Warranty Deed transferring property from the KURA to the City of Ketchum- documents will be presented at the meeting

Director of Planning & Building Micah Austin outlined the last meeting where the board approved the transfer of the 491 building to the City of Ketchum. The draft warranty deed language was distributed to the commissioners.

Attorney Ryan Armbruster advised the commission to take the time to understand what this transfer and deed restriction means to the board. He talked about what KURA needs to do with the current tenants. This would-be a declaration that the KURA would sign and have recorded.

Attorney Ryan Armbruster explained the declaration and the deed restriction in detail. Director of Planning & Building Micah Austin clarified that after this is recorded it would then be transferred to the City. Ryan Armbruster talked about enforcement of the deed. Commissioner Gary Lipton talked about Attorney Ryan Armbruster's letter and the last bullet point and his concern. He questioned if the City sells the property in the future where the money goes since the building was bought with public funds.

Commissioner Jim Slanetz asked Ryan Armbruster to address disposition of City property. Ryan Armbruster talked about the residential component and explained that "public purpose" would need to be spelled out.

Chair Baird Gourlay questioned the board's care regarding the floors above the first floor. He suggested that we add that no more than 50% of the ground floor be for retail or commercial and the remaining needs to be public.

Commissioner Gary Lipton talked about the need for a futuristic agreement. The restrictions of selling the property was discussed. Gary Lipton wants the City of Ketchum to retain 51% of the ownership. Director of Planning & Building Micah Austin suggested the City retain 100% of the building but could lease space. Chair Baird Gourlay voiced concern over that idea because it would be impossible to get a public private partnership. Commissioner Gary Lipton suggested adding an addendum that shows this board's wishes. Wording for the deed will be brought back at a future meeting.

d. Discussion of KURA priorities and project funding direction

Director of Planning & Building Micah Austin voiced his concern about the small projects coming to the KURA. He talked about project funding capabilities and where this board wants to go in the future. How funding has evolved since he took over the Commission in 2015 was discussed. Micah Austin distributed a list of projects approved in 2010 and explained that there is less than 13 years left in the KURA funding process. Micah Austin went over each project and how much money has been committed and advised that this board can amend this plan only one more time without penalty. Attorney Ryan Armbruster explained the amendment process. Micah Austin explained that the plan gives guidance. Commissioner Gary Lipton voiced concern that the commissioners cannot commit to this plan. Commissioner Jim Slanetz clarified that the board cannot complete all of these but they can pick and choose what they choose to complete.

Director of Planning & Building Micah Austin questioned Attorney Ryan Armbruster on the weight of this plan. Ryan Armbruster explained that the plan does have some weight. It is apparent that we wanted to do a lot more than we are going to be able to do. He does not think that anybody could sue the KURA for not completing all these projects identified in the plan. Chair Baird Gourlay requested this be brought back to the next meeting when all Commissioners are present.

Director of Planning & Building Micah Austin talked about the way in which the KURA budget is set up and what he needs to know from the KURA. The funding of smaller projects and assisting with the funding of affordable housing was discussed. Attorney Ryan Armbruster suggested collaborating with another entity and partnering with housing. He talked about property's which the KURA owns or has acquired and imposing a housing covenant.

Mayor Nina Jonas asked Ryan Armbruster if it is legal for the KURA and the City to partner on developing. Commissioner Susan Scovell asked if we can help assist unit by unit on deed restricted properties. Attorney Ryan Armbruster said pooling resources is great but the City and agency are not in the business of development. You might want to pool resources to hire a developer. How to proceed was discussed among the commissioners. Commissioner Gary Lipton suggested that the City Council and KURA give the KIC \$100,000. We may want to look at buying that location. He suggested public housing in that location. Parking would not be an issue.

Commissioner Jim Slanetz talked about short term verses long term and tax increment funding. This needs to be part of the consideration.

Chair Baird Gourlay would like this put on the next agenda.

6. OLD BUSINESS

a. Update undergrounding power efforts by Dick Fosbury

Dick Fosbury talked about burying power lines in the alley from 1st to 4th Street. He retained the services of an electrician, Matt Bauer with Altitude Electric. He talked about the meeting they had with Idaho Power and about the estimate of costs from last year's meeting that SVED Director Harry Griffith presented at a prior meeting.

Dick Fosbury advised that the LID would be done by the City not the KURA. He talked to the City Attorney about how they decided to move forward. He went over in detail what each of the lots would need and how he would proceed with talking to the property owners. He has prepared a worksheet that has been emailed to Chair Baird Gourlay and Director of Planning & Building Micah Austin this morning.

Dick Fosbury explained the cost would be approximately \$16,000 for a single lot based on the KURA and the City buying down and subsidizing this project. He advised that he understands the KURA is questioning if they want to move forward. He advised that it take him until December to talk to the property owners and get some answers for the KURA. He understands that there are a few property's that will not be in support of this project.

Chair Baird Gourlay questioned if these costs include hook up. Dick Fosbury clarified that the numbers presented do include the hook up costs. Commissioner Gary Lipton questioned if the property owners do sign up to do this, does it add to the individual's real estate costs. Dick Fosbury explained part of it is functional and part is aesthetics. He is unsure if it adds to the real estate value.

Commissioner Jim Slanetz questioned if there is an overage, who picks up the difference. Dick Fosbury was unsure and deferred to the City Attorney and how this has been done in the past was discussed. Dick Fosbury explained that until he gets 3/4 of the property owners to buy in, this is in the discovery phase. Chair Baird Gourlay explained that after the KURA buys into this they will move this forward to Mayor and Council.

Finance Director Grant Gager questioned the map and if the existing transformers will stay where they are or if they will be moved. Dick Fosbury advised they stay and there would be additional ones.

7. LEGISLATIVE UPDATES (Ryan Armbruster, KURA Attorney)

8. STAFF REPORTS

Director of Planning & Building Micah Austin presented Paul Johnson the creator of a 3D Map for the visitor center.

Commissioners stepped outside to view a map at 3:35 pm and returned at 3:38 pm. The 3D map is of the Wood River Valley and more.

Motion to purchase the 3D map including installation for \$3,500.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Baird Gourlay, Chair
SECONDER:	Gary Lipton, Commissioner
AYES:	Lipton, Packer, Scovell, Gourlay, Slanetz
ABSENT:	Mark Nieves, Shelley Siebel

9. **ADJOURNMENT**

Motion to adjourn at 4:19 p.m.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Jim Slanetz, Commissioner
SECONDER:	Susan Scovell, Commissioner
AYES:	Lipton, Packer, Scovell, Gourlay, Slanetz
ABSENT:	Mark Nieves, Shelley Siebel

Baird Gourlay, Chairman

ATTEST:

Robin Crotty
Secretary

CONTRACT FOR SERVICES

THIS CONTRACT FOR SERVICES ("Agreement") is made and entered into this 18 day of September, 2017, by and between the KETCHUM URBAN RENEWAL AGENCY, an independent public body corporate and politic, authorized and existing under the authority of the Idaho Urban Renewal Law of 1965, Chapter 20, Title 50, Idaho Code, as amended (the "Law"), and the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended (the "Act") (hereinafter referred to as "KURA") and the Ketchum Community Development Corporation, an Idaho non-profit corporation (hereinafter referred to as "KCDC"). Collectively, KURA and KCDC may be referred to as the "Parties."

RECITALS

A. The City Council of the City of Ketchum (the "City Council") by adoption of Ordinance No. 992 on November 15, 2006, duly adopted the Ketchum Urban Renewal Plan (the "Plan") to be administered by KURA. Subsequently, the Plan was amended upon the approval of Ordinance No. 1077 adopted by the City Council on November 15, 2010, and deemed effective on November 24, 2010 (the "Amended Plan").

B. Through implementing the Amended Plan, KURA seeks to further the following stated goal: The strengthening of the tax base by encouraging private development, thus increasing the assessed valuation of properties within the Revenue Allocation Area, and benefitting the various taxing districts in which the Revenue Allocation Area is located. Additionally, the Amended Plan seeks to further its goal of strengthening the economic base of the Revenue Allocation Area by installing needed site improvements and public facilities to stimulate new commercial expansion, employment and economic growth. These goals are consistent with the findings and purpose of the Act set forth in Idaho Code § 50-2902.

C. In furtherance of these goals, KURA seeks to support programs that stimulate job creation, expanded employment opportunities and economic development opportunities within the Revenue Allocation Area.

D. KCDC provides economic development support for the City of Ketchum (the "City") and works closely with the City and KURA to identify and support projects that encourage job creation and private development.

E. KCDC desires to create a strong economic climate for the City and the surrounding community and region.

F. Supporting promotion of the Revenue Allocation Area by attracting new businesses through targeted, economic development efforts constitutes a valid public purpose and is consistent with the goals of the Amended Plan, the Law and the Act.

G. KURA desires to contract with KCDC for professional services to provide economic development services to increase the number of businesses hiring permanent, full-time jobs within the Revenue Allocation Area. KURA believes these services will positively affect development and land use decisions within KURA's Revenue Allocation Area. KURA further believes such efforts will strengthen the Revenue Allocation Area, as well as prevent the spread of deteriorating conditions.

H. The parties specifically acknowledge and agree that all funds paid to KCDC under this Agreement shall be used solely to provide services for KURA for the purpose of job creation, which is a direct quantifiable and measurable result of investing public funds for a public purpose.

I. Subject to the terms and conditions of this Agreement, the parties wish to enter into this Agreement to provide the services described herein.

AGREEMENT

NOW THEREFORE, KURA and KCDC, for and in consideration of the preceding recitals, mutual promises and covenants hereinafter set forth, do hereby agree as follows:

1. Consideration. In consideration for providing the services provided herein, KURA agrees to pay KCDC an amount not to exceed thirty-one thousand seven hundred and 00/100 (\$40,000.00) for the term set forth in Section 2. Payments shall be made as set forth in Section 5.
2. Term. Unless terminated pursuant to Section 7(b) of this Agreement, and notwithstanding the date of execution hereof, this Agreement shall be in effect from October 1, 2017, until September 30, 2018.
3. Scope of Services. KCDC shall provide the following services:
 - a. Public Workshops to Promote Economic Development: At a minimum, KCDC shall provide six (6) public workshops during the term of this Agreement. Workshops shall be held within the boundaries of the Revenue Allocation Area and shall focus on entrepreneurship and business development.
 - b. Local Start-Up Investor Meetings or "Pitch Nights": At a minimum, KCDC shall conduct two (2) Pitch Nights during the term of this Agreement. Pitch Nights shall be held within the boundaries of the Revenue Allocation Area and shall focus on generating capital for local start-up companies from investors.
 - c. Public Outreach & Marketing: KCDC shall promote and market to businesses interested in locating or relocating their operations within the KURA Revenue Allocation Area.

- d. Quarterly Report of Activities. KCDC shall report to the KURA Board of Commissioners each quarter during the following months: January, April, July and September (the "Quarterly Report"). The Quarterly Report shall contain updates for the KURA Board on the services provided in Section 3 of this Agreement.
 - e. Business Development & Mentoring. KCDC shall provide to the public: business development assistance and mentoring to entrepreneurs and startups, primarily at the Ketchum Incubation Center (KIC). Mentor recruitment and business assistance shall be provided by industry experts.
 - f. Employment Goals: The KURA recognizes the KCDC will commit resources to achieving the following goals and will report on its progress in each Quarterly Report. KCDC commits to accomplishing the following goals by September 30, 2018:
 - i. Companies in Residence: 16
 - ii. Employees in Residence: 22
 - iii. New Hires of KIC Affiliated Companies: 5
4. Budget, IRS Filings, Annual Work Plan, Monthly Record Keeping and Availability of Records.
- a. Budget. Within thirty (30) days after the execution of this Agreement, KCDC shall submit its 2017 Year-to-Date P&L and Balance Sheet to KURA, in a form which is satisfactory to KURA, showing income, expenses and particular fund balances. KCDC shall submit its 2018 Operating Budget to KURA when such budget has been approved by the KCDC Board. This operating budget shall contain sufficient information and detail to permit meaningful review by the public.
 - b. IRS Filings. Within fifteen days (15) days after execution of this Agreement, KCDC shall submit to KURA IRS Form 990 and all associated documents for the previous two (2) years of operation.
 - c. Financial Accounting and Reporting Requirements. KCDC shall submit to KURA a year-end financial statement within ninety (90) days of KCDC's fiscal year-end, which shall be prepared in a format that details the expenditure of KURA funds paid to KCDC under the terms of this Agreement. KURA may request additional financial information it deems necessary or appropriate to assist KURA in verifying the accuracy of KCDC's financial records. Any duly authorized agents of the KURA shall be entitled to inspect and audit all books and records of KCDC only for compliance with the terms of this Agreement. In the event the financial report indicates that funds were used for purposes not permitted by this Agreement, KCDC shall remit the disallowed amount to KURA within thirty (30) days of notification by KURA of such improper expenditures.

- d. General Requests. Upon request, and within a reasonable time period, KCDC shall submit any other information or reports relating to its activities under this Agreement to KURA in such form and at such time as KURA may reasonably require.
 - e. Retention of Records. KCDC agrees to retain all financial records, supporting documents, statistical reports, client or membership records and contracts, property records, minutes, correspondence, and all other accounting records or written materials pertaining to this Agreement for three (3) years following the expiration or termination of this Agreement. KURA, at its own expense, may review or audit the financial transactions undertaken by KCDC under this Agreement to ensure compliance with the terms and conditions herein with reasonable prior notice and during the normal business hours of KCDC.
5. Payments. To receive payments for the services described in Section 3 of this Agreement, KCDC shall submit the Quarterly Reports described in paragraph 3(d) of this Agreement. Upon acceptance of the Quarterly Reports by the KURA Board, payment shall be made within thirty (30) days. The amount of each quarterly payment to be paid to KCDC shall be ten thousand and 00/100 dollars (\$10,000.00).
6. Record of Funds. In order to insure proper financial accountability, KCDC shall maintain accurate records and accounts of all funds received from KURA, keeping such accounts and records separate and identifiable from all other accounts, and making such accounts and records available to KURA during normal business hours, on request of the KURA Board, or its staff. Compliance with this provision does not require a separate bank account for the funds. The funds paid to KCDC by KURA shall be expended solely for services rendered in conformance with this Agreement. Further, no such funds shall be transferred, spent, loaned or encumbered for other KCDC activities or purposes other than for operations and activities in conformance with this Agreement.
7. Miscellaneous Provisions.

a. Notices. All notices to be served pursuant to this Agreement or which are served with regard to this Agreement shall be sent by certified mail, return receipt, to the parties at the following addresses:

Ketchum Urban Renewal Agency
PO Box 2315.
Ketchum, Idaho 83340

Ketchum Community Development Corporation
PO Box 6452
Ketchum, ID 83340

All notices of changes of addresses shall be sent in the same manner.

b. Termination.

- i. The Parties hereto covenant and agree that in the event KURA, in its sole and absolute discretion, lacks sufficient funds to continue paying for KCDC's services under this Agreement, KURA may terminate this Agreement without penalty upon thirty (30) days written notice. Upon receipt of such notice neither party shall have any further obligation to the other. In the event of early termination of this Agreement, KCDC shall submit to KURA a report of expenditures authorized by this Agreement as of the effective date of termination. Any KURA funds not encumbered for authorized expenditures at the date of termination shall be refunded to KURA within twenty (20) days.
- ii. If KCDC shall fail to fulfill its obligations in compliance with the Scope of Services as set forth in Section 3, or if KCDC shall violate any of the covenants, agreements, or stipulations of this Agreement, KURA shall thereupon have the right to terminate this Agreement effective immediately. If this Agreement is terminated for cause, KCDC shall be paid a pro-rata amount of the quarterly payment earned in accordance with this Agreement through the cancellation date.

Notwithstanding the above, KCDC shall not be relieved of liability to KURA by virtue of any breach of this Agreement by KCDC, and KURA may withhold any payments to KCDC for the purpose of set-off until such time as the exact amount of damages due KURA from KCDC is determined. KCDC shall also provide KURA all products or work generated prior to date of termination. All products or work generated, whether complete or not, are the property of KURA.

- c. Independent Contractor. KURA and KCDC hereby agree that the KCDC shall perform the services set forth in Section 3 of this Agreement exclusively as an independent contractor and not as employee or agent of KURA. The Parties do not intend to create through this Agreement any partnership, corporation, employer/employee relationship, joint venture or other business entity or relationship other than that of independent contractor. KCDC, its agents and employees shall not receive nor be entitled to any employment-related benefits from KURA including without limitation, workers compensation insurance, unemployment insurance, health insurance, retirement benefits or any benefit that KURA offers to its employees. KCDC shall be solely responsible for the payment of all payroll and withholding taxes for amounts paid to KCDC under this Agreement and for KCDC's payments for work performed in performance of this Agreement by KCDC, its agents and employees; and KCDC hereby releases, holds harmless and agrees to indemnify KURA from and against any and all claims or penalties, including without limitation the 100% penalty, which in any

manner relate to or arise from any failure to pay such payroll or withholding taxes.

KURA shall determine the work to be done by KCDC, but KCDC shall determine the legal means by which it accomplishes the work specified by KURA. KURA agrees that it will have no right to control or direct the method, manner, or means by which KCDC accomplishes the results of the services performed hereunder. KCDC has no obligation to work any particular hours or days or any particular number of hours or days. KCDC agrees, however, that his or her other contracts and/or services shall not interfere with the performance of his or her services under this Agreement. KURA agrees to coordinate project schedules and respective commencements and deadlines with KCDC.

KCDC shall supply, at KCDC's sole expense, all equipment, tools, materials, and/or supplies to accomplish the services to be provided herein.

- d. Compliance With Laws/Public Records. KCDC acknowledges that KURA is an independent public body corporate and politic subject to the Public Records Act, Chapter 1, Title 74, Idaho Code, as amended. KCDC will communicate with and cooperate with KURA upon request by KURA so as to identify, address, potentially disclose, and evaluate exemptions as necessary for records that may be subject to the Public Records Act. KCDC further agrees to comply with all federal, state, city, and local laws, rules and regulations.
- e. Non-assignment. This Agreement may not be assigned by or transferred by KCDC, in whole or in part, without the prior written consent of KURA.
- f. Hold Harmless Agreement. KCDC shall indemnify, defend and save and hold harmless KURA, its officers, agents, and employees, from and against any and all claims, loss, damages, injury or liability, including but not limited to, the misapplication of KURA funds, state or federal anti-trust violations, personal injury or death, damages to property, liability arising out of the use of materials, concepts, or processes protected by intellectual property, rights and liens of workmen and materialmen, howsoever caused, resulting directly or indirectly from the performance of the Agreement by KCDC.
- g. Entire Contract. This Agreement contains the entire contract between the Parties and shall not be modified or changed in any manner, except by prior written contract executed by both Parties.
- h. Succession. This Agreement shall be binding upon all successors in interest of either party hereto.
- i. No Third Party Beneficiaries. This Agreement shall not create any rights or interest in any third parties.

- j. Law of Idaho. This Agreement shall be construed in accordance with the laws of the State of Idaho.
- k. Severability. If any clause, sentence, or paragraph of this Agreement is held by a court of competent jurisdiction to be invalid for any reason, such decision shall not affect the remaining portions, and the parties do now declare their intention that each such clause, sentence, or paragraph of this Agreement is a separate part hereof.
- l. Preparation of Contract. No presumption shall exist in favor of or against any party to this Agreement as a result of the drafting and preparation of the document.
- m. No Waiver. No waiver of any breach by either party of the terms of this Agreement shall be deemed a waiver of any subsequent breach of the Agreement.
- n. Attorney's Fees. In the event either party hereto is required to retain counsel to enforce a provision of this Agreement, to recover damages resulting from a breach hereof or if either party defaults in the performance of this Agreement, the prevailing party shall be entitled to recover from the other party all reasonable attorney's fees incurred herein or on appeal.
- o. Conflict of Interest. No officer or director of KCDC, who has decision-making authority or immediate family member of such individual, shall have a direct pecuniary interest in any contract or subcontract for work to be performed in connection with this Agreement. KCDC shall incorporate or cause to be incorporated in all such contracts, a provision prohibiting such interest pursuant to this provision.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the day and year first written above.

Ketchum Urban Renewal Agency

Ketchum Community Development Corporation

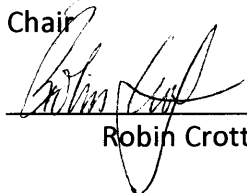




Baird Gourlay, Chair

Jon Duval, Director

ATTEST:


 Robin Crotty, City Clerk



Ketchum Urban Renewal Agency

P.O. Box 2315 | 480 East Ave. N. | Ketchum, ID 83340

November 20, 2017

Chairman and Commissioners
 Ketchum Urban Renewal Agency
 Ketchum, Idaho

Chairman and URA Commissioners:

Funding Request for Public Infrastructure associated with the Kneebone Mixed Use Project for Kneebone LLC

Introduction/History

The Kneebone Building is a new construction commercial project constructed at the corner of 5th Street and Washington Avenue. The building recently received its Certificate of Occupancy on July 28, 2017. The owner of the project, Kneebone LLC, is represented by Steve Kearns who filed an application requesting funding assistance from the KURA to pay for public infrastructure constructed for the project. Mr. Kearns filed the application on September 11 and the KURA first discussed the application at the October 16, 2017 regular meeting. At this meeting, the KURA board was in favor of assisting the Kneebone project and directed staff to bring a reimbursement agreement back to the board for review and approval at the November 20, 2017 regular meeting.

Current Report

The applicant requests \$61,900 for public improvements associated with construction of the Kneebone Building. While the expense table submitted exceeds \$137,939, the applicant realizes the limit to funding projects with lower assessed values and is requesting \$61,900 in assistance. Table 1 below provides a list of the eligible costs.

Table 1: Funding Requests

Expense Item	Description	Cost
1	Bike Racks	\$708.00
2	Bike Racks Installation	\$200.00
3	Street Lights	\$24,148.00
4	Street Lights installation	\$2,400.00
5	Excavation, Grading, Backfill, Water Line, Fire Hydrant, sewer service, Drainage, drywell, utilities, demolition	\$37,839.00
6	Sidewalk prep, curb and gutter prep, asphalt, catch basin	\$10,224.00
7	Concrete Work	\$49,700.00
8	Additional Concrete Work	\$12,720.00
	Total Public Costs	\$137,939.00

Participation Criteria Analysis

In 2016, the KURA board adopted Resolution 16-URA3 which established a Participation Policy for providing public funding for public infrastructure. The Participation Policy was recently amended by adopting Resolution 17-URA6. Table 2 provides an analysis of compliance with the newly amended participation policy.

Based on the participation policy, Staff does not find the project meets the requirements to receive funding. The primary issue is non-compliance with Standard F, which requires projects to apply for funding prior within 30 days of applying for a building permit. This application was submitted after the project had received its Certificate of Occupancy.

The table below summarizes the analysis of the Participation Policy.

Table 2: Compliance with Applicant Participation Policy Criteria

Criteria Category	Standard	Policy Language	Compliance	Staff Comments
General: Section 1	A	The KURA is not obligated to fund any project, even when the project meets all funding criteria. Funding a project is a discretionary decision by the Ketchum Urban Renewal Board.	N/A	The KURA has the discretion of funding any project or no project, regardless of the participation policy.
	B	Funds generated from projects within the Revenue Allocation Area shall be used first and foremost for publicly owned infrastructure and for infrastructure that serves a direct public purpose.	Compliant	The expenses are for public infrastructure within the ROW.
	C	Public infrastructure located below ground or at-grade shall be given priority.	Compliant	Request is for public infrastructure located within the ROW and associated with street and sidewalk improvements.
	D	In rare circumstances, funding for a non-infrastructure request may be considered if it is found to meet the criteria described in the section below.	N/A	
	E	Projects specifically identified in the 2010 Ketchum Urban Renewal Plan shall take priority for funding in all cases.	Not compliant	While the section of sidewalk is within a quadrant of the city identified in the Plan, this particular sidewalk is not identified.
	F	All requests for Tax Increment Financing shall be made no later than thirty (30) days after the applicant applies for a building permit.	Not Compliant	The project has already received its Certificate of Occupancy.
	G	The Agency shall not consider requests to fund public infrastructure that have been required by the City	Compliant	The infrastructure planned is required for all projects and the proposed project did not

		of Ketchum in exchange for development bonuses, such as density waivers, variances, and other development bonuses. In these situations, the public infrastructure that was required in exchange for development bonuses shall be paid by the private developer.		receive any development bonuses in exchange for public infrastructure.
Section 2A	1.	Tax increment funds generated by a project within the Revenue Allocation Area may be allocated for reimbursement of public infrastructure expenses incurred by the private development.	Compliant	According to the value provided by the applicant the project will be assessed at \$4,400,000.
	2.	Reimbursement for public infrastructure shall commence after the project is generating a tax increment benefit to the Agency	Compliant	The project will generate tax increment funding. The KURA may consider a reimbursement contract.
	3.	No more than 50% of the total tax increment revenue generated from a project may be used for reimbursement to the project developer	Compliant	The KURA may consider a reimbursement contract.
	4.	Commitments for reimbursement in Owner Participation Agreements shall not be greater than five years from the time the project is generating property tax revenue to the Agency.	Compliant	The KURA may consider a reimbursement contract of five years or less.

Based on the summary above and Table 2, staff cannot recommend funding the request. However, the KURA directed staff to prepare a reimbursement agreement for the November 20, 2017 meeting and to recommend a reimbursable amount consistent with our policies and past approvals.

Prior to the construction of the Kneebone Building, the Base Assessed Value for this parcel of property was approximately \$580,000 in 2006. The applicant estimates the assessed value of the project is currently \$4,400,000. Subtracting the base value from the current assessed value yields an increment value of \$3,819,157 for estimating tax increment revenues to the KURA. The most current levy established by Blaine County for this tax district is 0.006299705. Applying this levy to the property tax increment value of \$3,819,157 yields \$24,059.57 to the KURA on an annual basis from the Kneebone project.

The participation policy advises the board not to encumber more than 50% of annual taxes from a project for reimbursement and establishes a five-year timeline limitation for reimbursing a project. Applying these variables, the maximum amount recommended for the Kneebone project is \$60,148.00. Below is a summary of the calculation:

Table 2: Reimbursement Equation

Reimbursement Equation						Recommended Amount for reimbursement Agreement
Increment Assessed Property Value	Current Levy for District	Annual Tax Revenue to KURA	50% annual reinvested to project	Five years maximum on reimbursement Agreement		
\$3,819,157	X .006299705	= \$24,059.57	X 0.50	X 5	=	\$60,148.00

If the KURA board choose to fund the improvements completed by the Kneebone project, staff recommends staying at or below the recommended amount in the table above.

Financial Requirement/Impact

The amount requested if \$61,900. The KURA can choose not to pay anything towards the project, pay this amount directly, or engage the applicant in a reimbursement agreement.

Recommendation

If the KURA board choose to fund the improvements completed by the Kneebone project, staff recommends staying at or below the recommended amount of \$60,148, as listed in Table 2 above.

Recommended Motion

"I move to approve the funding request from Kneebone LLC in the amount of \$_____ and direct staff to _____."

Sincerely,

Micah Austin, AICP
Planning and Building Director

Attachments:

1. Resolution 17-URA6: Participation Policy
2. Application and materials submitted by Kneebone LLC, represented by Steve Kearns

REIMBURSEMENT PARTICIPATION AGREEMENT

THIS REIMBURSEMENT PARTICIPATION AGREEMENT (“Agreement”) is entered into by and between the Ketchum Urban Renewal Agency, also known as the KURA, an independent public body, corporate and politic, organized and existing under the laws of the State of Idaho and known as the urban renewal agency of the City of Ketchum, Idaho (“Agency”) and Kneebone LLC (“Participant”). Agency and Participant may be collectively referred to as the “Parties” and individually referred to as a “Party.”

RECITALS

A. Participant owns or controls certain real property located at 500 N. Washington Ave, Ketchum, Idaho (the “Project Site”) which is more accurately described as Lot 8 Block 15, Ketchum Townsite. The Project Site has undergone redevelopment including construction of a commercial building (the “Participant’s Project”).

B. As part of the Participant’s Project, Participant has remediated certain Project Site conditions and redeveloped the Project Site (the “Improvement Project”). The Improvement Project is more accurately depicted on attached **Exhibit A**.

C. The Participant’s Project and the Improvement Project are located in the Ketchum Urban Renewal Plan (the “Plan”) area, which consists of the Ketchum Urban Renewal Plan approved by the City Council on November 15, 2006, and the Amended Ketchum Urban Renewal Plan approved by the City Council on November 15, 2010 (“Ketchum Urban Renewal District”). The Plan includes various measures to mitigate and remediate the Ketchum Urban Renewal District. The Agency also adopted a Participation Policy on July 17, 2017.

D. The Improvement Project includes improvements of public infrastructure to replace sidewalk, curb and gutter along Washington Avenue and 5th Street, adjacent to the Project Site that are consistent with the objectives of the Plan. The Improvement Project will contribute to enhancing and revitalizing the Ketchum Urban Renewal District.

E. Agency deems it appropriate to assist the development of the Improvement Project to achieve the objectives set forth in the Plan.

AGREEMENTS

NOW, THEREFORE, in consideration of the above recitals, which are incorporated into this Agreement; the mutual covenants contained herein; and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Effective Date.** The effective date (“Effective Date”) of this Agreement shall be the date when this Agreement has been signed by the Participant and Agency (last date signed) and shall continue until: (1) the completion of all obligations of each Party; or (2) twelve (12) months from the Effective Date, whichever comes first. At Agency’s sole discretion an extension may be granted for a period not to exceed one year.

2. **Construction of the Improvement Project.** Participant agrees to construct the Improvement Project consistent with the following:

- a. Remove and remediate certain Project Site conditions and backfill in order to enhance development of the Project Site.
- b. The Parties agree that the Improvement Project is depicted on **Exhibit A**, with cost estimates for eligible items described in the Schedule of Eligible Costs in **Exhibit B** (“Estimated Eligible Costs”) under the Improvement Category of “New sidewalk, curb, gutter” totaling \$137,939.00 in projected costs. Any other public improvements that are constructed by the Participant as part of the Participant’s Project are not eligible for reimbursement pursuant to this Agreement. Additionally, Agency’s reimbursement obligation is limited to the amount set forth in Section 6 of this Agreement.

3. **Initial Construction Funding.** Participant shall pay for all of the costs of construction for the Improvement Project. Agency acknowledges that the Schedule of Costs attached as **Exhibit B** is an estimate by Participant’s contractor and that actual costs for the Improvement Project, as well as each line item of cost, may be more or less than is shown on **Exhibit B**.

4. **Notification of Completion; Inspection.** Upon completion of construction, Participant shall notify Agency in writing and request a final construction inspection and/ or a meeting with Agency to determine if the Improvement Project meets the requirements of this Agreement. Agency shall provide Participant with written confirmation that the Improvement Project has been completed in compliance with this Agreement.

5. Determining Actual Payment after Completion of Construction.

Participant shall provide appropriate documentation ("Cost Documentation") to Agency that Participant has expended funds for eligible costs in order to receive payment per the terms of this Agreement. Any Cost Documentation shall be submitted within thirty (30) days of Participant's notification to Agency that construction of the Improvement Project is complete and shall include:

- a. Schedule of values that includes line items for the Improvement Project improvements approved by Agency for reimbursement so they are identifiable separate from other line items ("Schedule of Values").
- b. Invoices from Participant's general contractor, subcontractor(s) and material suppliers for each type of eligible cost item (e.g. excavation, material fill, pavement, etc.). Invoices shall specify quantities and unit costs of materials, and a percentage estimate of how much material was used for the Improvement Project in comparison to the amount used for the remainder of Participant's project ("Invoices").
- c. Explanation of any significant deviation between the initial cost estimates in **Exhibit B** and the actual costs in the Cost Documentation as requested by Agency.
- d. Additional documentation or clarifications may be required and requested by Agency.

Agency shall have the right to review the Cost Documentation and to obtain independent verification that the quantities of work claimed, the unit costs and the total costs for eligible costs are commercially reasonable and consistent with the cost estimates provided by Participant to Agency prior to construction. In the event Participant fails to timely deliver the Cost Documentation, Agency may, in its discretion, elect to terminate its payment obligations under this Agreement by providing Participant with written notice of such default. Participant shall have thirty (30) days from such written notice to cure the default. In the event Participant fails to cure such a default, Agency's payment obligations under this Agreement may be terminated in Agency's sole discretion.

Within fifteen (15) calendar days of Agency's receipt of the Cost Documentation, Agency will notify Participant in writing of Agency's acceptance or rejection of the Cost Documentation and Agency's determination of the Actual Eligible Costs to be reimbursed. Agency shall, in its discretion, determine the Actual Eligible Costs following its review of the Cost Documentation, verification of the commercial reasonableness of the costs and expenses contained in such Cost Documentation, and comparison of the amounts in the Cost Documentation to the amounts in **Exhibit B**. **In no event shall the total for the Actual Eligible Costs exceed the amount allowed by Section 6.**

If Participant disagrees with Agency's calculation of the Actual Eligible Costs, Participant must respond to Agency in writing within three (3) business days explaining why Participant believes Agency's calculation was in error and providing any evidence to support any such contentions Participant wants Agency to consider. Agency shall respond to Participant within three (3) business days with a revised amount for the Actual Eligible Costs or notifying Participant Agency will not revise the initial amount calculated. At that point, the determination of the Actual Eligible Costs will be final.

Agency's determination of the Actual Eligible Costs is within its sole discretion.

6. Agency's Reimbursement Payment Amount. In accordance with the Participation Program, Agency agrees to reimburse Participant as follows:

Actual Eligible Costs not to exceed \$_____. Actual Eligible Costs do not include soft costs (e.g. architectural and engineering design, permits, traffic control, mobilization, and overhead).

7. Conditions Precedent to Agency's Payment Obligation. Agency shall not approve reimbursement prior to issuance of a Certificate of Occupancy for the building by the City of Ketchum. Agency agrees to reimburse Participant in the amount as determined in compliance with Sections 2.b., 5, and 6 no later than forty five (45) days after submission by Participant of a copy of the Certificate of Occupancy for the building.

Participant's failure to comply with all Agreement provisions shall be a basis for termination of Agency's reimbursement obligation.

8. Subordination of Reimbursement Obligations. The Parties agree this Agreement does not provide Participant with a security interest in any Agency revenues for the Ketchum Urban Renewal District or any other urban renewal plan area, including but not limited to revenue from any "Revenue Allocation Area" (as defined in Title 50, Chapter 29 of the Idaho Code). Notwithstanding anything to the contrary in this Agreement, the obligation of Agency to make the payments as specified in this Agreement shall be subordinate to all Agency obligations that have committed or in the future commit available Agency revenues, including but not limited to revenue from any Revenue Allocation Area and may be subject to consent and approval by Agency lenders.

9. Default. Neither Party shall be deemed to be in default of this Agreement except upon the expiration of forty-five (45) days [ten (10) days in the event of failure to pay money] from receipt of written notice from the other Party specifying the particulars in which such Party has failed to perform its obligations under this Agreement unless such Party, prior to expiration of said 45-day period [ten (10) days in the event of failure to pay money], has rectified the particulars specified in said notice of default. In the event of a default, the nondefaulting Party may do the following:

- a. The nondefaulting Party may terminate this Agreement upon written notice to the defaulting Party and recover from the defaulting Party all direct damages incurred by the nondefaulting Party.
- b. The nondefaulting Party may seek specific performance of those elements of this Agreement which can be specifically performed, in addition, recover all damages incurred by the nondefaulting Party. The Parties declare it to be their intent that elements of this Agreement requiring certain actions be taken for which there are not adequate legal remedies may be specifically enforced.
- c. The nondefaulting Party may perform or pay any obligation or encumbrance necessary to cure the default and offset the cost thereof from monies otherwise due the defaulting Party or recover said monies from the defaulting Party.
- d. The nondefaulting Party may pursue all other remedies available at law, it being the intent of the Parties that remedies be cumulative and liberally enforced so as to adequately and completely compensate the nondefaulting Party.
- e. In the event Participant defaults under this Agreement, Agency (the nondefaulting Party) shall have the right to suspend or terminate its payment under this Agreement, as more specifically defined in this Agreement, for so long as the default continues and if not cured, Agency's obligation for payment shall be deemed extinguished. In addition, if Agency funds shall have been paid, Participant shall reimburse Agency for any such funds Participant received.

10. Captions and Headings. The captions and headings in this Agreement are for reference only and shall not be deemed to define or limit the scope or intent of any of the terms, covenants, conditions, or agreements contained herein.

11. No Joint Venture or Partnership. Agency and Participant agree that nothing contained in this Agreement or in any document executed in connection with this Agreement shall be construed as making Agency and Participant a joint venture or partners.

12. Successors and Assignment. This Agreement is not assignable except that the Participant may assign Participant's rights or obligations under this Agreement to a third party only with the written approval of Agency, at Agency's sole discretion and cannot be reasonably denied.

13. Notices and Receipt. All notices given pursuant to this Agreement shall be in writing and shall be given by personal service, by United States mail, or by United

States express mail or other established express delivery service (such as Federal Express), postage or delivery charge prepaid, return receipt requested, or by electronic mail (e-mail) addressed to the appropriate Party at the address set forth below:

If to Participant: Kneebone LLC
 PO Box 4356
 Ketchum, ID 83340

 C/O Steve Kearns
 Steve@kmvbuilders.com

If to Agency: Suzanne Frick, Executive Director
 Ketchum Urban Renewal Agency
 P.O. Box 2315
 Ketchum, Idaho 83340
 208-726-7801
 sfrick@ketchumidaho.org

14. Applicable Law/Attorney Fees. This Agreement shall be construed and enforced in accordance with the laws of the State of Idaho. Should any legal action be brought by either Party because of breach of this Agreement or to enforce any provision of this Agreement, the prevailing Party shall be entitled to reasonable attorney fees, court costs, and such other costs as may be found by the court.

15. Entire Agreement. This Agreement constitutes the entire understanding and agreement of the Parties. Exhibits to this Agreement are as follows:

Exhibit A	Improvement Project Plan
Exhibit B	Schedule of Eligible Costs

16. Indemnification. Participant shall indemnify and hold Agency and its respective officers, agents, and employees harmless from and against all liabilities, obligations, damages, penalties, claims, costs, charges, and expenses, including reasonable architect and attorney fees (collectively referred to in this section as "Claim"), which may be imposed upon or incurred by or asserted against Agency or its respective officers, agents, and employees relating to the construction or design of the Improvement Project or otherwise arising out of Participant's actions or inactions. In the event an action or proceeding is brought against Agency or its respective officers, agents, and employees by reason of any such Claim, Participant, upon written notice from Agency shall, at Participant's expense, resist or defend such action or proceeding. Notwithstanding the foregoing, Participant shall have no obligation to indemnify, defend, or hold Agency and its respective officers, agents, and employees harmless from and against any matter to the extent it arises from the active negligence or willful act of Agency or its respective officers, agents, or employees.

17. Antidiscrimination During Construction. Participant, for itself and its successors and assigns, agrees that in the rehabilitation and/or construction of improvements on the Project Site provided for in this Agreement, the Participant will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity/expression, national origin or ancestry, marital status, age, or physical disability.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the Parties hereto have signed this Agreement the day and year below written to be effective the day and year above written.

Agency:

Agency: the urban renewal agency of the City of Ketchum, a public body, corporate and politic

Baird Gourlay, Chair

Date _____

PARTICIPANT:

Kneebone LLC

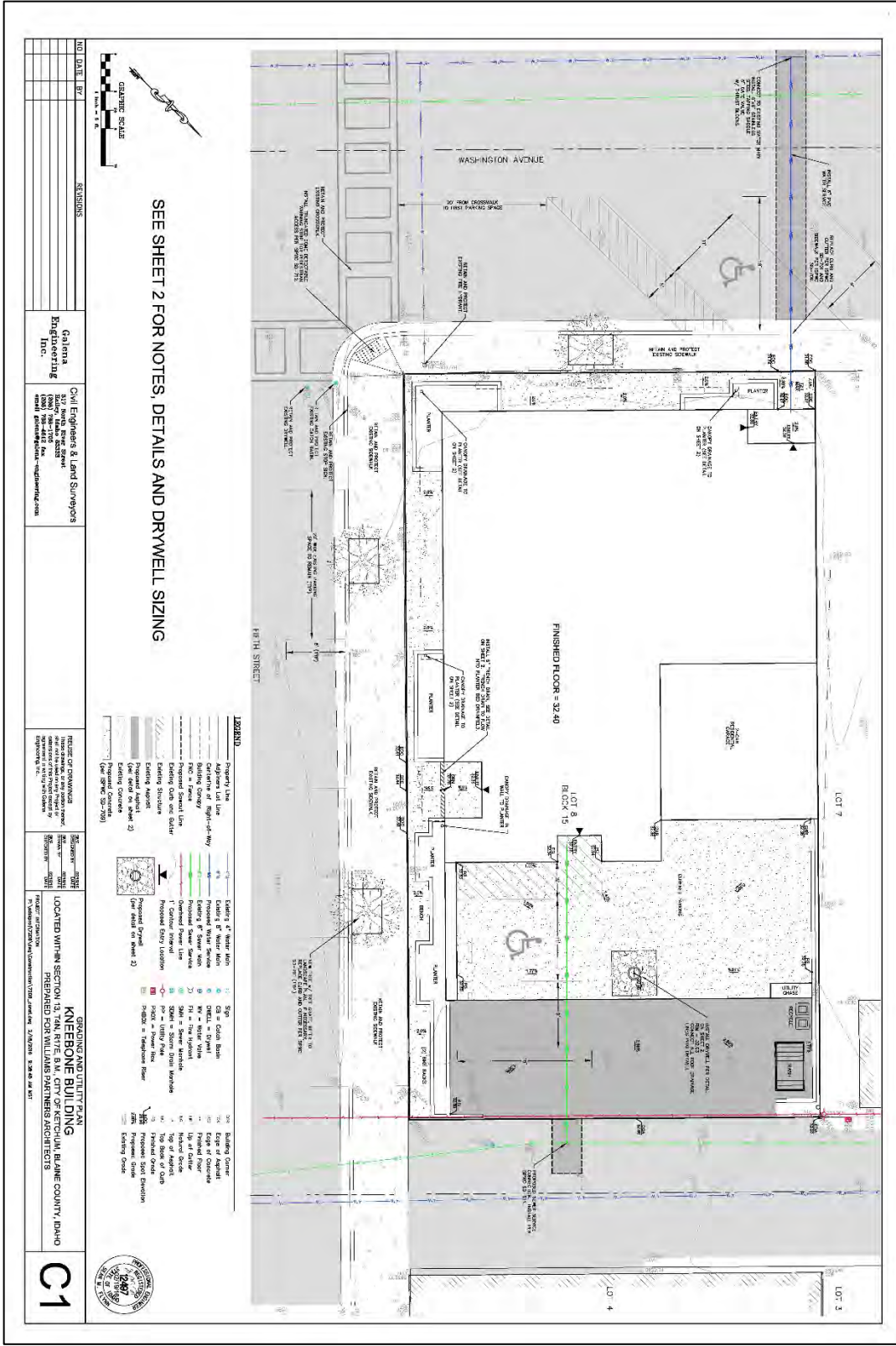
Steve Kearns, Owner

Date _____

Exhibits

- A: Improvement Project
- B: Schedule of Eligible Costs

EXHIBIT A IMPROVEMENT PROJECT



SEE SHEET 2 FOR NOTES, DETAILS AND DRYWELL SIZING

NO.	DATE	BY	REVISIONS

Galana Engineering Inc.
 Civil Engineers & Land Surveyors
 1301 N. 10th Street
 Suite 200
 Helena, MT 59601
 Phone: (406) 295-4411 Fax: (406) 295-4412
 Email: galana@galana-engineering.com

RELIEF OF DRAINAGE
 ALL DRAINAGE SHALL BE TO THE EAST OR SOUTH EAST EXCEPT WHERE NOTED OTHERWISE.
 ALL DRAINAGE SHALL BE TO THE SATISFACTION OF THE LOCAL HEALTH DEPARTMENT.

GRADING AND UTILITY PLAN
 KNEEBONE BUILDING
 LOCATED WITHIN SECTION 13, T4N, R17E, S10W, CITY OF KETCHUM, BLAINE COUNTY, IDAHO
 PREPARED FOR WILLIAMS PARTNERS ARCHITECTS
 11. WASHINGTON/STATE/COMMUNITY/COURT/JUDGING 2.1/2018 3.14/2018 3.18/2018 AM 101

C1



**EXHIBIT B
SCHEDULES OF ELIGIBLE COSTS**

Item	Cost
Bike racks	708
Bike racks installation, 1m 4 hrs	200
Street lights	24,148
Street lights installation, 3m 16 hrs	2,400
Excavation, grading, backfill, water line, fire hydrant sewer service, drainage, drywell, utilities, demo	37,839
Sidewalk prep, curb and gutter prep, asphalt, catch basin	10,224
Concrete site work	49,700
Additional concrete site work	12,720
Total Public Investment	\$ 137,939



Ketchum Urban Renewal Agency

P.O. Box 2315 | 480 East Ave. N. | Ketchum, ID 83340

November 20, 2017

Chairman and Commissioners
Ketchum Urban Renewal Agency
Ketchum, Idaho

Chairman and URA Commissioners:

**Consideration of Resolution 17-URA10, approving the Quitclaim Deed to
Transfer Property to the City of Ketchum**

Introduction/History

The KURA purchased the property at 491 Sun Valley Road in 2007 for \$3,200,000. This was documented in Resolution 07-URA22. According to the resolution, “the Agency and Mountain West Bank entered [into a] purchase and sale agreement dated April 20, 2007 (the “Purchase and Sale Agreement”), for the acquisition of certain real property and the improvements thereon located at Lots 5 & 6, Block 24, Ketchum Townsite (the “Property”) in the amount of \$3,200,000 for the development of a central town plaza, public parking, and other downtown redevelopment.” Later in 2007, the actual purchase was made and the KURA has retained ownership since. The project has succeeded at creating a vibrant town square and revitalizing an existing building with a visitors center, two successful businesses, and public amenities.

In May of 2015, the KURA board discussed the long-term plan for the 491 Sun Valley Road building. At that time, the Board did not make any determination on long-term ownership or use of the building and the conversation has continued for more than two years. On June 1, 2017, the City Council and the KURA met in a joint session to discuss strategic priority for properties owned by the City of Ketchum and the KURA. Based on the discussions at the meeting amongst both boards, a non-binding decision was made to transfer the 491 property from the KURA to the City of Ketchum.

On July 18, 2017, Mayor Nina Jonas wrote a letter to the KURA confirming that the City of Ketchum is willing and prepared to accept full ownership of the property at 491 Sun Valley Road.

On September 18, 2017, the KURA board approved Resolution 17-URA9 which finalized the boards intention to transfer the property to the City of Ketchum no later than January 15, 2018.

On October 16, 2017 at the regular meeting of the KURA board, the board directed staff to prepare a quitclaim transferring property to the City of Ketchum. Resolution 17-URA10 approves the Quitclaim Deed as proposed.

Current Report

Resolution 17-URA10 approves the Quitclaim Deed that will be legal instrument that transfers property to the City of Ketchum. Until the Quitclaim deed is signed and executed by the Agency, the transfer will not be complete.

Financial Requirement/Impact

Transferring the 491 building to the City of Ketchum will free up staff and agency resources to focus on other priorities.

Recommendation

Staff recommends adopting the resolution.

Recommended Motion

"I move to approve Resolution 17-URA10 as proposed."

Attachments:

1. Resolution 17-URA10

RESOLUTION NO. 17-URA10

BY THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE KETCHUM URBAN RENEWAL AGENCY (THE “AGENCY”):

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE KETCHUM URBAN RENEWAL AGENCY, APPROVING AND AUTHORIZING THE TRANSFER OF REAL PROPERTY OWNED BY THE AGENCY, LOCATED AT 491 SUN VALLEY ROAD, KETCHUM, IDAHO TO THE CITY OF KETCHUM, IDAHO; AND PROVIDING AN EFFECTIVE DATE.

THIS RESOLUTION, made on the date hereinafter set forth by the Ketchum Urban Renewal Agency, an independent public body, corporate and politic, authorized under the authority of the Idaho Urban Renewal Law of 1965, Chapter 20, Title 50, Idaho Code, as amended (hereinafter the “Law”) and the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended (hereinafter the “Act”), a duly created and functioning urban renewal agency for Ketchum, Idaho, hereinafter referred to as the “Agency.”

WHEREAS, the City Council (“City Council”) of the City of Ketchum (the “City”) by adoption of Ordinance No. 992 on November 15, 2006, duly adopted the Ketchum Urban Renewal Plan (the “2006 Plan”) to be administered by the Agency;

WHEREAS, upon the approval of Ordinance No. 1077 adopted by the City Council on November 15, 2010, and deemed effective on November 24, 2010, the Agency began implementation of the amended Ketchum Urban Renewal Plan (the “Amended Plan”);

WHEREAS, pursuant to the Law, the Act, and the Amended Plan, the Agency is authorized to own real property and carry out the purposes and various projects under the Amended Plan and to enter into and carry out contracts or agreements in connection therewith;

WHEREAS, the Agency previously acquired, renovated and leased a retail building and real property parcel located at 491 Sun Valley Road, Ketchum, Idaho (collectively the “Building”) to a local business entity to operate a restaurant franchise, such local business entity being selected after the Agency solicited proposals in compliance with Idaho Code § 50-2011;

WHEREAS, the Agency has entered into additional leases or agreements for tenancy or other uses in the Building (all such leases or other agreements are referred to herein collectively as the “Lease”);

WHEREAS, the Agency desires to dispose of and transfer ownership of the Building to the City;

WHEREAS, under the Law, the Agency may dispose of property to another public entity without going through a formal disposition process, with the public entity obligated to

commence any improvements for redevelopment of the property within a reasonable time (Idaho Code § 50-2011(e));

WHEREAS, under the Law, any public entity may purchase property from an urban renewal agency with or without consideration as the agency may determine and then must use the property for the purpose designated in the urban renewal plan, begin development within a period of time the agency determines is reasonable, and any other conditions the agency deems necessary to carry out the purposes of the Law (Idaho Code § 50-2015(f));

WHEREAS, since the Building has been redeveloped, rehabilitated, and renovated, the Agency desires to transfer the Building without requiring additional redevelopment of the Building since such requirements are not applicable, and the provisions of Idaho Code § 50-2011(e) and 50-2015(f) in regard to commencing redevelopment of the Building within a schedule of performance do not apply;

WHEREAS, the Agency has previously paid \$149,700 against the City advance;

WHEREAS, the Agency has previously commissioned a fair market appraisal of the Building, which appraisal has determined the fair market value of the lease fee interest as of March 31, 2017, at \$1,350,000;

WHEREAS, the Agency has completed a lot line adjustment which has resulted in certain property adjacent to the Building being dedicated to the City for additional property for the City's Town Square;

WHEREAS, the City has proposed to purchase the Building and keep the Building as an integral part of Town Square, which the Agency believes would retain the Building as a public amenity;

WHEREAS, the Agency board has determined it is in the best interests of the Agency and of the public to transfer the Building to the City subject to the conditions set forth below.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE KETCHUM URBAN RENEWAL AGENCY OF THE CITY OF KETCHUM, IDAHO, AS FOLLOWS:

Section 1. That the above recitals and statements are true and correct.

Section 2. The Chair, the Vice-Chair, and the Secretary of the Agency are each hereby authorized to take all action necessary or desirable in conformity with the Act to carry out the purposes of this Resolution, including without limitation, the preparation of all other agreements, documents and certificates to be delivered in connection with the transfer of the Building, including preparing any deeds transferring ownership of the Building to the City.

Section 3. That the Agency shall commence the process to transfer the Building to the City subject to the following conditions and assumptions:

a. Upon transfer of the Building, the City shall honor and comply with any and all previous Leases granted by the Agency.

b. Upon transfer of the Building, the City shall be responsible for operation, maintenance, and management of the Building, and the Agency shall be relieved of any and all obligations concerning the Building.

c. The City shall not be required to commence any further redevelopment of the Building, as the Building has been redeveloped as contemplated by the Law and the Plan.

Section 4. This Resolution shall take effect immediately upon its adoption and approval.

PASSED by the Urban Renewal Agency of Ketchum, Idaho, on November 20, 2017.
Signed by the Chair of the Board of Commissioners, and attested by the Secretary to the Board of Commissioners, on November 20, 2017.

URBAN RENEWAL AGENCY OF KETCHUM

By _____
Baird Gourlay, Chair

ATTEST:

By _____
Secretary

QUITCLAIM DEED

The Ketchum Urban Renewal Agency, a public body corporate and politic, , whose address is: 480 East Avenue N., Ketchum, ID, 83340, hereinafter "Grantor," does release and forever quitclaim unto the City of Ketchum, an Idaho municipal corporation, whose address is: 480 East Avenue N., Ketchum, ID, 83340, hereinafter "Grantee," and to its heirs and assigns, all right, title and interest that Grantor now has or may hereafter acquire in the following real property situated in Blaine County, State of Idaho, to-wit:

[insert legal description]

TO HAVE AND TO HOLD, all and singular, the said premises, together with the appurtenances, unto Grantee, and to its heirs and assigns forever.

WITNESS the hand of said Grantor this _____ day of _____, 2017.

Grantor

Attested by

By: _____
Its: _____

Name: _____
Title: _____

STATE OF IDAHO)
) ss.
County of _____)

On this ____ day of _____, 2017, before me, _____, a Notary Public in and for said State, personally appeared _____, known or identified to me (or proved to me on the oath of _____) to be the _____ of the City of Ketchum that executed the said instrument, and acknowledged to me that the City of Ketchum executed the same.

S
E
A
L

Notary Public for Idaho
My commission expires on _____

[KURA LETTERHEAD]

November ____, 2017

Blaine County Commissioners
206 1st Avenue South, Suite 300
Hailey, ID 83333

RE: Proposed Ordinance/Policy on Property Tax Exemption
Idaho Code § 63-602NN

Dear Commissioners:

I write on behalf of the Ketchum Urban Renewal Agency (KURA). KURA appreciates the opportunity to provide comment on your consideration of an ordinance to implement the provisions of Idaho Code § 63-602NN. The changes approved by the legislature in 2017 significantly modified the standards of eligibility for a project, which could qualify for the granting of a property tax exemption for the plant investment related to the project site. The definition of plant investment is now broadly applied to development related to almost any commercial or industrial project including hotels and apartment projects, though not including retail development. The 2017 legislation also significantly reduces the threshold investment to a minimum of \$500,000. The exemption can be granted for a period of up to five years. The program authorized under this statute is deemed to be necessary and just by the legislature and is one of a very limited set of economic development tools available to local government.

The 2017 legislative changes granted significant discretion to the county commissioners in terms of the amount of the investment which would be considered for a property tax exemption, the number of years an exemption can be granted, as well as the amount of the plant investment provided such an exemption. For example, the county's ordinance could require an amount significantly higher than the \$500,000 minimum investment, allow the county to grant only part of the amount requested, and set the number of years for the exemption. In addition to the ordinance standards the county may impose, the arrangement between the developer/investor must be considered through an application process, which includes a written plan outlining the projected investment, which, if granted, would result in a binding written agreement between the developer/investor and the county.

In addition, the 2017 legislation requires the county hold a public meeting regarding the application. Several entities, including an urban renewal agency, is entitled to at least five calendar day notice of the public meeting along with a summary of the application under consideration.

As an urban renewal agency, KURA is also involved with economic development through the Idaho Urban Renewal Law, Chapter 20, Title 50, Idaho Code and the Local

Economic Development Act, Chapter 29, Title 50, Idaho Code. Under those statutory provisions and Ketchum's urban renewal plan, KURA and developers routinely enter into agreements providing for funding of necessary public improvements in exchange for the developer's commitment to develop project sites in a manner consistent with the urban renewal plan and the City's land use regulations. These commitments use revenue allocation or tax increment funds for the payment for those public improvements. Additionally, KURA has bonded indebtedness, which also is repaid through the use of revenue allocation proceeds generated from the plan area. In addition to specific agreements with developers and its bonded indebtedness, KURA relies on unrestricted revenue allocation funds to pay for needed public improvements on a pay-as-you-go basis each year. In the situation where a developer/investor has entered into an arrangement/commitment with KURA and also seeks and then receives the exemption allowed under Idaho Code Section 63-602NN, funds available to KURA could be substantially reduced hindering the ability of KURA to meet its contractual obligations. Though in the case of a developer funded public improvement, fewer tax dollars may impact the developer's repayment, it also impacts KURA, as KURA is typically entitled under those various contracts to at least 25% of the generated tax revenue. Additionally, any property tax exemption granted will impact the overall funds provided to KURA.

As you consider the parameters of the county ordinance and the application process, we respectfully request you address and implement the following:

1. Though the statute allows for a minimum investment of \$500,000, KURA strongly suggests the county ordinance create a much higher threshold given the economic development issues in Blaine County and the impact such a small threshold would have on KURA and taxing entities throughout the County.
2. The application process should require the applicant to disclose whether the proposed project is within a revenue allocation area and whether the applicant has applied for or received any commitment from the urban renewal agency concerning the project.
3. If an applicant proposes a project within a revenue allocation area or has received assistance from an urban renewal agency, granting an exemption should be subject to the consent of the urban renewal agency.
4. Though the statute provides for no less than five calendar day notice to an urban renewal agency (and others) for the public meeting where the county commissioners will consider the application, we believe a longer period should be established by ordinance. Five calendar days does not provide nearly enough time to sift through an application, determine the impact of such an exemption on KURA, and prepare a position statement for the commissioners to consider. Providing at least fifteen calendar days would be a more appropriate time frame.

We appreciate the opportunity to present KURA's concerns over the property tax exemption and the process to achieve such an exemption. KURA representatives would welcome the opportunity to discuss these issues with the commissioners and others in the county structure at your earliest convenience.

Sincerely,

_____, Chair

4818-0679-3045, v. 1

DRAFT