



KETCHUM URBAN RENEWAL AGENCY
Tuesday, January 16, 2024 at 2:00 PM
191 5th Street West, Ketchum, Idaho 83340

AMENDED AGENDA

PUBLIC PARTICIPATION INFORMATION

Public information on this meeting is posted outside City Hall.

We welcome you to watch Board Meetings via live stream.

You will find this option on our website at <https://www.ketchumura.org/kura/meetings>.

If you would like to comment on a public hearing agenda item, please select the best option for your participation:

1. Join us via Zoom (*please mute your device until called upon*).
Join the Webinar: <https://ketchumidaho-org.zoom.us/j/89094476391>
Webinar ID: 890 9447 6391
2. Join us at City Hall.
3. Submit your comments in writing at info@ketchumura.org (*by noon the day of the meeting*).

This agenda is subject to revisions. All revisions will be underlined.

CALL TO ORDER:

ROLL CALL: Pursuant to Idaho Code Section 74-204(4), all agenda items are action items, and a vote may be taken on these items.

COMMUNICATIONS FROM THE BOARD OF COMMISSIONERS:

NEW BUSINESS:

1. Election of Officers:
KURA Chair
KURA Vice-Chair
KURA Secretary (currently Trent Donat)
KURA Treasurer (currently Shellie Gallagher)

CONSENT CALENDAR: (ALL ACTION ITEMS)

2. ACTION ITEM: Approval of Bills



3. ACTION ITEM: Approval of December 18, 2023 Minutes

4. ACTION ITEM: Recommendation to Approve Payment to Holland and Hart for Legal Review of First and Washington DDA and Ground Lease

ACTION ITEMS:

5. ACTION ITEM: Recommendation to Approve FY23 Financial Statement

6. ACTION ITEM: Review, Discussion and Direction on Draft Development and Disposition Agreement, Ground Lease, Project Preference Policy and KURA Funding Contribution for First and Washington.

7. ACTION ITEM: Recommendation to Approve Resolution 24-URA01 Extending the First and Washington ANE

ADJOURNMENT:

Report Criteria:

Invoices with totals above \$0 included.

Only unpaid invoices included.

[Report].GL Account Number = "961000000"- "9844109930"

Vendor Name	Invoice Number	Description	Net Invoice Amount
CITY OF KETCHUM	7543	SALRY & BENFIT REIM 11-18 TO 12-29-23	22,708.78
Total 1650:			22,708.78
COMMUNITY LIBRARY	AGREEMENT	AGREEMENT #50023 FOR 4TH STREET	50,000.00
Total 1702:			50,000.00
ELAM & BURKE	205572	General Representation	728.00
ELAM & BURKE	205573	1st & Washington Profession Fees	7,091.50
Total 4561:			7,819.50
SUN VALLEY ECONOMIC DEVEL	1540	Quarterly Contribution	2,250.00
Total 3981:			2,250.00
WORKMAN AND COMPANY	019497	Audited Financial Statement KURA 2023	2,090.00
Total 5303:			2,090.00
Grand Totals:			84,868.28



CITY OF KETCHUM
 P.O. Box 2315
 Ketchum ID 83340
 Phone: (208) 726-3841
 Fax: (208) 727-5070

INVOICE

Date	Number	Page
01/05/2024	7543	1

Bill To: KETCHUM URBAN RENEWAL AGENCY
 BOX 2315
 KETCHUM ID 83340

Customer No. 410
Project:
Terms: Due Upon Receipt
Invoice Due Date: 01/05/2024

Quantity	Description	Unit Price	Net Amount
1	SALARY & BENEFIT REIMBURSEMENT 11-18 TO 12-29-23	22,708.78	22,708.78

Please remit payment via:
<https://www.ketchumidaho.org/administration/page/online-payments>
 OR
 City of Ketchum
 PO Box 2315
 Ketchum, ID 83340

Amount	22,708.78
Balance Due	<u>22,708.78</u>

Report Criteria:
 Activity Activity code = 415003,417002

Employee Number	Name	Date	Reference Number	Task Number	Activity Code	Activity Description	Hours	Pay Code	Comments
ANCONA, BAILEE									
1502	ANCONA, BAILEE	12/12/2023	2	1	415003	URA ADMINISTRATION	1.50		
Total ANCONA, BAILEE:							1.50		
DONAT, TRENT									
1400	DONAT, TRENT	12/18/2023	2	14	415003	URA ADMINISTRATION	1.00		
Total DONAT, TRENT:							1.00		
FRICK, SUZANNE									
1700	FRICK, SUZANNE	11/18/2023	1	14	415003	URA ADMINISTRATION	4.00		
1700	FRICK, SUZANNE	11/19/2023	1	14	415003	URA ADMINISTRATION	4.50		
1700	FRICK, SUZANNE	11/20/2023	1	14	415003	URA ADMINISTRATION	5.00		
1700	FRICK, SUZANNE	11/22/2023	1	14	415003	URA ADMINISTRATION	1.00		
1700	FRICK, SUZANNE	11/24/2023	1	14	415003	URA ADMINISTRATION	1.00		
1700	FRICK, SUZANNE	11/26/2023	1	14	415003	URA ADMINISTRATION	2.00		
1700	FRICK, SUZANNE	12/26/2023	1	14	415003	URA ADMINISTRATION	4.00		
1700	FRICK, SUZANNE	12/27/2023	1	14	415003	URA ADMINISTRATION	3.00		
1700	FRICK, SUZANNE	12/28/2023	1	14	415003	URA ADMINISTRATION	4.00		
1700	FRICK, SUZANNE	12/29/2023	1	14	415003	URA ADMINISTRATION	2.00		
1700	FRICK, SUZANNE	12/18/2023	1	14	415003	URA ADMINISTRATION	8.50		
1700	FRICK, SUZANNE	12/19/2023	1	14	415003	URA ADMINISTRATION	3.00		
1700	FRICK, SUZANNE	12/20/2023	1	14	415003	URA ADMINISTRATION	4.00		
1700	FRICK, SUZANNE	12/21/2023	1	14	415003	URA ADMINISTRATION	4.00		
1700	FRICK, SUZANNE	12/22/2023	1	14	415003	URA ADMINISTRATION	2.00		
1700	FRICK, SUZANNE	12/23/2023	1	14	415003	URA ADMINISTRATION	2.00		
1700	FRICK, SUZANNE	12/11/2023	1	14	415003	URA ADMINISTRATION	5.00		
1700	FRICK, SUZANNE	12/12/2023	1	14	415003	URA ADMINISTRATION	4.00		
1700	FRICK, SUZANNE	12/13/2023	1	14	415003	URA ADMINISTRATION	5.00		
1700	FRICK, SUZANNE	12/14/2023	1	14	415003	URA ADMINISTRATION	4.00		
1700	FRICK, SUZANNE	12/15/2023	1	14	415003	URA ADMINISTRATION	3.00		
1700	FRICK, SUZANNE	12/17/2023	1	14	415003	URA ADMINISTRATION	2.00		
1700	FRICK, SUZANNE	12/04/2023	1	14	415003	URA ADMINISTRATION	3.00		
1700	FRICK, SUZANNE	12/05/2023	1	14	415003	URA ADMINISTRATION	8.00		
1700	FRICK, SUZANNE	12/06/2023	1	14	415003	URA ADMINISTRATION	3.00		
1700	FRICK, SUZANNE	12/07/2023	1	14	415003	URA ADMINISTRATION	2.50		

Timesheet Register - KURA
Report Dates: 11/18/2023 - 12/29/2023

City of Ketchum

Employee Number	Name	Date	Reference Number	Task Number	Activity Code	Activity Description	Hours	Pay Code	Comments
1700	FRICK, SUZANNE	12/08/2023	1	14	415003	URA ADMINISTRATION	3.00		
1700	FRICK, SUZANNE	12/10/2023	1	14	415003	URA ADMINISTRATION	2.00		
1700	FRICK, SUZANNE	11/27/2023	1	14	415003	URA ADMINISTRATION	8.00		
1700	FRICK, SUZANNE	11/28/2023	1	14	415003	URA ADMINISTRATION	4.00		
1700	FRICK, SUZANNE	11/29/2023	1	14	415003	URA ADMINISTRATION	4.00		
1700	FRICK, SUZANNE	11/30/2023	1	14	415003	URA ADMINISTRATION	3.00		
1700	FRICK, SUZANNE	12/01/2023	1	14	415003	URA ADMINISTRATION	2.00		
1700	FRICK, SUZANNE	12/03/2023	1	14	415003	URA ADMINISTRATION	2.00		
Total FRICK, SUZANNE:							121.50		
Grand Totals:							124.00		

Report Criteria:
Activity, Activity code = 415003, 417002

Employee	Rate w/benefits	Hours	Amount	Rate	Hours	February Financial Statement
Frick, Suzanne	185.92	121.5	22,589.58	185.92	121.5	22,589.58
Donat, Trent	67.65	1	67.65			
Ancona, Bailee	51.55	1	51.55			
Gallagher, Shellie	64.96	0	-			
Total			22,708.78			
			123.50			

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
NON-DEPARTMENTAL					
PERSONAL SERVICES:					
01-4193-1000 SALARIES	.00	15,860.00	70,980.00	55,120.00	22.3
01-4193-2100 FICA TAXES-CITY	.00	1,213.31	5,429.97	4,216.66	22.3
01-4193-2200 STATE RETIREMENT-CITY	.00	1,773.14	7,935.56	6,162.42	22.3
01-4193-2400 WORKMEN'S COMPENSATION-CITY	.00	17.18	.00	(17.18)	.0
01-4193-2500 HEALTH INSURANCE-CITY	.00	3,649.00	20,472.00	16,823.00	17.8
01-4193-2510 DENTAL INSURANCE-CITY	.00	76.95	563.00	486.05	13.7
01-4193-2600 LONG TERM DISABILITY	.00	.00	312.00	312.00	.0
TOTAL PERSONAL SERVICES	.00	22,589.58	105,692.53	83,102.95	21.4



CITY OF KETCHUM
CHECK REQUEST

Date: 1-4-24

Vendor: Jenny Emery Davidson

Vendor Mailing Address: The Community Library Association Inc
PO Box 2168, Ketchum ID. 83340

Service Provided:

2023 Reimbursement per Reimbursement Agreement 50023 for 4th Street Sidewalk

Dollar Amount Requested: \$50,000

Person Requesting:

Suzanne Frick

Approved by:

GL Code: 98-4410-7104

A completed W-9 will need to be received by Accounts Payable prior to releasing a check over \$600

251 E. Front Street, Suite 300
Boise, Idaho 83702
Tax ID No. 82-0451327
Telephone 208-343-5454
Fax 208-384-5844



November 30, 2023

Ketchum Urban Renewal Agency
Attn: Suzanne Frick
Executive Director
PO Box 2315
Ketchum, ID 83340

Invoice No. 205572
Client No. 8962
Matter No. 1
Billing Attorney: MSC

INVOICE SUMMARY

For Professional Services Rendered from November 10, 2023 through November 30, 2023.

RE: General Representation

Total Professional Services	\$ 719.00
Total Costs Advanced	<u>\$ 9.00</u>
TOTAL THIS INVOICE	\$ 728.00

ELAM & BURKE

November 30, 2023
 Invoice No. 205572
 Client No. 8962
 Matter No. 1
 Billing Attorney: MSC

PROFESSIONAL SERVICES

Date	Atty	Description	Hours
11/10/23	RPA	Review Board packet for upcoming Board meeting.	.70
11/13/23	ARG	Attend joint City and KURA meeting for discussion on City projects and KURA contributions.	.60
11/13/23	RPA	[NO CHARGE] Attend that portion of the Board meeting for general items.	.50
11/13/23	RPA	Attend special meeting between the KURA Board and City Council to address Main Street project and funding by KURA.	1.00
11/14/23	RPA	Follow up on funding by KURA for the Main Street project and reimbursement agreement.	.10
11/15/23	RPA	Attend work session via Teams with Suzanne Frick and Abbey Germaine concerning reimbursement agreement between City and Agency for the Main Street project.	.50

TOTAL PROFESSIONAL SERVICES \$ 719.00

SUMMARY OF PROFESSIONAL SERVICES

Name	Staff Level	Rate	Billed Hours	Billed Amount	Non-Chargeable Hours	Non-Chargeable Amount
Armbruster, Ryan P.	Of Counsel	250.00	2.30	575.00	.50	125.00
Germaine, Abbey R.	Of Counsel	240.00	.60	144.00	.00	.00
Total			2.90	\$ 719.00	.50	\$ 125.00

COSTS ADVANCED

Description	Amount
Copies	2.25
Color Copies	6.75

ELAM & BURKE

November 30, 2023

Invoice No. 205572
Client No. 8962
Matter No. 1
Billing Attorney: MSC

TOTAL COSTS ADVANCED

\$ 9.00

TOTAL THIS INVOICE

\$ 728.00

251 E. Front Street, Suite 300
Boise, Idaho 83702
Tax ID No. 82-0451327
Telephone 208-343-5454
Fax 208-384-5844



November 30, 2023

Ketchum Urban Renewal Agency
Attn: Suzanne Frick
Executive Director
PO Box 2315
Ketchum, ID 83340

Invoice No. 205572
Client No. 8962
Matter No. 1
Billing Attorney: MSC

REMITTANCE

RE: General Representation

BALANCE DUE THIS INVOICE

\$ 728.00

ONLINE PAYMENTS

Elam & Burke is committed to offering safe, secure, and convenient options to pay your bill using Visa, MasterCard, Discover, American Express, Apple Pay, Google Pay, and eCheck.
NOTE: A 3% convenience surcharge will be applied to all of these transactions.

To pay online, please click here: [Pay Now](#) or go to: www.elamburke.com/payments

WIRE/ACH PAYMENTS IN USD

Account Holder: Elam & Burke, PA
Bank Name: U.S. Bank
Branch Name: Meridian CenterPoint Office
Account Number: 82982196
ABA Routing Number: 122105155
SWIFT Code: USBKUS44IMT

CHECK PAYMENTS

All checks should be made payable to:
Elam & Burke, PA
ATTN: Accounts Receivable
251 E. Front Street, Suite 300
Boise, ID 83702
(Please return this advice with payment.)

Please reference: Invoice 205572, File # 8962 - 1 on all payments.

INVOICES ARE PAYABLE UPON RECEIPT
Thank you! Your business is greatly appreciated.

251 E. Front Street, Suite 300
Boise, Idaho 83702
Tax ID No. 82-0451327
Telephone 208-343-5454
Fax 208-384-5844



November 30, 2023

Ketchum Urban Renewal Agency
Attn: Suzanne Frick
Executive Director
PO Box 2315
Ketchum, ID 83340

Invoice No. 205573
Client No. 8962
Matter No. 3
Billing Attorney: MSC

INVOICE SUMMARY

For Professional Services Rendered from November 1, 2023 through November 30, 2023.

RE: 1st and Washington Project

Total Professional Services	\$ 7,027.00
Total Costs Advanced	<u>\$ 64.50</u>
TOTAL THIS INVOICE	\$ 7,091.50

ELAM & BURKE

November 30, 2023
Invoice No. 205573
Client No. 8962
Matter No. 3
Billing Attorney: MSC

PROFESSIONAL SERVICES

Date	Atty	Description	Hours
11/01/23	ARG	Attend check-in meeting with Suzanne Frick to discuss changes to DDA and ground lease. Revise DDA and ground lease based on discussion with Suzanne Frick.	1.90
11/01/23	RPA	Review emails re draft pro forma and material to distribute to the Board. Review emails on the status of the DDA and ground lease. Attend work session via Teams with Suzanne Frick and Abbey Germaine re the current drafts of the DDA and ground lease. Outline outstanding issues. Follow up on revised drafts of the DDA and ground lease. Review executive summary and status of distribution in total versus attorney-client privilege.	2.50
11/02/23	ARG	Review and revise DDA and ground lease based on revisions provided by Frank Lee. Telephone call with Frank Lee regarding same. Revise executive summary based on new revisions to DDA and ground lease.	2.10
11/02/23	RPA	Review information from Frank Lee on HUD and Fannie Mae financing. Review updated drafts of ground lease and DDA. Review emails concerning the pro forma for the project and financial implications.	1.50
11/03/23	ARG	Review and respond to email correspondence from Mark Edlen regarding pro forma needed for Board review. Telephone call with Gary Lipton regarding certain aspects of the project.	.70
11/03/23	RPA	Review Board meeting documents including memo summarizing the ground lease and DDA, along with the executive summary. Review emails re the revised pro forma to be distributed to the Board.	1.00
11/06/23	ARG	Prepare for Board meeting to provide executive summary of DDA and ground lease. Attend Board meeting to discuss Board direction on DDA and ground lease. Outline issues and next steps for terms of DDA.	2.10
11/06/23	RPA	Consider challenges of the financing aspects of the project. Review pro formas and confidentiality. Address selection of lender's counsel for provisions in the ground lease and the rights of the Agency. Prepare for and attend special meeting of the Board.	2.00
11/07/23	ARG	Prepare third amendment to ANE to extend negotiation period. Draft resolution to approve third amendment. Provide both documents to Suzanne Frick and review email correspondence regarding same.	1.40

ELAM & BURKE

November 30, 2023

Invoice No. 205573

Client No. 8962

Matter No. 3

Billing Attorney: MSC

11/07/23	RPA	Review emails on amendment to the ANE and approval resolution. Consider financing options. Prepare email on possible executive session. Review and respond to email re staff report on funding and options for participation. Consider confidential memo for distribution to the Board prior to the Board meeting. Consider scheduling an executive session to review confidential memo.	1.50
11/08/23	RPA	Consider executive session logistics. Draft confidential memo for guidance to the Board in preparation for the special Board meeting. Address content of staff report for the Board meeting.	1.50
11/09/23	RPA	Review and comment on the draft staff report for the Board meeting. Continue to revise the confidential memo for the Board meeting. Address information for the Board meeting and outstanding issues for the DDA and ground lease. Consider pro formas and confidentiality issues. Determine not to convene executive session.	2.00
11/10/23	RPA	Review staff report and other Board information for the upcoming Board meeting to consider participation with the developer. Review confidential memo on legal issues.	.80
11/13/23	ARG	Attend Board meeting to receive Board direction on willingness to fund certain aspects of project. Review possible funding options and strategies.	1.20
11/13/23	RPA	Review updated documents and pro formas. Prepare for and attend that portion of the KURA Board meeting to consider KURA participation with the developer for the 1st and Washington housing project.	1.50
11/14/23	ARG	Review and respond to email correspondence from Suzanne Frick on follow up from Board meeting and direction on DDA and ground lease.	.20
11/15/23	ARG	Teams meeting with Suzanne Frick to discuss next steps on 1st and Washington and items for consideration by Board.	.50
11/15/23	RPA	Attend work session via Teams meeting with Suzanne Frick and Abbey Germaine re next steps for DDA and ground lease. Outline schedule and approval process.	.50
11/16/23	RPA	Meet with attorney representing Zions to consider content of DDA and ground lease acceptable to lender. Summarize meeting for Abbey Germaine.	.50
11/21/23	ARG	Review and revise DDA and ground lease based on Board direction from Board meeting. Send same to Suzanne Frick for review and comment.	1.80
11/27/23	RPA	Provide comments on revised DDA and ground lease.	1.00
11/29/23	ARG	Prepare for meeting with Suzanne Frick. Attend meeting with Suzanne Frick on DDA and ground lease revisions.	.40

ELAM & BURKE

November 30, 2023
Invoice No. 205573
Client No. 8962
Matter No. 3
Billing Attorney: MSC

11/29/23	RPA	(NO CHARGE)	Review and comment on proposed changes to the DDA and ground lease. Outline next steps.	.60
11/30/23	RPA	(NO CHARGE)	Review email concerning lender's comments on the DDA and ground lease. Address next steps.	.30

TOTAL PROFESSIONAL SERVICES **\$ 7,027.00**

SUMMARY OF PROFESSIONAL SERVICES

Name	Staff Level	Rate	Billed Hours	Billed Amount	Non-Chargeable Hours	Non-Chargeable Amount
Armbruster, Ryan P.	Of Counsel	250.00	16.30	4,075.00	.90	225.00
Germaine, Abbey R.	Of Counsel	240.00	12.30	2,952.00	.00	.00
Total			28.60	\$ 7,027.00	.90	\$ 225.00

COSTS ADVANCED

Description	Amount
Copies	15.75
Color Copies	48.75

TOTAL COSTS ADVANCED **\$ 64.50**

TOTAL THIS INVOICE **\$ 7,091.50**

251 E. Front Street, Suite 300
Boise, Idaho 83702
Tax ID No. 82-0451327
Telephone 208-343-5454
Fax 208-384-5844



November 30, 2023

Ketchum Urban Renewal Agency
Attn: Suzanne Frick
Executive Director
PO Box 2315
Ketchum, ID 83340

Invoice No. 205573
Client No. 8962
Matter No. 3
Billing Attorney: MSC

REMITTANCE

RE: 1st and Washington Project

BALANCE DUE THIS INVOICE

\$ 7,091.50

ONLINE PAYMENTS

Elam & Burke is committed to offering safe, secure, and convenient options to pay your bill using Visa, MasterCard, Discover, American Express, Apple Pay, Google Pay, and eCheck.
NOTE: A 3% convenience surcharge will be applied to all of these transactions.

To pay online, please click here: [Pay Now](#) or go to: www.elamburke.com/payments

WIRE/ACH PAYMENTS IN USD

Account Holder: Elam & Burke, PA
Bank Name: U.S. Bank
Branch Name: Meridian CenterPoint Office
Account Number: 82982196
ABA Routing Number: 122105155
SWIFT Code: USBKUS44IMT

CHECK PAYMENTS

All checks should be made payable to:
Elam & Burke, PA
ATTN: Accounts Receivable
251 E. Front Street, Suite 300
Boise, ID 83702
(Please return this advice with payment.)

Please reference: Invoice 205573, File # 8962 - 3 on all payments.

INVOICES ARE PAYABLE UPON RECEIPT
Thank you! Your business is greatly appreciated.

Sun Valley Economic Development, Inc.
 PO Box 3893
 Ketchum, ID 83340 US
 (208)720-7779
 Harry@sunvalleyeconomy.org
 www.sunvalleyeconomy.org

Invoice



**SUN VALLEY
 ECONOMIC
 DEVELOPMENT**

BILL TO
 Shellie Gallagher
 Ketchum Urban Renewal Agency
 City of Ketchum

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
1540	01/01/2024	\$2,250.00	01/31/2024	Net 30	

ACTIVITY	QTY	RATE	AMOUNT
Public Sector - KURA Quarterly Contract for Service	1	2,250.00	2,250.00
Thank you for your support.	BALANCE DUE		\$2,250.00

Workman & Company -AR Account

Office of Accounting
 2190 Village Park Ave, Ste 300
 PO Box 2367
 Twin Falls, ID 83303-2367

Statement

Date
12/31/2023

To:
KETCHUM URBAN RENEWAL AGENCY PO BOX 2315 KETCHUM, ID 83340

Terms	Amount Due	Amount Enc.
Net 10	\$2,090.00	

Date	Transaction	Amount	Balance												
11/30/2023	Balance forward		0.00												
12/27/2023	INV #019497. Due 01/06/2024. --- Audited Financial Statements \$2,090.00	2,090.00	2,090.00												
<table border="1"> <thead> <tr> <th>CURRENT</th> <th>1-30 DAYS PAST DUE</th> <th>31-60 DAYS PAST DUE</th> <th>61-90 DAYS PAST DUE</th> <th>OVER 90 DAYS PAST DUE</th> <th>Amount Due</th> </tr> </thead> <tbody> <tr> <td>2,090.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>\$2,090.00</td> </tr> </tbody> </table>				CURRENT	1-30 DAYS PAST DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	Amount Due	2,090.00	0.00	0.00	0.00	0.00	\$2,090.00
CURRENT	1-30 DAYS PAST DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	Amount Due										
2,090.00	0.00	0.00	0.00	0.00	\$2,090.00										

Phone #	Fax #
(208)733-1161	(208)733-6100

BRADY WORKMAN, CPA TWIN FALLS, ID



Meeting Minutes

Monday December 18, 2023,

2:00pm

Ketchum City Hall

CALL TO ORDER:

Board Chair Susan Scovell called the meeting to order at 2:00pm. (00:00:27 in video)

ROLL CALL:

Present:

- Board Chair – Susan Scovell
- Board Member Gary Lipton
- Board Member Jim Slanetz
- Board Member Amanda Breen

Absent:

- Board Member Casey Burke
- Board Member Tyler Davis-Jeffers

Other attendees:

- Suzanne Frick, KURA Executive Director
- Trent Donat, City Clerk and KURA Secretary
- Abbey Germain, KURA Counsel (via teleconference)
- Ryan Armbruster, KURA Counsel (via teleconference)
- Mark Edlen, Wood River Community Housing Trust (via teleconference)
- Frank Lee, Representing Wood River Community Housing Trust (via teleconference)
- Tim Wolff, Wood River Community Housing Trust (via teleconference)
- Steve Shafran, Wood River Community Housing Trust

COMMUNICATION FROM THE BOARD MEMBERS:

- Amanda Breen thanked Jim Slanetz for his service on the KURA as it is his last meeting. Other commissioners joined her in thanking him. (00:00:42 in video)
- Gary Lipton commented on the upcoming City Council packet agenda regarding reimbursement for site excavation for Bluebird. His opinion suggested the City of Ketchum was not transparent with the KURA regarding the funds. (00:01:34 in video)

CONSENT CALENDAR: ALL ACTION ITEMS (00:06:48 in video)

1. Approval of the November 13, 2023, Special Meeting Minutes, and the November 13, 2023 Special KURA and KCC Joint meeting minutes. (00:01:08 in video)

Motion to approve the November 13, 2023, Special Meeting Minutes.
(00:06:58 in video)

Motion made by Amanda Breen; seconded by Jim Slanetz

Ayes: Gary Lipton, Jim Slanetz, Amanda Breen, Susan Scovell

Nays: None



Motion to approve the November 13, 2023, KURA and Ketchum City Council Joint Meeting Minutes. (00:07:28 in video)

Motion made by Jim Slanetz; seconded by Susan Scovell

Ayes: Gary Lipton, Jim Slanetz, Amanda Breen, Susan Scovell

Nays: None

2. Approval of the Bills.

Motion to move approval of the bills. (00:07:57 in video)

Motion made by Amanda Breen; seconded by Gary Lipton

Ayes: Gary Lipton, Jim Slanetz, Amanda Breen, Susan Scovell

Nays: None

DISCUSSION ITEMS:

3. Recommendation to Approve Resolution 23-URA09 Establishing KURA Meetings for 2024.

Motion to approve the KURA meeting dates for 2024. (00:08:46 in video)

Motion made by Susan Scovell; seconded by Gary Lipton

Ayes: Gary Lipton, Jim Slanetz, Amanda Breen, Susan Scovell

Nays: None

4. Review Discussion and Direction on Draft Development and Disposition Agreement and Ground Lease for First and Washington.

Presented by: Suzanne Frick (00:08:59 in video)

Joined by: Ryan Armbruster (00:11:37 in video)

Joined by: Abbey Germaine (00:13:13 in video)

Comments, questions, and discussion by Board Members, KURA Counsel and Development Team. (00:16:51 in video)

ADJOURNMENT:

Motion to adjourn 2:59pm. (00:57:55 in video)

Motion made by Amanda Breen; seconded by Jim Slanetz

Ayes: Gary Lipton, Jim Slanetz, Amanda Breen, Susan Scovell

Nays: None



Susan Scovell, Board Chair

ATTEST:

Trent Donat, KURA Secretary



Ketchum Urban Renewal Agency

P.O. Box 2315 | 191 5th Street | Ketchum, ID 83340

January 16, 2024

Chair and Commissioners
Ketchum Urban Renewal Agency
Ketchum, Idaho

RECOMMENDATION TO APPROVE PAYMENT TO HOLLAND AND HART

Introduction/History

As part of the on-going preparation and negotiations of the Deposition and Development Agreement (DDA) and Ground Lease for First and Washington, both the development team and KURA staff felt it was important to obtain preliminary input on the documents from the legal team of a potential lender. This effort would identify any key issues in the documents that may prevent a lender from funding the project.

The review is complete and lender comments have been incorporated into the two documents. Wood River Community Housing Trust representatives managed the review with assistance of KURA staff. Wood River Community Housing Trust is requesting the KURA pay half the cost for the legal review.

Staff supports this request because the review was beneficial in ensuring the documents did not contain any provisions preventing the project from obtaining financing. The amount requested from KURA is \$1,479.25.

Financial Requirement/Impact

There are sufficient funds available for this expenditure.

Recommendation and Motion

“I move to approve payment to Holland and Hart in the amount of \$1,479.25.”

December 29, 2023

Zions Bancorporation, N.A. dba Zions First National Bank Wes Jost Senior Vice President Real Estate Banking Group Wesley.Jost@zionsbank.com 800 W. Main St. Ste. 700 Boise, ID 83702	Invoice No. H&H Ref. No. Client No. Attorney:	2138800 4199625 17173 HSVaughn
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Regarding: Matter No. 0224 - WRCHT Document Review

Invoice Summary

Current fees	\$2,958.50
Current charges this invoice	\$2,958.50

ACH / Wire Instructions – Please Remit in US Dollars

UMB Bank, N.A.
 1670 Broadway, Denver, CO 80202
 ABA# 101000695
 Holland & Hart Operating Account
 Acct # 6971172602
 Swift Code UMKCUS44
 Please include invoice #2138800 on payment.

Holland & Hart LLP

17173 Zions Bancorporation, N.A. dba Zions Fir	Invoice No. H&H Ref. No.	2138800 4199625
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For professional services rendered through November 30, 2023

Itemized Fees

Description of Work	Date	Tkpr	Hours
Correspondence with client regarding documents for review;	11/08/23	HSV	0.20
Review Disposition and Development Agreement for 1st & Washington Project;	11/15/23	HSV	1.20
Continue reviewing forms of Disposition and Development Agreement and Ground Lease;	11/22/23	HSV	0.40
Finish reviewing Disposition and Development Agreement, including addenda and anticipated timeline for documents and project development; review Ground Lease and mortgagee protection provisions in sample HUD lease addenda;	11/27/23	HSV	1.30
Finish reviewing Ground Lease; outline potential lender concerns under draft documents; conference with client regarding proposed documents and lender concerns; draft analysis of same;	11/28/23	HSV	2.20
Finish drafting analysis of Disposition and Development Agreement and Ground Lease to client and WRCHT; correspondence with client and potential borrower providing same; conference with counsel for WRCHT regarding same; follow-up correspondence with client and WRCHT confirming discussion;	11/29/23	HSV	0.80
Total Current Fees:			\$2,958.50

Timekeeper Summary

Timekeeper	Tkpr ID	Rate	Hours	Amount
HSV Vaughn	5258	485.00	6.10	2,958.50
			6.10	\$2,958.50

December 29, 2023

Zions Bancorporation, N.A. dba Zions First National Bank Wes Jost Senior Vice President Real Estate Banking Group Wesley.Jost@zionsbank.com 800 W. Main St. Ste. 700 Boise, ID 83702	Invoice No. H&H Ref. No. Client No. Attorney:	2138800 4199625 17173 HSVaughn
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Regarding: Matter No. 0224 - WRCHT Document Review**Invoice Summary**

Current fees	\$2,958.50
Current charges this invoice	\$2,958.50

Thank you for your prompt payment. Questions regarding this invoice should be directed to the attorney responsible for your account, or Kelby Busmann, Billing Specialist in our Boise office, at (208) 383-5101 or KMBusmann@hollandhart.com.

Due On Receipt

Please return this page with your remittance.



Ketchum Urban Renewal Agency

P.O. Box 2315 | 191 5th Street | Ketchum, ID 83340

January 16, 2024

Chair and Commissioners
Ketchum Urban Renewal Agency
Ketchum, Idaho

RECOMMENDATION TO APPROVE FY23 FINANCIAL STATEMENT

Introduction/History

Each year the KURA contracts with Workman and Company to prepare the fiscal year financial statement and audit. Attached is the material prepared for FY23. A representative from Workman Company will present the material to the Board for approval.

Recommendation and Motion

Staff recommends the Board approve the following motion:

“I move to approve the FY23 Financial Statement and direct the Executive Director to file the FY23 Financial Statement with the appropriate entities including the State Controller and the trustees for the Agency Bonds.”

Attachment: FY23 Financial Statement

KETCHUM URBAN RENEWAL AGENCY

KETCHUM, IDAHO

**Financial Statements
at September 30, 2023**

**KETCHUM URBAN RENEWAL AGENCY
KETCHUM, IDAHO**

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2190 Village Park Avenue, Suite 300 • Twin Falls, ID 83301 • 208.733.1161 • Fax: 208.733.6100

INDEPENDENT AUDITOR'S REPORT

November 14, 2023

To the Board of Commissioners
Ketchum Urban Renewal Agency
Ketchum, Idaho

Opinions

We have audited the accompanying financial statements of the governmental activities of the Ketchum Urban Renewal Agency, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Ketchum Urban Renewal Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Ketchum Urban Renewal Agency, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ketchum Urban Renewal Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ketchum Urban Renewal Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

Report Continued—

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ketchum Urban Renewal Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ketchum Urban Renewal Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planning scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 14 be presented to supplement the basic financial statements. Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ketchum Urban Renewal Agency's basic financial statements. The schedule of long-term debt payments on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of long-term debt payments is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of long-term debt is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023, on our consideration of the Ketchum Urban Renewal Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Workman & Company

Certified Public Accountants
Twin Falls, Idaho

KETCHUM URBAN RENEWAL AGENCY
Statement of Net Position
at September 30, 2023

	<u>Total Primary Government</u>	<u>Total Reporting Entity</u>
<u>ASSETS</u>		
Cash and Deposits	\$ 4,795,297	\$ 4,795,297
Accounts and Property Tax Receivable	23,706	23,706
Total	<u>4,819,003</u>	<u>4,819,003</u>
Capital Assets:		
Land, Buildings and Improvements	4,729,682	4,729,682
Fourth Street Corridor Improvements	1,000,000	1,000,000
Total	<u>5,729,682</u>	<u>5,729,682</u>
Less Accumulated Depreciation	(97,803)	(97,803)
Total Capital Assets	<u>5,631,879</u>	<u>5,631,879</u>
Total Assets	<u>10,450,882</u>	<u>10,450,882</u>
<u>LIABILITIES</u>		
Accrued Interest Payable	2,507	2,507
Long-term Liabilities:		
Portion due or payable within one year:		
Bonds Payable	481,014	481,014
Portion due or payable after one year:		
Bonds Payable	3,056,124	3,056,124
Unamortized Pre-Issuance Bond Costs	(30,847)	(30,847)
Total Liabilities	<u>3,508,798</u>	<u>3,508,798</u>
<u>NET POSITION</u>		
Invested in Capital Assets - net of related debt	0	0
Restricted For:		
Capital Projects	0	0
Debt Service	0	0
Affordable Housing	195,514	195,514
Unrestricted	<u>6,746,570</u>	<u>6,746,570</u>
Total Net Position	<u>\$ 6,942,084</u>	<u>\$ 6,942,084</u>

The accompanying notes are a part of these financial statements.

KETCHUM URBAN RENEWAL AGENCY
Statement of Activities
For the Year Ended September 30, 2023

Activities:	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
	Expenses	Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Total
Governmental:					
General Government	\$ 351,603	\$ 36,000	\$ 0	\$ (315,603)	\$ (315,603)
Contributions to City of Ketchum	53,175			(53,175)	(53,175)
Total Governmental Activities	404,778	36,000	0	(368,778)	(368,778)
General Revenues:					
Property Taxes				2,190,299	2,190,299
Penalty and Interest on Taxes				6,908	6,908
Refunds and Reimbursements				18,579	18,579
Interest				180,567	180,567
Total general revenues and transfers				2,396,353	2,396,353
Changes in net position				2,027,575	2,027,575
Net Position - Beginning				4,914,509	4,914,509
Net Position - Ending				\$ 6,942,084	\$ 6,942,084

The accompanying notes are a part of these financial statements.

KETCHUM URBAN RENEWAL AGENCY
Balance Sheet
Governmental Funds
at September 30, 2023

	Total Governmental Funds
ASSETS:	
Cash and Cash Equivalents	\$ 4,795,297
Taxes Receivable	22,656
Due From Other Sources	<u>1,094</u>
Total Assets	<u>\$ 4,819,047</u>
LIABILITIES:	
Accounts and Accrued Payables	\$ <u>0</u>
Total Liabilities	<u>0</u>
FUND BALANCE:	
Non-spendable	0
Restricted	0
Committed	0
Assigned	4,819,047
Unassigned	<u>0</u>
Total Fund Balance	<u>4,819,047</u>
Total Liabilities and Fund Balance	4,819,047

Amounts reported for governmental activities in the Statement of Net Position (page 3) are different because:

Government fund capital assets are not financial resources and therefore are not reported in the funds. The costs of assets is \$ 5,729,412 and the accumulated depreciation is \$ 97,803	5,631,879
Bond discounts and pre-issuance costs are not financial resources and therefore are not reported in the funds.	30,847
Long-term liabilities, including bonds, compensated absences and loans are not payable in the current period and therefore are not reported in the governmental funds	<u>(3,539,689)</u>
Net Position of Governmental Funds	<u>\$ 6,942,084</u>

The accompanying notes are a part of these financial statements.

KETCHUM URBAN RENEWAL AGENCY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
for the year ended September 30, 2023

	<u>Total Governmental Funds</u>
REVENUE:	
Tax Levy Revenue	\$ 2,197,207
Rent Revenue	36,000
Refunds and Reimbursements	18,579
Interest Income	<u>180,567</u>
Total Revenue	<u>2,432,353</u>
EXPENDITURES:	
Office Expense	24
Professional Fees	118,300
Advertising and Publications	0
Insurance	2,969
Administration	40,995
Repairs	0
Reimburse Ketchum City - General	53,175
Reimburse Ketchum City - In Lieu Housing	0
Capital Projects	641,527
Debt service	<u>541,956</u>
Total Expenditures	<u>1,398,946</u>
EXCESS REVENUE (EXPENDITURES)	1,033,407
FUND BALANCE - BEGINNING	<u>3,785,640</u>
FUND BALANCE - ENDING	<u>\$ 4,819,047</u>

The accompanying notes are a part of these financial statements.

KETCHUM URBAN RENEWAL AGENCY
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
for the year ended September 30, 2023

Net Change in Fund Balance - Total Governmental Funds (Page 6)	\$ 1,033,407
<p>Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.</p>	
This is the amount of current year depreciaton.	(38,437)
This is the amount of current year amortization.	(4,121)
This is the amount of new Governmental Fund assets.	563,800
<p>Long term liabilities are not recorded in the Governmental funds.</p>	
This is the change in accrued interest on the outstanding debt.	341
This is the amount of current year payments of long term debt	<u>472,585</u>
Change in Net Position of Governmental Activities (Page 4)	\$ <u><u>2,027,575</u></u>

The accompanying notes are a part of these financial statements.

**KETCHUM URBAN RENEWAL AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The Ketchum Urban Renewal Agency (the Agency) was created for the purpose of redeveloping and rehabilitating certain deteriorating areas in the City of Ketchum, Idaho, and was established by a resolution from the Ketchum City Council dated April 3, 2006. The Agency is authorized under provisions of the Idaho Urban Renewal Law of 1965 (Chapter 20, Title 50, Idaho Code).

The Agency is a component unit, as defined by generally accepted accounting principles, of the City of Ketchum, Idaho, because of its operational and financial responsibility with the City. The City of Ketchum appoints the governing body of the Agency.

The financial statements of the Ketchum Urban Renewal Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net position) report information on all of the non-fiduciary activities of the Agency.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to patrons who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Agency's activities and general administrative services are classified as governmental activities. The Agency has no business-type activities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Agency receives cash.

The Agency reports the following major governmental funds:

- The *General Fund* is the Agency's primary operating fund. It accounts for all financial resources of the Agency.

**KETCHUM URBAN RENEWAL AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Continued—

Budgetary Policy

The Agency prepares a budget for its general fund operations. The statement of revenues and expenditures and changes in fund balances and actual-general fund presents comparison of the legally adopted budget with the actual data on a budgetary basis.

Under Idaho Code, the Agency's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, except as allowed by the Code for certain events.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Agency because it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Capital Assets

Capital Assets, which include land, building and improvements, and furniture and equipment, are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

The Agency's capital assets are being depreciated using the straight-line method over their useful lives.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Entity Classifications

- A. City-Wide Financial Statements – The Agency reports net assets in three categories – invested in capital assets, restricted and unrestricted.
- B. Fund Financial Statements – The Agency has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) which defines how fund balances of the governmental funds are presented in the financial statements. There are five classifications of fund balances as presented below:

**KETCHUM URBAN RENEWAL AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Continued—

Non-spendable – These funds are not available for expenditures based on legal or contractual requirements. In this category, one would see inventory, long-term receivables, unless proceeds are restricted, committed, or assigned and legally or contractually required to be maintained intact (corpus or a permanent fund).

Restricted – These funds are governed by externally enforceable restrictions. In this category, one would see restricted purpose grant funds, debt service or capital projects.

Committed – Fund balances in this category are limited by the governments' highest level of decision making. Any changes of designation must be done in the same manner that it was implemented and should occur prior to end of the fiscal year, though the exact amount may be determined subsequently.

Assigned – These funds are intended to be used for specific purposes, intent is expressed by; governing body or an official delegated by the governing body.

Unassigned – This classification is the default for all funds that do not fit into the other categories. This, however, should not be a negative number for the general fund. If it is, the assigned fund balance must be adjusted.

Order of Use of Fund Balance – The Agency's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined.

2. PROPERTY TAXES

Property taxes are billed and collected within the same period in which the taxes are levied. The Agency does not levy property taxes; however, it is entitled to the taxes levied on the increase in assessed valuation of real and personal property within its jurisdiction that occur after January 1, 2006.

In accordance with Idaho law, property taxes are levied in September for each calendar year. All personal taxes and one-half of real property taxes are due by December 20. The second half of the real property taxes is due by June 20. Tax levies on such assessed values are certified to the County prior to the commencement of the fiscal year.

Taxes are collected by Blaine County and remitted to the Agency primarily in January and July of the fiscal year. The Agency defers recognition of property taxes assessed but not collected within 60 days of the fiscal year-end. Such amounts have been recognized as revenues as they are deemed immaterial to the financial statements taken as a whole.

3. CASH AND DEPOSITS

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Agency has no deposit policy for custodial credit risk. At year end, \$ 250,000 of the Agency's bank balance was not exposed to custodial credit risk because it was insured by the FDIC and \$ 0 of deposits were exposed to custodial credit risk.

**KETCHUM URBAN RENEWAL AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Continued—

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the Agency held the following investments:

Investment Type

Idaho State Local Government Investment Pool \$ 4,723,489.

These investments are unrated external investment pools sponsored by the Idaho State Treasurer's Office. They are classified as "Investments in an External Investment Pool" and are exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The elected Idaho State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the Agency voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body - oversight is with the State Treasurer, and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name. And the fair value of the Agency's position in the external investment pool is the same as the value of the pool shares.

Credit Risk: The Agency's policy is to comply with Idaho State statutes which authorize the Agency to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

Interest rate risk and concentration of credit risk: The Agency has no policy regarding these two investment risk categories.

The Agency maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is presented on the combined balance sheet as "Cash and Deposits."

Cash and Deposits are comprised of the following at the financial statement date:

Cash on Hand	\$ 0
Deposits with financial institutions:	
Demand deposits	71,808
State of Idaho Investment Pool	<u>4,723,489</u>
Total	<u>\$4,795,297</u>

4. RESTRICTED ASSETS

In fiscal year ended September 30, 2006, the URA purchased real property formerly known as the Dollhouse located at 211 First Street in Ketchum for the sum of \$2.25 million. The down payment for the purchase of this property of \$707,914 was obtained by the URA as a transfer from the City of Ketchum's restricted In Lieu Affordable Housing Fund. Since that time, the City of Ketchum's restricted In Lieu Affordable Housing Fund has transferred to the URA an additional \$147,916 to pay interest on the debt associated with this property as well as to make necessary property repairs.

**KETCHUM URBAN RENEWAL AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Continued -

In fiscal year ended September 30, 2008, the URA purchased real property formerly known as the Mountain West Bank building located at Sun Valley Rd. and East Ave. in Ketchum for the sum of \$3.2 million. The down payment for the purchase of the Mountain West Bank building property of \$640,000 was obtained by the URA as a transfer from the City of Ketchum's restricted In Lieu Affordable Housing Fund.

On April 12, 2011, \$640,000 of restricted fund value was transferred to the 1st & Washington property from the Mountain West Bank Building, leaving no further restriction on the value of the Mountain West Bank Building. In 2018 the Agency donated the Mountain West property to the City of Ketchum.

The Agency and the City entered into a memorandum of understanding (MOU) to pay back the City of Ketchum \$1,460,000 over the next several years as funds are available. This amount is not accrued in the Agency's records but will be expensed when paid. Prior to this year the Agency has paid the City of Ketchum \$1,264,486 in cash and investments in affordable housing, leaving the restricted amount at \$ 195,514.

5. GENERAL FIXED ASSETS

Capital asset activity for the year ended September 30, 2023, is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
<i>Capital Assets not being depreciated:</i>				
Land - First & Washington	\$ 2,294,746	\$	\$	\$ 2,294,746
1st & Washington	1,474,000			1,474,000
Fourth Street Corridor Improvements	1,000,000			1,000,000
Total	<u>4,768,746</u>	<u>0</u>	<u>0</u>	<u>4,768,746</u>
<i>Capital Assets being depreciated:</i>				
Infrastructure	397,136	563,800		960,936
Total	<u>397,136</u>	<u>563,800</u>	<u>0</u>	<u>960,936</u>
Less: Accumulated Depreciation:	59,366	38,437		97,803
Total Net Depreciated Assets	<u>337,770</u>	<u>525,363</u>	<u>0</u>	<u>863,133</u>
Governmental capital assets, net	<u>\$ 5,106,516</u>	<u>\$ 525,363</u>	<u>\$ 0</u>	<u>\$ 5,631,879</u>

**KETCHUM URBAN RENEWAL AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Continued—

6. LONG-TERM DEBT

On August 19, 2010, the Agency sold \$ 6,440,000 of Revenue Allocation (Tax Increment) Refinancing Bonds, Series 2010. The proceeds from this bond issuance paid three notes held previously in the Agency. The bond servicing agent is U.S. Bank N.A. A summary of future payments of principal and interest follows the notes to these financial statements. The bond ordinance created restricted cash for a reserve in the amount of \$ 549,717 for payments of principal and interest in the event of default by the agency. During the year ended September 30, 2021, the Agency refunded these bonds with new Tax Increment Refunding Bonds, Series 2021. The restricted cash was used to pay down the original bond series 2010.

Long-term debt on September 30, 2023, is as follows:

	<u>Interest Rate</u>	<u>Fiscal Year</u>	<u>Balance</u>
Tax Increment Refunding Bonds, Series 2021: 1.73%		2024-2030	\$ 3,537,138

The following is a summary of the principal due over the next five and subsequent five-year increments:

2024	\$	481,014
2025		488,835
2026		495,067
2027		505,612
2028		510,279
2029-2030		<u>1,056,331</u>
	\$	<u>3,537,138</u>

7. LABOR AND ASSOCIATED COSTS

The Agency does not currently employ any staff and contracts with the City of Ketchum for administrative duties. Labor and associated costs are allocated to the Agency for reimbursement purposes. Because of the nature of the reimbursement, the Agency does not report any payroll or retirement liabilities.

8. LITIGATION

The Agency, at the financial statement date, is not involved in any material disputes as either plaintiff or defendant.

9. RISK MANAGEMENT

The Agency is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; injuries to the general public; and natural disasters. The Agency carries commercial insurance coverage for these risks to the extent deemed prudent by the board of commissioners.

10. SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the auditor's report, which is the date the Financial statements were available to be issued.

**REQUIRED
SUPPLEMENTARY INFORMATION**

KETCHUM URBAN RENEWAL AGENCY
Budgetary Comparison Schedule
General Fund
for the year ended September 30, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES:			
Property taxes - Tax Increment Revenues	\$ 2,112,518	\$ 2,197,207	\$ 84,689
Rent Revenue	36,000	36,000	0
Refunds and Reimbursements	0	18,579	18,579
Earnings on investments	0	180,567	180,567
	<u>2,148,518</u>	<u>2,432,353</u>	<u>283,835</u>
EXPENDITURES:			
Office Expense	500	24	476
Professional Fees	70,000	118,300	(48,300)
Advertising/Publications	1,000	0	1,000
Insurance	3,074	2,969	105
Administrative Expenses	48,890	40,995	7,895
Debt Service	526,555	541,956	(15,401)
Reimburse Ketchum City - General Expense	155,000	53,175	101,825
Reimburse Ketchum City - In Lieu Housing	0	0	0
Capital Outlay	2,240,000	641,527	1,598,473
	<u>3,045,019</u>	<u>1,398,946</u>	<u>1,646,073</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(896,501)</u>	<u>1,033,407</u>	<u>1,929,908</u>
NET CHANGE IN FUND BALANCE	(896,501)	1,033,407	\$ <u><u>1,929,908</u></u>
FUND BALANCE - BEGINNING	<u>1,523,870</u>	<u>3,785,640</u>	
FUND BALANCE - ENDING	<u>\$ 627,369</u>	<u>\$ 4,819,047</u>	

The accompanying notes are a part of these financial statements.

**OTHER
SUPPLEMENTARY INFORMATION**

KETCHUM URBAN RENEWAL AGENCY
Bond-Future Principal and Interest Requirements
at September 30, 2023

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
\$4,815,959 Tax Increment Refunding Bonds, Series 2021 1.73%				
	1.73%	2024	481,014	61,192
	1.73%	2025	488,835	52,871
	1.73%	2026	495,067	44,414
	1.73%	2027	505,612	35,849
	1.73%	2028	510,279	27,102
	1.73%	2029	524,231	18,275
	1.73%	2030	532,100	9,205
			\$ 3,537,138	\$ 248,908

The accompanying notes are a part of these financial statements.

2190 Village Park Avenue, Suite 300 • Twin Falls, ID 83301 • 208.733.1161 • Fax: 208.733.6100

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

November 14, 2023

To the Board of Commissioners
Ketchum Urban Renewal Agency
Ketchum, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Ketchum Urban Renewal Agency, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Ketchum Urban Renewal Agency's basic financial statements, and have issued our report thereon dated November 14, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ketchum Urban Renewal Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ketchum Urban Renewal Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ketchum Urban Renewal Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ketchum Urban Renewal Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report Continued—

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Workman & Company

WORKMAND AND COMPANY
Certified Public Accountants
Twin Falls, Idaho



Ketchum Urban Renewal Agency

P.O. Box 2315 | 191 5th Street | Ketchum, ID 83340

January 16, 2024

Chair and Commissioners
Ketchum Urban Renewal Agency
Ketchum, Idaho

RECOMMENDATION TO REVIEW AND PROVIDE DIRECTION ON THE DEVELOPMENT AND DEPOSITION AGREEMENT (DDA), GROUND LEASE, PREFERENCE POLICY, AND KURA FUNDING PARTICIPATION FOR THE DEVELOPMENT OF FIRST STREET AND WASHINGTON AVENUE

Introduction/History

The Board received and reviewed the Draft DDA and Ground Lease on November 6, 2023. On November 13, 2023 and December 18, 2023, the Board met with the development team to discuss the project finances and projected funding gap and elements of the proposed agreements. The terms of the DDA and Draft Ground Lease are near finalization for Board review and approval. However, before the Wood River Community Housing Trust will sign the DDA, they are requesting two policies be approved by the Board. The two policies consist of:

- Preference Policy for selecting tenants
- Maximum KURA commitment for the project in the event interest rates exceed 4%

At the November 13, 2023 meeting, the Board approved an extension to the Agreement to Negotiate Exclusively (ANE) until January 22, 2024. With the addition of the two policies, the Board may not be ready to approve the DDA at the January 16th meeting. If that is the case, staff has prepared an extension to the ANE.

It is important to note, the Ground Lease will not be executed at the same time as the DDA. Per the terms of the Ground Lease, certain conditions must be met before the lease is executed, such as verification of project financing.

Staff and the development team have been working on updates to the draft DDA and Ground Lease for Board consideration. Attached are the most recent draft documents for review and consideration by the Board. It should be noted these versions are not final and are subject to additional negotiations. In addition, the proposed Preference Policy and outline of KURA funding are provided for review and direction. Staff will review the documents with the Board at the meeting.

Attachment A: Development and Disposition Agreement (DDA)

As an overview, the purpose of the DDA is to outline the terms and conditions under which the developer, Wood River Community Housing Trust, Inc. ("Trust") and deChase Development Services, LLC ("deChase") acting as the "Development Manager" will develop the property located at 211 E 1st Avenue. The DDA also describes the conditions and requirements related to the KURA's conveyance of the Site to the Developer. The DDA will govern construction and development.

Attachment B: Ground Lease

The Ground Lease provides for the terms and conditions that will govern the Developer's lease of the Site from the KURA for the purpose of developing and operating the Affordable Workforce Housing Project. The Ground Lease will function as the controlling document after construction is complete but will be executed at the time of Agency's conveyance of the leasehold interest and prior to construction commencing.

One key provision for Board review and direction is Section 5.12, the use of future excess revenues generated by the project. As proposed, excess revenues would be distributed to the Wood River Community Housing Trust for use in the City of Ketchum for a housing program or housing project within Ketchum.

Attachment C: Preference Policy

To meet the goal of the KURA and the requirements of the project RFP to provide workforce housing for employees working in Ketchum, a preference policy will be in place for the project. The proposed preference policy details the Average Median Income (AMI) ranges and the local preference policy.

It is envisioned the project will have tenants selected from the general public and tenants selected by employers who help fund the project by purchasing "e-notes" for the project. Those employee tenants are referred through a Resident Nomination Agreement. As drafted, no more than 50% of the total units may be occupied by tenants under the Resident Nomination Agreements (RNA), and no more than 30% of those units may be occupied by employees of a single employer. That equates to no more than 10 units may be occupied by employees of a single employer. This is to ensure the project has a diversity of tenants and does not become housing for a single employer. As presented, tenants subject to a RNA have fewer requirements to meet than members of the general public. This is a policy decision for Board discussion and direction.

As currently contemplated, the Preference Policy will be a stand-alone document which will be signed by both parties, though attached as an Exhibit to the ground lease. This should provide the parties some flexibility over time to consider revisions to the policy and not require formal amendment to the ground lease. The preference policy will be formally approved by the Board through the appropriate resolution.

KURA Funding

In order to proceed with preparation of the plans for planning and permitting approvals, Wood River Community Housing Trust must raise approximately \$1 million dollars. Before soliciting donations for this effort, the Trust needs assurances the KURA will contribute towards the project.

Staff proposes a two-step process. The first step is a policy commitment for funding. The second step is an agreement for funding once the interest rate and projects costs are finalized. This is anticipated to occur Spring of 2025 when the project commences construction. Staff will prepare the policy document based on Board direction. Suggested parameters for consideration:

- KURA will contribute towards infrastructure and soft and hard costs for structural elements of the project based on the public purpose of the project and the public ownership of the infrastructure at the end of the lease term.
- In the event interest rates exceed 4%, KURA will contribute up to \$8 million dollars for eligible expenses. The amount of the KURA contribution will be contingent upon the interest rate at the time of project financing, but will not exceed \$8 million dollars.

Process and Next Steps

Staff is seeking Board review and direction on the documents.

Recommendation and Motion

Staff recommends the Board review and provide comments and direction on the Draft DDA, Ground Lease, Preference Policy and Funding Commitment for the First and Washington Project.

Attachments: 1-12-24 Draft DDA
1-12-24 Draft Ground Lease
1-12-24 Preference Policy

Attachment A

DISPOSITION AND DEVELOPMENT AGREEMENT

by and between the

**URBAN RENEWAL AGENCY OF THE CITY OF KETCHUM, IDAHO aka
THE KETCHUM URBAN RENEWAL AGENCY**

and

[FIRST + WASHINGTON PROPERTIES LLC], an Idaho limited liability company

and

deCHASE DEVELOPMENT SERVICES, LLC an Oregon limited liability company

_____, 2023

Site:

211 E. 1st Avenue, Ketchum, Idaho

Project:

1st and Washington Affordable Workforce Housing Project

LIST OF ATTACHMENTS

Attachment 1	Depiction of 1 st and Washington Affordable Workforce Housing Project Site
Attachment 2	Legal Description of the Property (“Legal Description”)
Attachment 3	Proposal
Attachment 4	Scope of Development
Attachment 5	Schedule of Performance
Attachment 6	Preliminary Plans
Attachment 7	Reuse Appraisal
Attachment 8	Ground Lease
Attachment 9	Form of Memorandum
Attachment 10	Cost of Construction
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Attachment 12	Form of Capital Improvement and General Assistance Reimbursement Agreement

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DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (“Agreement”) is entered into by and between the Urban Renewal Agency of the City of Ketchum, Idaho, also known as the Ketchum Urban Renewal Agency (the “Agency”), and [First + Washington Properties LLC], an Idaho limited liability company, or its assigns as provided for herein (the “Developer”) and [deChase First + Washington Development Services, LLC, an Idaho limited liability company], or its assigns as provided for herein (the “Development Manager”), collectively referred to as the “Parties” and each individually as “Party,” on the terms and provisions set forth below.

1. DEFINITIONS

“Affordable Workforce Housing Project” or “Units” means the rent restricted residential dwelling units and associated common areas, amenities, and related parking, prioritized for individuals and families working in the Ketchum area, to be developed by Developer on the Site pursuant to this Agreement and the associated Ground Lease, and as further described within the definitions included in the Request for Proposals and Joint Proposal found as **Attachment 3**.

“Agency” means the Urban Renewal Agency of the City of Ketchum, also known as the Ketchum Urban Renewal Agency, an independent public body, corporate and politic, organized under the laws of the state of Idaho, and any assignee of or successor to its rights, powers, and responsibilities under this Agreement.

“Agency Board” or “Board” means the Board of Commissioners of the Agency.

“Agency Transfer Conditions” has the meaning ascribed to it in Section 5.2.1.

“Agreement” has the meaning ascribed to it in the first paragraph of this document.

“Agreement to Negotiate Exclusively” or “ANE” means the Agreement to Negotiate Exclusively executed by the Agency on January 17, 2023, and by the Wood River Community Housing Trust, Inc., an Idaho nonprofit corporation on January 27, 2023, and by deChase Development Services, LLC on January 26, 2023, prior to identifying the Developer for the Project, and as subsequently amended on June 6, 2023 and September 21, 2023.

“AMI” means the then current “Area Median Income,” adjusted by family size, annually published by the U.S. Department of Housing & Urban Development (HUD) for the geographic area referred to as Ketchum, Idaho, HUD Metro Statistical Area Rent (MSA) Area (or its successor index).

“Capital Improvement Reimbursement Agreement” means the certain agreement to be entered into by and between the Agency and the Developer regarding construction and/or reimbursement of certain public infrastructure improvements related to certain Public Project Improvements and other eligible costs under the Urban Renewal Law related to the Project for

which the Agency has agreed to participate, and as further described in Section 12 and **Attachment 12**.

“Certificate of Completion” means the Certificate of Completion for the Project, as ascribed to it in Section 11.1 and form of the draft Certificate of Completion attached to this Agreement as **Attachment 11**.

“City” means the city of Ketchum, Idaho.

“Commercial Space” means the flexible commercial space component of the Affordable Workforce Housing Project including approximately 3,400 square feet. The commercial space will be designed to accommodate office, restaurant, special interest space, retail, galleries, personal service establishments or other similar users for the benefit of the general public. Commercial space will be designed to include active uses on the ground floor and will be designed for a use that promotes an active pedestrian environment, provides direct access to the general public from the sidewalk (or other public open space), provides active visual engagement between people in the street and people in the building, and conceals other non-active uses.

“Deposit” has the meaning ascribed to it in the ANE and as applicable to the Agreement as was provided by Developer.

“Design Review Drawings” has the meaning ascribed to it in Section 8.4, including any approved revisions.

“Developer” means [First + Washington Properties LLC], an Idaho limited liability company, and any Developer Affiliate that takes leasehold interest to any portion of the Property under this Agreement, and any other permitted assignee or successor in interest as herein provided.

“Developer Affiliate” has the meaning ascribed to it in Section 2.4.2.

“Developer Transfer Conditions” has the meaning ascribed to it in Section 5.2.2.

“Development Manager” means [deChase First + Washington Development Services, LLC, an Idaho limited liability company], or its assigns as provided for herein, who will be retained by Developer to design and construct the Project.

“Proposal” means the original Joint Proposal submitted on August 24, 2022, with supplemental information provided on October 17, 2022, in response to the Agency’s Request for Proposal, and as attached hereto as **Attachment 3**, which rights under the Joint Proposal were assigned to the Developer through the ANE.

“Effective Date” has the meaning ascribed to it in Section 16.10.

“Environmental Reports” means 2003 Phase 1 Environmental Site Assessment of 211 1st Street East, Lots 7 & 8, Block 19 2014 Update of Phase 1 Environmental Site Assessment of 211 1st Street East 2015 Update of Phase 1 Environmental Site Assessment of 211 1st Street East

March 2018 Phase 1 Environmental Site Assessment of Lots 5 & 6 Block 19 All reports prepared by ACS, Assessment and Compliance Services, Jane Rosen.

“Final Construction Documents” means the full stamped set of construction documents submitted for approval by the City’s Planning and Building Department for issuance of a building permit for the Project, including, but not limited to, site improvements, and a landscaping and grading plan.

“Ground Lease” shall mean the mechanism by which the Agency will lease the Site to the Developer for a period of years, allowing the Developer to construct the Affordable Workforce Housing Project as contemplated and in the substance and form attached hereto as **Attachment 8**.

“Hazardous Materials” means any substance, material, or waste which is (1) defined as a “hazardous waste,” “hazardous material,” “hazardous substance,” “extremely hazardous waste,” or “restricted hazardous waste” under any provision of federal or Idaho law; (2) petroleum; (3) asbestos; (4) polychlorinated biphenyls; (5) radioactive materials; (6) designated as a “hazardous substance” pursuant to Section 311 of the Clean Water Act, 33 U.S.C. § 1251, *et seq.* (33 U.S.C. § 1321), or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. § 1317); (7) defined as a “hazardous substance” pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, *et seq.* (42 U.S.C. § 6903); (8) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601, *et seq.* (42 U.S.C. § 9601); or (9) determined by Idaho, federal, or local governmental authority to be capable of posing a risk of injury to health, safety, or property, including underground storage tanks.

“Joint Proposal” means the response to the RFP submitted by Wood River Community Housing Trust, Inc. and deChase Development Services, LLC, as predecessors in interest to Developer and Development Manager.

“Memorandum” means a summary of this Agreement in the substance and form attached hereto as **Attachment 9**, to be recorded in the office of the Recorder of Blaine County, Idaho, following the effective date of this Agreement.

“Party” and “Parties” have the meaning ascribed to it in the first paragraph of this Agreement.

“Plan Area” means the area under the jurisdictional scope of the Redevelopment Plan.

“Project” means the project that is the subject of this Agreement and more particularly described in Section 2.5 below.

“Project Area” means the Project Area identified in the Redevelopment Plan.

“Project Budget” has the meaning ascribed to it in Section 4.1(a).

“Property” means the real property described on **Attachment 2** and also defined as “Site.”

“Public Project Improvements” means the certain public infrastructure improvements in or adjacent to, or being relocated to, the public right-of-way adjacent to the Site or otherwise owned by the Agency and subject to the Capital Improvement Reimbursement Agreement to be entered into by and between the Agency and the Developer regarding reimbursement of the actual eligible costs of certain public infrastructure improvements which may include other Project costs deemed eligible for participation by the Agency.

“Redevelopment Plan” means the 2010 Ketchum Urban Renewal Plan for the Revenue Allocation Area of the Ketchum Urban Renewal Agency as recommended by the Agency and adopted by the City on November 15, 2010, and effective November 24, 2010.

“Reuse Appraisal” has the meaning ascribed to it in Section 6.1.

“Reuse Appraiser” has the meaning ascribed to it in Section 6.1.

“Reuse Appraisal Data” has the meaning ascribed to it in Section 6.2.

“Request for Proposal” or “RFP” has the meaning ascribed to it in Section 2.1.1.

“Schedule of Performance” means the schedule attached to this Agreement as **Attachment 5**.

“Scope of Development” means the project description attached to this Agreement as **Attachment 4**.

“Site” means certain real property with a property address of 211 E. 1st Avenue, Ketchum, Idaho (Parcel RPK00000190070), and real property unaddressed as Lot 5, Block 19 (Parcel RPK0000019005B) and Lot 6, Block 19 (Parcel RPK0000019006B) as described on **Attachment 2** and depicted on **Attachment 1**.

“Urban Renewal Law” has the meaning ascribed to it in Section 2.4.1.

2. SUBJECT OF AGREEMENT

2.1. Purpose of This Agreement

The purpose of this Agreement is to effectuate the Redevelopment Plan by memorializing the disposition of the Agency owned Property to the Developer to facilitate the Project located on the Site for construction of an affordable workforce housing, mixed-use building within the Plan Area.

2.1.1 Project Background and Determination of Site

Agency owns certain real property addressed as 211 E. 1st Avenue, Ketchum (Parcel RPK00000190070), and real property unaddressed as Lot 5, Block 19 (Parcel RPK0000019005B) and Lot 6, Block 19 (Parcel RPK0000019006B) (collectively the “Property” or “Site”). In accordance with Idaho Code Section 50-2011 – Disposal of Property in Urban Renewal Area, the Agency issued a Request for Proposals (“RFP”) on May 26, 2022, seeking to initiate a redevelopment project to bring affordable workforce housing to the Project Area in compliance with the Plan through redevelopment of the Agency Property, which could also serve as a catalyst for redevelopment of other properties in the vicinity.

Following the publication of the RFP in the *Idaho Mountain Express* newspaper on May 26, 2022, the Agency received three (3) proposals for development of the Site by the August 26, 2022, RFP deadline. The Agency Board appointed a review group (“Review Group”), which consisted of the Agency’s staff, City staff, and third-party consultants, and analyzed the proposals, interviewed the development teams, and provided findings of fact and comments sufficient for the Review Group to prepare a ranking of the proposals for Agency Board consideration. The Agency’s staff ranked the Joint’s Proposal first.

At a public meeting on November 14, 2022, the Agency Board discussed the proposals and thereafter met with consensus regarding the proposed rankings and selected the Joint Proposal.

The Joint Proposal contemplated development of a four-story housing project, with public parking, and retail on the first floor located all within the Site. The RFP and the Joint Proposal contemplated disposition of the Property via a long-term ground lease, which would outline the terms and conditions of the selected developer’s use and development of the Site. The Joint Proposal proposed a fifty (50) year ground lease.

After selection of the Joint Proposal by the Agency Board, the Agency and the Developer entered into an Agreement to Negotiate Exclusively on January 27, 2023, which outlined the process for negotiation of this Agreement and a long-term ground lease.

Thereafter, separate entities were formed to commence development activities contemplated in the Joint Proposal. These entities are [First + Washington Properties LLC], an Idaho limited liability company, known herein as the “Developer,” and [deChase First + Washington Development Services, LLC, an Idaho limited liability company], known herein as the “Development Manager.” The rights granted to the proposers of the Joint Proposal were assigned under the ANE and its subsequent amendment.

This Agreement is premised upon the disposition of the Property to the Developer via a fifty (50) year ground-lease (“Ground Lease”) and, thus, complies with the required notice provisions concerning the disposition of property by the Agency as set forth in Idaho Code Section 50-2011.

In order to encumber the Property by the Ground Lease, pursuant to Idaho Code Section 50-2011, the Property will be appraised by a fair use appraiser.

This Agreement contemplates certain disposition and recording activities to occur in the following order: (i) the Agency will convey the Property to the Developer pursuant to the terms and conditions of this Agreement and the Ground Lease for the development of the Affordable Workforce Housing Project and (ii) recordation of the Ground Lease and Agreement

2.2. The Redevelopment Plan

This Agreement is subject to the provisions of the Redevelopment Plan.

2.3. The Project Area

The Project Area is located in the Plan Area, and the exact boundaries thereof are specifically described in the Redevelopment Plan.

2.4. Parties to This Agreement

2.4.1. Agency

The Agency is an independent public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Idaho Urban Renewal Law of 1965, title 50, chapter 20, Idaho Code, as amended, and the Local Economic Development Act, title 50, chapter 29, Idaho Code, as amended (collectively the “Urban Renewal Law”). The Agency’s office is located at 191 5th Street, Ketchum, Idaho.

2.4.2. Developer

Developer is [First + Washington Properties LLC], an Idaho limited liability company that is an entity qualified to do business in Idaho. The principal office of Developer is located at 675 Sun Valley Road, PO Box 7840, Ketchum, Idaho 83340-7126. Developer reserves the right, pursuant to Section 2.7, to transfer the rights under this Agreement as authorized herein, including the right to have the Property to which it has an interest in hereunder, conveyed to and developed by an affiliated entity that the Developer controls (“Developer Affiliate”), as approved by the Agency.

2.4.3. Developer’s General Contractor

The Developer has selected a joint venture between Conrad Brothers of Idaho, Incorporated, an Idaho corporation, and McAlvain Construction, Inc., an Idaho corporation, to serve as the construction manager-general contractor for this Project. The qualifications and identity of the Developer’s general contractor are of particular importance to the Agency. In the event the Developer desires to select another general contractor for the Project other than the contractor identified in materials supplied to the Agency by the Developer, the Developer agrees

to notify the Agency of such desire and provide the identity of the substitute general contractor for the Agency's written approval, provided the Agency's consent shall not be unreasonably withheld, conditioned, or delayed for any transfer to a substitute general contractor who is the same or similarly financially situated as the original general contractor, and has experience with construction of projects similar to the Project.

2.5. The Project

The Project that is the subject of this Agreement includes the proposed development on the Site of an approximately 4-story high building that will include active ground floor space, rent restricted affordable workforce residential units, amenities, flexible commercial space, and vehicular parking. Collectively, the development is also referred to as the "Affordable Workforce Housing Project."

The flexible commercial space component of the Affordable Workforce Housing Project includes approximately 3,400 square feet. The flexible commercial space could accommodate office, special interest space, or retail. Active use of the ground floor space on 1st and Washington is critical for the overall success of the Project and was contemplated by the RFP and the Joint Proposal. For purposes of this Project, an active use on the ground floor means a use that promotes an active pedestrian environment, provides direct access to the general public from the sidewalk (or other public open space), provides active visual engagement between people in the street and people in the building, and conceals other non-active uses. Active uses supporting the Agency's goals include retail, offices, galleries, and personal service establishments.

The Affordable Workforce Housing Project includes sixty-six (66) residential units with a unit mix consisting of forty-four (44) studio apartments, fifteen (15) one-bedroom apartments, and seven (7) two-bedroom apartments. Unit sizes range from approximately four hundred fifty (450) – nine hundred (900) square feet. The Affordable Workforce Housing Units will be income restricted and will have a target average median income under Section 8 of the United States Housing Act of 1937, as amended (including adjustments for family size) ("AMI") allocation mix as follows. The foregoing allocations are target preferences only, and Tenant may lease an Affordable Workforce Housing Unit allocated to one target AMI limit to a Qualified Resident (as defined herein) in another AMI limit if no prospective Qualified Resident in the target AMI limit is then readily available to lease the unit when it becomes available to lease. As used herein, the term "resident" for an Affordable Workforce Housing Unit means all persons that lease or occupy the Affordable Workforce Housing Unit as a dwelling, whether or not the persons are related. A "Qualified Resident" is any resident(s) that meets Tenant's then-current resident criteria for the Project with a total gross income of all members of the resident's household (i.e., any person who will occupy the Affordable Workforce Housing Unit) that meets the specified range of percentages, as outlined below, of the then current AMI; provided, however, if Blaine County Housing Authority (the "**Authority**") publishes AMI calculations different than the foregoing, then Tenant may use the AMI calculations published by the Authority. For purposes of the above calculations, the income of a Qualified Resident may include rent subsidies from employers or others. Nothing in this Lease will require Tenant to lease any Affordable Workforce Housing Unit

to a residential tenant that does not meet Tenant’s then-current tenant selection criteria for the Project (other than limited income as permitted herein).

- (a) Approximately thirty-two percent (32%) of the Affordable Workforce Housing Units are to be allocated to a preference for Qualified Residents who, at first occupancy, have a family income of eighty percent (80%) to one hundred percent (100%) of AMI;
- (b) Approximately thirty percent (30%) of the Affordable Workforce Housing Units are to be allocated to a preference for Qualified Residents who, at first occupancy, have a family income of one hundred percent (100%) to one hundred twenty percent (120%) of AMI; and
- (c) Approximately thirty-eight percent (38%) of the Affordable Workforce Housing Units are to be allocated to a preference for Qualified Residents who, at first occupancy, have a family income of one hundred twenty percent (120%) to one hundred fifty-five percent (155%) of AMI.

Tenant will endeavor to have the average AMI at first occupancy of all Qualified Residents in the Project (“**Average AMI**”) to be not less than one hundred ten percent (110%) of AMI and not more than one hundred twenty-seven percent (127%) of AMI (the “**Target AMI Range**”).

The Project is anticipated to be LEED Certified.

In addition to the Affordable Workforce Housing Project, the Project may also include public infrastructure improvements related to that portion of the Idaho Power utility relocation and any other improvements installed for the benefit of the public as part of the Project along with other costs deemed eligible for Agency participation (“Public Project Improvements”).

Collectively, the Affordable Workforce Housing Project and the portion of the Public Project Improvements to be undertaken by the Developer are referred to as the “Project.”

The Affordable Workforce Housing Project shall substantially conform to the Scope of Development as set forth in **Attachment 4** and as further outlined and described here.

2.6. Disposition Does Not Contemplate Land Speculation

Developer represents and warrants that its undertakings pursuant to this Agreement are and will be used for the purpose of the development of the Project and not for speculation in landholding except as to the extent authorized in this Agreement.

2.7. Selection of Developer

Developer further recognizes that in view of:

- (a) the importance of the Project as part of the development of the Property to the general welfare of the community;
- (b) the reliance by the Agency on the real estate expertise of the Developer and the continuing interest which the Developer will have in the Project to assure the quality of the use, operation, and maintenance of the development thereof; and
- (c) the fact that a change in control of the Developer or any other act or transaction involving or resulting in a significant change in the ownership or a change with respect to the identity of the parties in control of the Developer, may be for practical purposes result in a substantial change in development of the Project.

The qualifications and identity of the Developer are of particular importance to the Agency, and it is because of such qualifications and identity that the Agency has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein. Except as provided herein, the Developer shall not assign all or any part of this Agreement without the prior written approval of the Agency, which approval shall not be unreasonably withheld.

The Developer warrants and represents to the Agency that the Developer is a wholly owned subsidiary of [First + Washington Holdings LLC], an Idaho limited liability company (“Holdings”), who is a wholly owned subsidiary of Wood River Community Housing Trust, Inc., an Idaho nonprofit corporation that is recognized by the Internal Revenue Service as a 501(c)(3) public charity (“Sponsor”). The Board of Directors of the Sponsor (the “Board”) has full and exclusive authority, power, and discretion to manage and control the business and affairs of the Sponsor, Holdings and Developer relating to the acquisition and development of the Project. The following shall not be changed without the prior written approval of Agency, which approval shall not be unreasonably withheld: (a) the structure of the Sponsor as an Idaho nonprofit corporation; (b) the status of Sponsor as the sole member and owner of Holdings; (c) the status of Holdings as the sole member and owner of Developer; (d) the status of Developer as 501(c)(3) public charity; and (e) the authority of the Board over the Sponsor, Holdings and Developer relating to the acquisition and development of the Project.

It shall not be unreasonable for the Agency to withhold its approval when using criteria such as those used by this and other redevelopment agencies in selecting redevelopers for similar developments or because the proposed transferee does not have the current financial strength, experience, or reputation for integrity equal to or better than the Developer as of the date this Agreement has been executed by the Agency. The Developer shall promptly notify the Agency of any and all changes whatsoever in the identity of the parties having control of the Developer. This Agreement may be terminated by the Agency if there is any significant change (voluntary or involuntary) in the management or control of the Developer in violation of this Agreement (other than such changes occasioned solely by the death or incapacity of an individual) that has not been approved by the Agency prior to the time of such change, if such change occurs prior to the issuance of the Certificate of Completion referred to in Section 11.1.

Notwithstanding any other provisions hereof, the Developer reserves the right, at its discretion and without the prior written consent of the Agency, subject to the disclosure requirements set forth below, to join and associate with other persons in joint ventures, partnerships, or other entities for the purpose of developing the Property, or portions thereof, provided that the Developer maintains operating control of such entities and remains fully responsible to the Agency as provided in this Agreement with respect to the Property. This section is not deemed to preclude mortgage-lender participation and conditions therein, provided such mortgage-lender participation complies with this Agreement. Agency approves of Development Manager to serve as the developer of the Project.

Provided further, however, the Developer is required to make full disclosure to the Agency of its principals, officers, managers, joint venturers, and key managerial employees involved in the Project, and all similar material information concerning the Developer, in each case to the extent relevant to the Developer's performance hereunder. Notice shall be given to Agency of any significant change during the period of this Agreement in the control of the Developer or the control by the Developer of the Project covered by this Agreement. If Agency has reasonable objections to any change in control of Developer, then Developer will cooperatively work with Agency in good faith to resolve Agency's reasonable objections.

Development Manager warrants and represents to the Agency that the Development Manager is a wholly owned subsidiary of deChase Development Services, LLC, an Oregon limited liability company ("deChase"). Dean Papé has full and exclusive authority, power, and discretion to manage and control the business and affairs of the deChase relating to the development of the Project. The following shall not be changed without the prior written approval of Agency, which approval shall not be unreasonably withheld: (a) the status of deChase as the sole member and owner of Development Manager; and (b) the Dean Papé over deChase and Development Manager relating to the development of the Project.

3. RIGHT OF ENTRY

3.1. Right of Entry; Developer's Investigations

Subject to the conditions set forth herein, including the insurance and indemnity provisions set forth in Section 10, the Developer and its agents, contractors, consultants, and employees are hereby given permission to access the Property at all reasonable times during normal business hours for the purpose of conducting tests and inspections of the Property, including surveys and architectural, engineering, geotechnical and environmental inspections and tests; provided, however, any intrusive or invasive investigations (e.g., core sampling and including, without limitation, any environmental testing other than a Phase I or Phase II Environmental Site Assessment or update to any prior environmental assessments) shall be subject to the Agency's prior written consent, which consent shall not be unreasonably withheld.

The Developer shall provide to the Agency, promptly upon completion and at no cost or expense to the Agency, a list of all reports, studies, and test results, prepared by the Developer's consultants, and copies of any of the above-listed materials the Agency might request. All of the

foregoing inspections shall be performed by the Developer at the Developer's sole cost and expense.

As a condition to any such entry, inspection or testing, the Developer shall (a) notify the Agency in advance of the date and purpose of the intended entry and provide to the Agency the names and/or affiliations of the persons entering the Property; (b) conduct all studies in a diligent, expeditious, and safe manner and not allow any dangerous or hazardous conditions to occur on the Property; (c) comply with all applicable laws and governmental regulations; (d) keep the Property free and clear of all materialmen's liens, *lis pendens*, and other liens arising out of the entry and work performed by or on behalf of the Developer; (e) maintain or assure maintenance of workers' compensation insurance on all persons entering the Property in the amounts required by the state of Idaho; and (f) promptly repair any and all damage to the Property caused by the Developer, its agents, employees, contractors, or consultants and return the Property to its original condition following the Developer's entry.

The Developer shall indemnify, defend, and hold harmless the Agency and its officers, officials, representatives, members, employees, volunteers, and agents from and against any and all loss, cost, liability, or expense (including reasonable attorneys' fees) arising from the entries of the Developer, its agents, contractors, consultants, and employees upon the Property or from the Developer's failure to comply with the conditions to the Developer's entry onto the Property provided for herein; provided, however, the indemnity shall not extend to protect the Agency from any pre-existing liabilities for matters merely discovered by the Developer (e.g., latent environmental contamination). Such indemnity shall survive the termination of this Agreement for any reason.

3.2. Compliance With Laws

The Developer shall comply with applicable laws and building codes with respect to any work or investigations on the Property including the City's construction requirements.

3.3. Demolition and Clearance Work

The Parties acknowledge that there may be some pre-construction demolition or Site preparation work that is necessary to facilitate the development of the Project. The Developer anticipates completing demolition and clearance of the Site following issuance of a building permit by the City. Cost estimates for demolition, clearance, soil remediation, including soil compaction, and Site preparation may be eligible reimbursable costs by the Agency under the Capital Improvement Reimbursement Agreement and the Developer may seek reimbursement for such costs from the Agency after completion.

4. EVIDENCE OF PROJECT FINANCING

4.1. Submission of Preliminary Evidence of Financing

No later than ninety (90) days prior to the execution of the Ground Lease, or such later time as may be approved by Agency, the Developer shall submit to the Agency evidence satisfactory to the Board that the Developer will have the financial capability necessary for the lease of the Property and the development of the Project thereon pursuant to this Agreement. Such preliminary evidence of financial capability shall include all of the following:

- (a) Reliable cost estimates for the Developer's total cost of developing the Project (including both "hard" and "soft costs) ("Project Budget" or "Cost of Construction").
- (b) A copy of the term sheets or loan commitment or commitments obtained by the Developer, or a Letter of Intent and proof of funds from an equity partner, bond issuance commitment, or investor, for all of the sources of funds to finance the construction of the Project. All copies of term sheets and loan commitments submitted by the Developer to the Agency shall be certified by the Developer to be true and correct copies thereof. Each commitment for financing shall be in such form and content reasonably acceptable to the Board and shall reasonably evidence a firm and enforceable commitment, with only those contingencies and conditions that are standard or typical for similar projects prior to land closing.
- (c) If the total Project Budget exceeds the amount of financing commitments received pursuant to subparagraph (b) above, evidence reasonably satisfactory to the Board demonstrating that the Developer has adequate funds available and committed to cover such difference.

The Agency's obligations to convey the Property by the Ground Lease are specifically conditioned upon satisfaction of the terms of this Section and the provisions of Sections 5.2.2 and 5.3. The Developer acknowledges that the Agency reserves the right in its discretion to have the Developer's evidence of financing be subject to a third party review.

Agency hereby recognizes that Developer intends to finance the acquisition, construction and holding of the Project through one or more of the following strategies: (a) issuance of unsecured notes by Holdings to generate proceeds to contribute to Developer as equity (e.g., C-Notes, E-Notes and similar); (b) double tax exempt bonds; (c) traditional financing; and/or (d) mission driven equity contributions.

Agency hereby recognizes that (a) Developer's feasibility projections for the Project assume that interest rate for the Project's financing will not exceed the four percent (4%) per annum (the "Target Rate"); and (b) if the interest rate for the Project's financing exceeds the Target Rate, then the Project may not be economically feasible without sufficient financing support from the Agency or community to bring the effective interest rate for the Project's financing to the Target Rate.

4.2. Completion Guaranty

Developer will deliver, prior to execution of the Ground Lease a completion guaranty (the “Completion Guaranty”) from a guarantor or guarantors with sufficient financial resources to ensure the Project being financed will be completed in the event of a Developer default or cost overruns (“Completion Guarantor”). The Completion Guaranty shall be in favor of the Project lender and Agency. Determination of whether a Completion Guarantor’s financial resources are sufficient for purposes of providing the Completion Guaranty shall be determined by the financial documentation required by the lender who finances the Project prior to extending such financing or the Project. The Completion Guarantor cannot be the Developer.

4.3. Time to Approve Evidence of Financing

The Agency shall approve or disapprove of the Developer’s preliminary evidence of financing within twenty (20) days of receipt of a complete submission. The Agency’s approval shall not be unreasonably withheld. If the Agency’s Board shall disapprove such preliminary evidence of financing, it shall do so by written notice to the Developer stating the reasons for such disapproval and the Developer shall promptly resubmit its preliminary evidence of financial capability, as modified to conform to the Agency’s requirements, not more than twenty (20) days after receipt of the Agency Board’s disapproval.

4.4. Public Records Law

All information submitted to the Agency may be subject to the Idaho Public Records Law. As an alternative to formal submittal of this required information, the Developer may allow an inspection and review of such information by the Agency. In such case, the Agency shall provide a notice of approval of evidence of financing in writing within the time allotted in Section 4.3.

5. DISPOSITION AND CONVEYANCE OF THE PROPERTY

5.1. Disposition and Conveyance of the Property

In accordance with and subject to all the terms, covenants, and conditions of this Agreement, the Agency agrees to convey a leasehold interest in the Property to Developer, retaining fee title to the Property.

The Developer agrees to develop the Property within the time, for the consideration, and subject to the terms, conditions, and provisions as herein provided, including, without limitation, as provided in the Scope of Development (**Attachment 4**) and the Schedule of Performance (**Attachment 5**). Agency agrees to meet its obligations herein provided with respect to the Property including, without limitation, as provided in the Scope of Development and the Schedule of Performance. The (time periods set forth in the Schedule of Performance may be extended for up to 90 days in total, or such other period approved by Agency, if the delays are caused by matters beyond the Developer’s reasonable control. Any extension must be agreed upon in writing by the Agency’s Chair which shall not be unreasonably withheld.

The lease of the Property by the Agency to the Developer is for the purpose of development, in compliance with the Urban Renewal Law, and to achieve the objectives of the Redevelopment Plan.

5.1.1. Ground Lease

The Agency desire to convey an interest in the Site to the Developer pursuant to the long-term Ground Lease, which is in substantial form and attached hereto as **Attachment 8**. The Ground Lease will be executed by the Agency and the Developer once the pertinent terms and necessary conditions of this Agreement have been fulfilled. The Developer may proceed with construction and development of the Project once the Ground Lease has been executed and recorded.

5.1.2. Ground Lease Rent

The Ground Lease shall be provided to the Developer for One and 00/100 Dollars (\$1.00) per year. The Agency recognizes that the rental rate is integral to achieving the affordable rents for residents/uses of the Project. In no event will the Ground Lease be less than the Residual Land Value established by the Reuse Appraisal as described in Section 6.

5.1.3. Ground Lease Term

The Ground Lease will be for a term of fifty years (50). During this period, the Developer will have the right to construct and operate the Project, subject to the terms of this Agreement and the Ground Lease. At the conclusion of the fifty (50) year team, the Developer's leasehold interest in the Property will expire, and the Property as well as the Project and associated infrastructure will revert and be conveyed to the Agency. Should the Agency no longer be an operational independent public body, the City shall receive title to the Property and constructed Project. These and other terms of the leasehold itself are contained within the Ground Lease, as attached hereto as **Attachment 8**.

5.1.4. Deliveries by Developer

On or before execution of the Ground Lease, the Developer shall deliver the following to the Agency:

- (a) the rental amount for the full Ground Lease term, Fifty and 00/100 Dollars (\$50.00);
- (b) the Memorandum of this Agreement, duly executed and acknowledged by the Developer;
- (c) executed construction loan or bond documents for the Project consistent with the evidence of financing as approved by the Agency pursuant to Section 4;
- (d) The Reimbursement Agreement between the Agency and the Developer.

- (e) all other sums and documents reasonably required by the Agency from the Developer to carry out the terms and conditions of this Agreement.

5.1.5. Conveyance of Lease Hold Interest

When all of the conditions precedent to execution of the Ground Lease as set forth in Sections 5.2 of this Agreement have been satisfied or waived by the appropriate party in writing, the Agency shall cause the Ground Lease and the Memorandum to be recorded in the office of the Recorder of Blaine County, Idaho.

5.1.6. Amendment

Any amendment of this Agreement shall be in writing and signed by both the Agency and the Developer.

5.1.7. No Real Estate Commissions or Fees

The Agency represents that it has not engaged any broker, agent, or finder in connection with this transaction. The Developer represents that it has not engaged a broker in connection with this transaction. The Developer agrees to hold the Agency harmless from any claim concerning any real estate commission or brokerage fees arising out of the Developer's actions and agrees to defend and indemnify the Agency from any such claim asserted concerning the commission or brokerage fees. The Agency agrees to hold the Developer harmless from any claim concerning any real estate commission or brokerage fees arising out of the Agency's actions and agrees to defend and indemnify the Developer from any such claim asserted concerning the commission or brokerage fees. Provided, however, nothing herein shall prevent the Developer from preleasing space within the Project, thus incurring real estate commissions or brokerage fees. In no event, though, shall the Agency be liable for any real estate commission or brokerage fees on account of any such preleasing activity.

5.2. Conditions to Property Transfer

5.2.1. Conditions to Agency's Obligations

In addition to any other condition set forth in this Agreement in favor of the Agency, the Agency shall have the right to condition its obligation to convey the Property to the Developer via the Ground Lease upon the satisfaction, or written waiver by the Agency, of each of the following conditions precedent prior to execution of the Ground Lease or such earlier time as provided for herein (collectively the "Agency Transfer Conditions"):

- (a) **Permits and Approvals.** The Developer shall have obtained all land use approvals and entitlements (other than grading permits, building permits, and condominium plat approvals) for the development of the Project from all governmental agencies

with jurisdiction. With regard to such land use approvals and entitlements issued by the city or the county for the Project, the time period for appealing or challenging such approvals and entitlements shall have expired with no challenge having been timely filed, or if timely filed, either the approval or entitlement has been upheld or such action has otherwise been concluded in a manner satisfactory to the Developer and the Agency. The Developer shall have obtained approval of its final grading plans and building plans for the Project and grading permits and building permits shall be ready to be issued upon payment of fees. The Developer shall provide written confirmation from the City that the permits and approvals are ready to be issued.

- (b) **Developer Deliveries Made.** The Developer has deposited with the Agency all sums and documents required of the Developer by this Agreement for execution of the Ground Lease.
- (c) **Insurance.** The Developer shall have timely submitted and obtained the Agency's approval of the insurance required pursuant to Section 10.1 of this Agreement.
- (d) **Evidence of Financing.** The Agency shall have approved the Developer's evidence of financing in accordance with Section 4 of this Agreement, and the financing for the Project shall close and be available to the Developer upon the Developer's obtaining its leasehold interest in the Property.
- (e) **No Default.** The Developer shall not be in material default of any of its obligations under this Agreement (and shall not have received notice of a default hereunder which has not been cured), and all representations and warranties of the Developer contained herein shall be true and correct in all material respects.
- (f) **Construction Contract.** Prior to execution of the Ground Lease, the Developer shall submit to Agency a construction contract for the Project that requires the Project to be constructed for an amount that does not substantially exceed the Project Budget, as described in Section 4.1(a).

5.2.2. Conditions to Developer's Obligations

In addition to any other condition set forth in this Agreement in favor of the Developer, the Developer shall have the right to condition its obligation to obtain the Property and complete the Project upon the satisfaction, or written waiver by the Developer, of each of the following conditions precedent on the execution of the Ground Lease or such earlier time as provided for herein (collectively the "Developer Transfer Conditions"):

- (a) **Permits and Approvals.** The Developer shall have obtained all land use approvals and entitlements for the conveyance of the Property and for the development of the Project from all governmental agencies with jurisdiction, with the exception of grading permits, building permits, and final plat approvals. The time period for

appealing or challenging such approvals and entitlements shall have expired with no challenge having been timely filed, or if timely filed, either the approval or entitlement has been upheld or such action has otherwise been concluded in a manner satisfactory to the Developer and the Agency. The Developer shall have obtained approval of its final grading plans and building plans for the Project and grading permits and building permits shall be ready to be issued upon payment of fees.

- (b) **Agency Deliveries Made.** The Agency has deposited with the Developer all documents required of the Agency by this Agreement for the execution of the Ground Lease.
- (c) **No Default.** The Agency shall not be in default of any of its obligations under this Agreement (and shall not have received notice of a default hereunder which has not been cured), and the Agency's representations and warranties contained herein shall be true and correct in all material respects as of the date of this Agreement and the Closing Date.
- (d) **Debt and Equity Financing.** That the Developer is able to obtain and submit to the Agency evidence of financing reasonably acceptable to the Developer and the Agency, and that all conditions to any financing commitments for the Project approved by the Agency are satisfied and such commitments are fulfilled by the lenders and other third parties involved. A commitment to make a construction or other loan shall be considered fulfilled upon execution of the loan agreement by the Developer and the lender.
- (e) **Construction Contract.** Prior to execution of the Ground Lease, the Developer shall submit to the Agency a construction contract for the Project that requires the Project to be constructed for an amount that does not substantially exceed the Project Budget, as described in Section 4.1(a).

5.3. Satisfaction of Conditions

Where satisfaction of any of the foregoing conditions requires action by the Developer or the Agency, each Party shall use its diligent efforts, in good faith, and at its own cost, to expeditiously satisfy such condition. If a Party is not in a position to know whether or not a condition precedent has been satisfied, then the Party that is aware of the status of the condition shall immediately notify the other Party.

5.4. Waiver

The Agency may at any time or times, at its election, waive any of the Agency Transfer Conditions set forth in Section 5.2.1, but any such waiver shall be effective only if contained in a writing signed by the Agency and delivered to the Developer. The Developer may at any time or times, at its election, waive any of the Developer Transfer Conditions set forth in Section 5.2.2,

but any such waiver shall be effective only if contained in a writing signed by the Developer and delivered to the Agency.

5.5. Termination

In the event each of the Agency Transfer Conditions is not fulfilled by the timeframe established for execution of the Ground Lease, or such earlier time period as provided for herein, or waived by the Agency pursuant to Section 5.4, and provided the Agency is not in default of this Agreement, the Agency may at its option terminate this Agreement. In the event that each of the Developer Transfer Conditions is not fulfilled by the timeframe established for execution of the Ground Lease, or such earlier time period as provided for herein, or waived by the Developer pursuant to Section 5.4, and provided the Developer is not in default of this Agreement, the Developer may at its option terminate this Agreement. No termination under this Agreement shall release either party then in default from liability for such default. In the event this Agreement is terminated, all documents and funds delivered by the Agency to the Developer shall be returned immediately to the Agency and all documents and funds delivered by the Developer to the Agency shall be returned immediately to the Developer; provided, however, except for any termination arising from an Agency default, that the Agency shall retain the Deposit and be entitled to reimbursement of any third-party costs, such as the re-use appraisal, and other third-party consultants, so long as the Agency has fully performed the obligations required to be performed by the Agency prior to that time. Should either Agency or Developer find, prior to execution of the Ground Lease, that the Project is not financially feasible, or the Project has varied so substantially as to have lost its intended purpose as originally contemplated by the Agency in the RFP or Developer in its response to the RFP, then either Party may terminate this Agreement by notice to the other party without such termination being considered a default or breach of this Agreement. In the event this Agreement is terminated, the Agency shall have no obligation to enter into the Ground Lease with the Developer and Agency's obligations under this DDA shall end. At the point in which the Ground Lease is executed, Agency's remedies for default of the terms of the Ground Lease, or failure to fully perform the terms and conditions of construction pursuant to this DDA, shall be set forth in the Ground Lease.

6. REUSE APPRAISAL

6.1. Reuse Appraisal

By law, the Agency may dispose of real property for no less than the fair reuse value. In order to determine the fair reuse value, the Agency has or will engage Robin Brady, MAI, of Integra Realty Resources, (the "Reuse Appraiser") to determine the fair reuse value for the Property (the "Reuse Appraisal") at the Agency's expense.

The Reuse Appraisal shall establish the fair reuse value of the parcels to be conveyed by the Agency via the Ground Lease as required under the Law.

6.2. Reuse Appraisal Data

The Developer shall submit to the Agency and the Reuse Appraiser the data required by the Reuse Appraiser, which data (“Reuse Appraisal Data”) is needed by the Reuse Appraiser to prepare the Reuse Appraisal for the Project. The Developer is required to supplement the Reuse Appraisal Data during the course of the Reuse Appraisal and shall submit this supplementary data in a timely manner as required by the Reuse Appraiser and the Agency. The Reuse Appraisal Data includes but may not be limited to:

- costs expected to be incurred and revenues expected to be realized in the course of developing and disposing of the Property,
- residential unit types,
- sizes and expected rents,
- construction type and materials,
- exterior and interior finish materials,
- square footages of uses other than residential,
- leasing assumptions for other uses and assets such as office space and retail space
- parking stalls and usage,
- assumptions regarding soft costs such as marketing and insurance, risks of Agency, risks of Developer,
- Developer participation in the funding of public facilities and amenities, and
- estimated or actual Developer return, including assumptions regarding entrepreneurial incentive, overhead, and administration as these factors apply to the Project.

The Developer acknowledges that the Agency will be unable to commence the Reuse Appraisal process without the Developer’s submittal of the Reuse Appraisal Data.

7. CONDITION OF THE PROPERTY

7.1. “As Is”

Subject to the Agency’s representations and warranties expressly set forth in this Agreement, the Developer acknowledges and agrees that any portion of the Property that it obtains from the Agency pursuant to this Agreement shall be obtained “as is.”

7.2. Agency Representations

The Agency represents and warrants to the Developer as follows: (1) the Agency has given the Developer complete copies of the Environmental Reports as identified and defined in Section 1 of this Agreement; (2) the Survey and Environmental Reports constitute all information of which the Agency has actual knowledge concerning the physical condition of the Property, including, without limitation, information about any Hazardous Materials or violations of any applicable laws; (3) the individuals entering into this Agreement on behalf of the Agency have the authority to bind the Agency; (4) entering into this Agreement and the consummation of the transactions

contemplated hereby have been duly authorized by all necessary Agency action and do not violate the laws governing the Agency's activities or any other agreement to which the Agency is a party; (5) upon execution of the Ground Lease, there will be no tenants, occupants, or other parties in possession of the Property. These representations and warranties shall survive execution of the Ground Lease.

7.3. Environmental Release and Waiver

Subject to the Agency's representations and warranties expressly set forth in this Agreement, the Developer hereby releases and waives all rights, claims, or causes of action the Developer may have in the future against the Agency arising out of or in connection with any environmental conditions or Hazardous Materials at, on, in, beneath, or from the Property.

8. DEVELOPMENT OF THE PROPERTY

8.1. Scope of Development

If acquired through the Ground Lease by the Developer, the Property shall be developed as provided in the Scope of Development, subject to the terms and conditions of this Agreement.

8.2. Local, State, and Federal Laws

The Developer shall carry out any required construction of the improvements in conformity with all applicable laws, including all applicable federal and state labor standards.

8.3. Antidiscrimination During Construction

The Developer, for itself and its successors and assigns, agrees that in the construction of the improvements provided for in this Agreement, the Developer, or any third-party contractor directly hired by Developer, will not discriminate against any employee or applicant for employment because of physical disability, race, color, creed, religion, sex, sexual orientation, gender identity/expression, marital status, ancestry, or national origin.

8.4. Preliminary Plans

The Developer shall submit to the Agency Preliminary Plans within one hundred twenty (120) days of the Effective Date. The Agency shall approve or disapprove the Preliminary Plans within twenty-one (21) days of receiving the completed submission. The purpose of the Agency review and approval is to ensure the Project design is progressing in alignment with the Scope of Development and continued negotiations by and between the Parties. The Agency approval of the Preliminary Plans shall not be unreasonably withheld, conditioned, or delayed. The submission of the Design Review Drawings shall include:

- (a) updated site plan and floor plans showing ground floor uses;

- (b) updated floor plans for upper floors including residential units;
- (c) building height;
- (d) illustration of unit mix in residential unit area;

8.5. Schematic Design Documentation

Within sixty (60) days of the Agency Board approving the Preliminary Plans and prior to submitting the design review application to the City, the Developer shall submit Schematic Design Documents (defined below) to the Agency. Following receipt of a complete submission, the Agency will schedule a public workshop to review the plans and project. Following the public workshop, the Agency Board will consider the Schematic Design Documents for approval at its next regularly scheduled meeting. The Schematic Design Drawings shall also include the site/landscaping plans, which should indicate integration with the planned Public Project Improvements (the “Schematic Design Drawings”).

The Developer shall also include the following documents and information with its submission of the Schematic Design Drawings to the Executive Director:

- (a) a written summary of progress on, or modifications to, mobility and sustainability initiatives identified in the Joint Proposal, including the following information:
 - i. short narrative on how site design prioritizes pedestrian, cyclist, and transit mobility;
 - ii. how goals for reducing energy and water use have been considered in the selection of mechanical, electrical, and plumbing systems (if available)
 - iii. feasibility/progress regarding Project-wide energy and utility systems (central plant);
 - iv. inclusion of recycling and composting facilities; and
 - v. number and location of electric vehicle charging stations.

- (b) a clear chart showing itemized changes or new information from the approved Joint Proposal and the Preliminary Plans including:
 - i. square footage by type of uses
 - ii. floor plans
 - iii. number of parking spaces and bike racks
 - iv. site plan
 - v. number of parking spaces including number of parking spaces which are expected to be available for use by the general public and by other users in the Project
 - vi. perspective renderings
 - vii. targeted active ground floor uses
 - viii. floor heights

- ix. development schedule and duration
- x. intended active ground floor uses

(Collectively the Schematic Design Drawings together with the additional submitted information may be referred to as the “Schematic Design Documentation.”)

Within ten (10) business days of a complete submission of the Schematic Design Documentation to the Agency, the Agency and the Developer will meet at least once in person to review the Agency’s staff comments to the Schematic Design Drawings before the public workshop is scheduled.

Following the public workshop, the Agency Board will evaluate the Schematic Design Documentation on whether it is consistent or how it compares with the intent of the Joint Proposal and RFP goals and the overall success of the Project as contemplated by the RFP and the Joint Proposal. The Agency Board approval will depend on the Project:

- (a) contributing to an exceptional built environment and authentic neighborhood fabric;
- (b) embracing density and providing for activity conducive to a compact, mixed-use downtown;
- (c) active ground-floor uses;
- (d) enhancing pedestrian, bike, and transit accessibility and connections;
- (e) considering and integrating existing mobility plans; and
- (f) working to mitigate climate impact with innovative design and utility system infrastructure and facilities.

Agency recognizes that Developer’s ability to provide affordable workforce housing depends in large part on the Project design being cost effective from both a constructability and operational perspective. Agency agrees that Agency will consider the effect that Agency’s requirements for approval may have on the cost effectiveness of the Project.

The Agency Board shall approve, conditionally approve, or disapprove of the Developer’s Schematic Design Documentation, and will direct the Agency’s staff to set forth the Agency Board’s position in writing within fifteen (15) days of the Agency Board meeting considering the Schematic Design Documentation. The Agency’s approval of the Schematic Design Documentation shall not be unreasonably withheld, conditioned, or delayed so long as it is consistent with the intent of the Joint Proposal and RFP goals and the overall success of the Project as contemplated by the RFP and the Joint Proposal, including the desired affordability of the Project. If the Agency Board conditionally approves or disapproves of any portion of the Schematic Design Documentation, such conditional approval or disapproval shall be in writing to

Developer stating the specific conditions to the Agency Board's approval or reasons for such disapproval. The Developer shall promptly resubmit Schematic Design Documentation, as modified to conform to the Agency's requirements, for the Agency's approval not more than twenty (20) days after receipt of the Agency's conditional approval or disapproval, and this process shall continue until the Parties reach agreement on the Schematic Design Documentation.

The Agency acknowledges the Developer's plans and drawings may be continually modified during any Agency review period in order to avoid delay of the Developer's obligations hereunder, and any such changes shall be included in Schematic Design Drawings resubmitted to the Agency in response to Agency changes identified by the Agency Board and/or staff, as the case may be, and set forth in the conditional approval or disapproval of the Schematic Design Documentation.

8.6 Design Review Drawings

Within ninety (90) days from approval by the Agency Board of the Schematic Design Drawings, the Developer shall submit all materials required by the City as part of the City's Design Review Application, to the Agency for review and approval prior to submittal to the City. Agency staff and the Developer will work collaboratively on design elements. Following any input from Agency staff, the Developer shall submit the Design Review Application to the City for approval.

To the extent the plans and drawings submitted by the Developer to the City are subject to revisions during the City's design review process, the Developer shall provide the Agency all updated and revised plans and drawings, including copies of any materials at the time they are submitted to the City, and a clear chart showing itemized changes from the initial submission of the Schematic Design Drawings to the Agency Board, or as may have been modified. Agency staff will review the materials as submitted; however, the Developer must immediately inform the Agency of any substantial change (as defined in Section 8.11) to the Agency Board approved Schematic Design Drawings, which may require additional Agency Board approval. Agency hereby agrees to approve any Ketchum City Code required changes whenever Agency's approval is required under this Agreement. The Agency and the Developer agree to work collaboratively through the design review process.

8.7 Final Construction Drawings

Within ninety (90) days from the City's issuance of a Design Review Permit, and no later than the time the Developer submits its application for the issuance of a building permit, the Developer shall submit the final construction documents, which for purposes of this Agreement means the design development set, which for all intents and purposes will constitute the final drawings on the Project (the "Final Construction Drawings"), to the Agency for review and approval. The Agency Board shall approve or disapprove of the Final Construction Drawings within twenty-one (21) days of receiving a complete submission. The purpose of Agency review and approval is to ensure Project design is progressing in alignment with the Design Review Drawings and the Schematic Design Drawings as approved by the Agency Board and that there has not been a substantial change. The Agency's approval of the Final Construction Drawings shall

not be unreasonably withheld, conditioned, or delayed. The submission of the Final Construction Drawings shall include a clear chart showing itemized changes from the approved Design Review Drawings and the Agency Board approved Schematic Design Documentation, including, but not limited to:

- (a) square footage by type of uses,
- (b) unit mix,
- (c) number of parking spaces, including number of parking spaces which are expected to be available for use by the general public and by other users in the Project,
- (d) perspective renderings,
- (e) floor plans and representative unit layouts,
- (f) site plan,
- (g) landscaping plan and schedule,
- (h) building elevations/sections listing all exterior finishes,
- (i) Public Project Improvements,
- (j) development schedule, and
- (k) summary of mechanical, electrical and plumbing systems, and energy/utility sustainability initiatives.

Following Agency approval of the Final Construction Drawings, Developer shall submit a complete Building Permit Application to the City within thirty (30) days of Agency approval of the Final Construction Drawings. The Developer must inform the Agency of any substantial change to the Agency approved Design Review Drawings and the Agency approved Schematic Design Drawings, which may require additional Agency Board approval. The Agency and the Developer agree to work collaboratively through the design review process.

Subject to seasonality and delays caused by force majeure, Developer shall commence construction within ninety (90) days of the City's issuance of a Building Permit for the Project. The Developer will substantially complete construction of the Project, and seek a Certificate of Completion/Occupancy from the City, within thirty (30) months of the City's issuance of the Building Permit for the Project.

8.8 Agency Approval of Plans, Drawings, and Related Documents

Subject to the terms of this Agreement, the Agency shall have the right of reasonable architectural review of all plans and drawings, including any substantial changes therein. In reviewing the Final Construction Documents, the Agency shall be guided by the Redevelopment Plan for the Project Area. The Developer shall make every reasonable effort to present drawings and plans in compliance with the guidelines. In the event the Developer seeks deviation or waiver from those guidelines, the Developer shall so indicate when those drawings and plans are submitted. The guidelines shall be applicable unless specifically waived by the Agency.

8.9 Communication; Revisions

The Agency and the Developer shall communicate and consult informally as frequently as is necessary to ensure that the formal submittal of any documents to the Agency can receive prompt and speedy consideration. If any revisions or corrections of plans approved by the Agency shall be required by any government official, agency, department, or bureau having jurisdiction or any lending institution involved in financing, Agency shall cooperate with Developer to make said changes in efforts to revise or correct the plans or obtain a waiver of such requirements or to develop a mutually acceptable alternative.

8.10 Prompt Review

The Agency shall promptly approve the Final Construction Documents to the extent such plans, drawings, and related documents are consistent with plans (including the Design Review Drawings) previously approved by the Agency. The Agency may designate the Executive Director and staff to expedite plan approvals. Failure by the Agency either to approve or to disapprove plans that are consistent with plans previously approved by the Agency within the times established in the Schedule of Performance shall be deemed an approval. Any such approved plans, drawings, and related documents shall not be subject to subsequent disapproval. Provided, however, if the Developer proposes or advances any change to the exterior design of the Project previously approved by the Agency, the Agency shall have the right to review, approve, disapprove, or modify such changes within the time frames and in compliance with the procedures stated herein unless said change is required by the Ketchum City Code in which case Agency will not unreasonably disapprove of said change. Any disapproval shall state in writing the reasons for disapproval and the changes which the Agency requests to be made. Such reasons and changes must be consistent with the Scope of Development and any items previously approved or deemed approved hereunder. The Developer, upon receipt of a disapproval based upon powers reserved by the Agency hereunder, shall review such plans, drawings, and related documents (or such portions thereof) and resubmit them to the Agency as soon as possible after receipt of the notice of disapproval. Plans approved or deemed approved hereunder shall be deemed in all respects to be in accordance with the Redevelopment Plan.

8.11 Changes to Final Construction Documents

If the Developer desires to make any substantial change in the Final Construction Documents after their approval, such proposed change shall be submitted to the Agency for approval unless said change is required by the Ketchum City Code or technical requirement. For purposes of this section, and this section only, “substantial change” is defined as any change in the Final Construction Documents which by such change will revise the cost of the Project (following completion) by more than fifteen percent (15%), change the size of the Project by more or less than fifteen percent (15%), or change the use of the Project by more or less than fifteen percent (15%). If Final Construction Documents, as modified by the proposed change, conform to the requirements of Section 8.5 of this Agreement and the Scope of Development, the proposed change shall be approved, and the Party submitting such change shall be notified in writing within ten (10) days after submission. Such change in the construction plans shall, in any event, be deemed approved unless rejected, in whole or in part, by written notice thereof setting forth in detail the reason therefore, and such rejection shall be made within such 10-day period.

8.12 Construction Phase Reporting

The Parties acknowledge and agree that communication and cooperation between the Parties is imperative to the successful completion of the Project and to achieve the objectives of the Redevelopment Plan. Therefore, the Parties shall endeavor to keep the other Party sufficiently informed regarding matters related to the development and construction of the Project so the other Party can have a meaningful opportunity to review, comment, and respond on matters relating to the other Party’s performance of its obligations under this Agreement.

8.12.1 Developer’s Obligations

Developer, as requested by the Agency, shall:

- (a) Permit the Agency’s staff to attend weekly and/or monthly construction progress and design meetings for the Project to permit the Agency to assess the progress of development and construction and assess compliance with the Scope of Development, the Schedule of Performance, and the adherence of the development and construction to the plans approved by the Agency.
- (b) Provide the Agency with a monthly written status report on the Project (consisting of a simple narrative of the status, an update as to the progress on the schedule of performance and a summary of the percentage of completion) in sufficient time to allow for their distribution to the Agency’s board of directors prior to their regular monthly meetings; such monthly report shall include any photos taken by the Developer in the normal course of project supervision that would be helpful to supplement the simple written narrative in the monthly status reports.
- (c) Attend (which attendance may be virtual) and provide oral status reports on the Project at regular monthly meetings of the Agency’s board of directors; and

- (d) To the extent the meetings described in Section 8.12.1(a) above are not adequate, schedule and attend meetings at the request of the Agency with the Agency's staff, the Agency's consultants, and representatives from the City or other public entities (if necessary) for general coordination and review of the progress and schedule of the Project, any implementation agreements or other documents to be submitted by either Party, and any other tasks necessary or convenient for development of the Project to achieve the objectives of the Redevelopment Plan.

8.12.2 Agency's Obligations

In furtherance of this Section, the Agency shall:

- (a) provide timely and meaningful comments to the information, reports, and other documents submitted to the Agency by the Developer such that the course of construction is not delayed; and
- (b) upon the Developer's request, provide the Developer with all of the Agency's comments, conditions, and requirements regarding the Developer's plans for the Project in sufficient time (provided that the Developer provides the Agency with a reasonable period of time for the Agency to review the Developer's plans) for the Developer to respond to the Agency's comments, conditions, and requirements prior to filing an application with City for the Project.

8.12.3 Meeting Attendance

The Parties shall use their best reasonable efforts to have their respective principals and staff members available, as needed, to participate in meetings, hearings, and work sessions if requested by the other Party.

8.12.4 Access to the Property

For the purpose of assuring compliance with this Agreement, representatives of the Agency shall have the reasonable right of access to the Property at normal construction hours during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in constructing the improvements. The Agency shall cause anyone who comes onto the Property on the Agency's behalf to comply with applicable OSHA or other safety regulations.

8.12.5 Reasonableness

The Developer shall reasonably comply with the requirements of the Redevelopment Plan and shall prepare Final Construction Documents consistent with the Design Review Drawings. The Agency will not unreasonably impose requirements regarding materials, design elements, construction methods, or other elements that materially affect the costs of the Project, the

construction schedule for the Project, or which would cause development of the Project to become economically infeasible as set forth in Subsection 14.6.1.(d). Nothing herein shall limit the reviewing authority of the Agency granted under this Agreement, provided, however, that the Agency and the Developer acknowledge that cooperation between the parties is essential to the development of the Project.

8.12.6 Cost of Construction

As between the Parties the cost of developing and constructing all improvements on the Property under this Agreement shall be borne by the Developer unless agreed to otherwise in writing. The estimated cost of construction “Cost of Construction” is demonstrated in **Attachment 10**.

9 PARKING

The Developer intends to construct forty-four (44) parking stalls adjacent to, or within, the Project for the purpose of serving the residential tenants and public patrons of the Project; provided, however, the foregoing intent may change, depending on the final design of the and the impact of potential Agency and City requirements on the Project. Both Parties have agreed to work cooperatively to explore the possibility of utilizing these parking stalls (“Project Parking”) in a shared use model, which could potentially allow for the use of the Project Parking by the general public during normal business hours and be reserved for Project tenants in the evenings as necessary. The specific terms of such parking model or program are still being developed. Both Parties agree that to the extent feasible, they will try to work cooperatively to ensure that the Project Parking is utilized to its full potential by Project residents and public patrons. Any such agreement negotiated by the Parties related to Project Parking will be formalized in a separate parking program agreement. Developer will not be obligated to incur any additional costs to accommodate public parking unless the Agency commits to fund such additional costs. Both Parties acknowledge that the Project Parking is first intended to serve the Project tenants, with all other uses being secondary.

10 INSURANCE AND INDEMNIFICATION

10.7 Bodily Injury, Property Damage, and Workers’ Compensation Insurance

The Developer shall, or through its contractor shall, at its sole cost, obtain and maintain in force, from execution of the Ground Lease, insurance of the following types with limits not less than those set forth below with respect to the Project and with the following requirements:

- (a) Commercial General Liability Insurance (Occurrence Form) with a minimum combined single limit liability of \$2,000,000 each occurrence for bodily injury and property damage; with a minimum limit of liability of \$2,000,000 each person for personal and advertising injury liability. Such policy shall have an aggregate products/completed operations liability limit of not less than \$4,000,000 and a general aggregate limit of not less than \$4,000,000. The products/completed

operations liability coverage shall be maintained in full force and effect following completion of the Project. The policy shall be endorsed to name the Agency, including its respective affiliates, the financing parties, and the respective officers, directors, and employees of each, as additional insureds. All policies shall be occurrence form policies and not a claims-made policy.

- (b) Builder's Risk Insurance upon the Project covering one hundred percent (100%) of the replacement cost of the Project. This policy shall be written on a builder's risk "all risk" or open peril or special causes of loss policy form that shall at least include insurance for physical loss or damage to the construction, temporary buildings, falsework, and construction in transit and shall insure against at least the following perils: (i) fire; (ii) lighting; (iii) explosion; (iv) windstorm or hail; (v) smoke; (vi) aircraft or vehicles; (vii) riot or civil commotion; (viii) theft; (ix) vandalism and malicious mischief; (x) leakage from fire extinguishing equipment; (xi) sinkhole collapse; (xii) collapse; (xiii) breakage of building glass; (xiv) falling objects; (xv) debris removal; (xvi) demolition occasioned by enforcement of laws and regulations; (xvii) weight of snow, ice, or sleet; (xviii) weight of people or personal property;
- (c) Workers' Compensation Insurance, including occupational illness or disease coverage, in accordance with the laws of the nation, state, territory, or province having jurisdiction over the Developer's employees, and Employer's Liability Insurance with minimum limits as required by law. The Developer shall not utilize occupational accident or health insurance policies, or the equivalent, in lieu of mandatory Workers' Compensation Insurance or otherwise attempt to opt out of the statutory Workers' Compensation system.
- (d) Automobile Liability Insurance covering use of all non-owned and hired automobiles with a minimum combined single limit of liability for bodily injury and property damage of \$1,000,000 per occurrence.
- (e) Umbrella liability insurance in an aggregate limit of \$15,000,000 shall be attached and in excess of the coverage to be maintained as set forth in paragraphs (a) and (c) above with drop down coverage where underlying primary coverage limits are insufficient or exhausted.
- (f) All insurance provided by Developer under this Agreement shall include a waiver of subrogation by the insurers in favor of the Agency. The Developer hereby releases the Agency, including its respective affiliates, directors, and employees for losses or claims for bodily injury, property damage, or other insured claims arising out of the Developer's performance under this Agreement or construction of the Project.
- (g) The Developer (or the Developer's contractor(s), as applicable) shall provide certificates of insurance satisfactory in form to the Agency (ACORD form or

equivalent) evidencing that the insurance required above is in force. To the extent commercially reasonable, Developer will provide with endorsements stating (i) that not less than thirty (30) days' written notice will be given to the Agency prior to any cancellation or restrictive modification of the policies, and (b) that the waivers of subrogation are in force. The Developer (or the Developer's contractor(s), as applicable) shall also provide with its certificate of insurance executed copies of the additional insured endorsements and dedicated limits endorsements required in this Agreement. At the Agency's request, the Developer shall provide a certified copy of each insurance policy required under this Agreement.

- (h) All policies of insurance required by this Agreement shall be issued by insurance companies with a general policyholder's rating of not less than A and a financial rating of AAA (or equivalent ratings if such are changed) as rated in the most current available "Best's Insurance Reports" and qualified to do business in the state of Idaho.
- (i) The foregoing insurance coverage shall be primary and non-contributing with respect to any other insurance or self-insurance that may be maintained by the Agency. The Developer's General Liability Insurance policy shall contain a Cross-Liability or Severability of Interest clause. The fact that the Developer has obtained the insurance required in this Section shall in no manner lessen or affect the Developer's other obligations or liabilities set forth in the Agreement.

10.8 Indemnification

The Developer shall indemnify, defend, and hold the Agency and its 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 the Agency or its respective officers, agents, and employees by reason of any of the following occurrences:

- (a) any work or thing done in connection with the Project by or at the direction of the Developer, including, without limitation, inspection of the Property prior to execution of the Ground Lease, any work on the Property prior to execution of the Ground Lease, and the construction of any improvements, or any tenant improvements, in each case by or at the direction of the Developer; or
- (b) any use, nonuse, possession, occupation, condition, operation, maintenance, or management of the Project or any part thereof by the Developer; or
- (c) any negligence on the part of the Developer or any of its agents, contractors, employees, subtenants, operators, licensees, or invitees; or

- (d) any accident, injury, or damage to any person or property occurring in, on, or about the Property, or any part thereof, during construction of the Project by or at the direction of the Developer; or
- (e) any failure on the part of the Developer to perform or comply with any of the terms, provisions, covenants, and conditions contained in this Agreement to be performed or complied with on its part; or
- (f) in case any action or proceeding is brought against the Agency or its respective officers, agents, and employees by reason of any such claim for which the Developer is required to provide indemnification hereunder, the Developer, upon written notice from the Agency shall, at the Developer's expense, resist or defend such action or proceeding; or
- (g) notwithstanding the foregoing, the Developer shall have no obligation to indemnify and hold the Agency and its respective officers, agents, and employees harmless from and against any matter to the extent it arises from the negligence or willful act of the Agency or its respective officers, agents, or employees or from conduct resulting in an award of punitive damages against the Agency.

11 POST PROJECT COMPLETION

11.1 Certificate of Completion

Promptly after completion of all construction and development to be completed by the Developer for the Project, the Developer shall submit to the Agency a request for a certificate of completion for the Project ("Certificate of Completion"), in the form similar to that included as **Attachment 11**. The Agency shall promptly issue the Certificate of Completion if (a) the City has issued a certificate of occupancy for the Project and (b) if the Developer is not in default under this Agreement and the Agency has not sent notice to the Developer of any uncured event which, with the passing of time, could give rise to a default under this Agreement. The Parties acknowledge the failure to construct the Project within the time frame set forth in the Schedule of Performance may, after the Agency provided the Developer with written notice of default and an opportunity to cure any such default as set forth in Sections 14.1 and 14.2, be considered by the Agency as a default by the Developer under this Agreement. The Agency shall not unreasonably withhold the Certificate of Completion. Subject to events of force majeure, the Developer shall complete construction of the Project as evidenced by the receipt of a Certificate of Completion and/or Occupancy from the City within thirty (30) months after receiving its building permit from the City.

The Certificate of Completion shall be executed by the Agency and the Developer and be in such form as to permit it to be recorded by the Office of the County Recorder of Blaine County, Idaho.

The Certificate of Completion shall be, and shall so state, a conclusive determination of satisfactory completion of the construction of the Project and conclusive determination of satisfactory completion of the obligations of the Developer and the Agency required by this Agreement with respect to completion of the construction of the Project.

The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage or any insurer of a mortgage securing money loaned to finance the improvements or any part thereof. Such Certificate of Completion is not notice of completion as referred to under other laws of the state of Idaho.

12 CAPITAL IMPROVEMENTS AND GENERAL ASSISTANCE REIMBURSEMENT

In order to further maximize the benefit to the Agency and the public, in light of the overall public benefit being provided by the Project, the Agency intends to negotiate with the Developer the terms of a Capital Improvement and General Assistance Reimbursement Agreement related to the Developer's construction of certain public infrastructure and other improvements eligible for reimbursement. The form of the Capital Improvement and General Assistance Reimbursement Agreement is as set forth in **Attachment 12**. This Capital Improvement and General Assistance Reimbursement Agreement may be amended and revised to reflect the then current funding or reimbursement structure between Agency and Developer.

The Agency and the Developer shall enter into the Capital Improvement and General Assistance Reimbursement Agreement in order to facilitate coordination with the Agency regarding the undergrounding or improvement of the Project's site utilities and other public improvements.

The Capital Improvement and General Assistance Reimbursement Agreement will address the Public Project Improvements, including those public infrastructure improvements in or adjacent to, or being relocated to, the public right-of-way adjacent to the Site, including streetscape enhancements and multi-modal amenities and other improvements having a public benefit related to the project. The Capital Improvement and General Assistance Reimbursement Agreement will further address the construction of any streetscape improvements, fiber optic conduit installation, pavement maintenance, and other eligible public improvements, which all or a portion of such improvements may be eligible for reimbursement.

The Capital Improvement and General Assistance Reimbursement Agreement will also address Project coordination to increase efficiency and to reduce area disruptions during construction with other Agency projects in the Project Area. The coordination scope includes, but is not limited to, location and use of construction staging areas, construction fence location, traffic control plans and permits, public detour routes, and other construction logistics related to the public improvements under the Capital Improvement and General Assistance Reimbursement Agreement.

13 DEVELOPER'S POST-DEVELOPMENT AND CONSTRUCTION OBLIGATIONS

Anything to the contrary in this Agreement notwithstanding, the following provisions set forth in this Section are some of the obligations of the Developer intended to survive with respect to the Property following the issuance of a Certificate of Completion.

13.1 Ground Lease

The Developer hereby agrees to abide by all terms and conditions of the accompanying Ground Lease provided for in **Attachment 8**. The Developer acknowledges that the execution of this Agreement is expressly premised on the Developer's acceptance of the terms and conditions of the Ground Lease and the use of the property for the Affordable Workforce Housing Project.

13.2 Taxes, Assessments, Encumbrances, and Liens

The Developer shall pay when due all personal property taxes and assessments assessed and levied on the Property for any period subsequent to the Developer obtaining its interest in the Property from the Agency. Nothing herein contained shall be deemed to prohibit the Developer from contesting the validity or amounts of any tax, assessment, encumbrance, or lien or to limit the remedies available to the Developer with respect thereto. Agency acknowledges that in order to meet the affordability objectives of the Project, Developer will seek to exempt the Project from taxation to the fullest extent available, and nothing in this Agreement will be deemed to limit Developer efforts. Agency does not control aspects of tax exemptions.

13.3 Use of the Property During Term of the Redevelopment Plan

The Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest that during construction and thereafter, the Developer, its successors, and assignees shall devote the Property to the uses specified in the Redevelopment Plan, the Ground Lease, and this Agreement for the periods of time specified therein. The Property shall only be used for the uses specified in the Scope of Development.

13.4 Obligation to Refrain From Discrimination

The Developer covenants by and for the Developer and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of physical disability, race, color, creed, religion, sex, sexual orientation, gender identity/expression, marital status, ancestry, or national origin in the sublease, transfer, use, occupancy, tenure, or enjoyment of Property, nor shall the Developer or any person claiming under or through the Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of subtenants, sublessees, or vendees of the Property. The foregoing covenants shall run with the land.

13.5 Effect and Duration of Covenants

The covenants against discrimination shall remain in effect in perpetuity. The covenants established in this Agreement that expressly run with the land and the Deeds shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, the Agency's successors and assigns, the City, and any successors in interest to the Property or any part thereof.

13.6 Provisions That Run With the Land

The Agency is deemed the beneficiary of the terms and provisions of this Agreement that expressly run with the land for, and in its own rights, the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. The covenants that expressly run with the land shall run in favor of the Agency without regard to whether the Agency has been, remains, or is an owner of any land or interest therein in the Property, any parcel or subparcel, or in the Project Area. The Agency shall have the right, if the covenants that expressly run with the land are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of such covenants may be entitled. The new owner of any such portion of the Property shall be liable for all obligations arising under this Agreement with respect to such portion of the Property after the conveyance.

14 DEFAULTS, REMEDIES, AND TERMINATION

14.1. Defaults—General

Failure or delay by either Party to perform any term or provision of this Agreement after receiving notice and a reasonable opportunity to cure taking into consideration the nature of the default as set forth herein shall constitute a default under this Agreement. Upon receipt of such notice, a Party must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction, or remedy with reasonable diligence. A Party so acting and during any period of curing shall not be in default.

14.2. Written Notice

The Party claiming a failure or delay in performance shall give written notice of default to the Party failing or delaying performance specifying the default complained of by the injured Party. Except as required to protect against further damages, the Party claiming default may not institute proceedings against the Party in default until the later of sixty (60) days after giving such notice or such other a reasonable timeframe agreed to by both Parties taking into consideration the nature of the default, said sixty (60) days or longer period as the case may be constituting the period to cure any default.

14.3. No Waiver

Except as otherwise expressly provided in this Agreement, any failure or delay by either Party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies or deprive such Party of its right to institute and maintain any actions or proceedings that it may deem necessary to protect, assert, or enforce any such rights or remedies.

14.4. Materiality of Provisions

It is expressly understood and agreed that each of the covenants, promises, stipulations, and agreements of the Parties hereto and under the provisions of this Agreement are an integral and indivisible part of the consideration given by each to the other and that each covenant, promise, stipulation, and agreement of the Parties shall be deemed and construed as material. Subject to Section 14.1 above, it is further understood and agreed that time is of the essence of this Agreement; that failure, refusal, or neglect for any reason whatsoever of either Party hereto to perform any of the covenants, promises, stipulations, or agreements to be performed by the Party pursuant to the terms and provisions of this Agreement shall constitute a material default on the part of the Party failing to perform such covenant, promise, stipulation, or agreement; and that the occurrence of any such default on the part of either Party shall give the other Party the right to terminate or otherwise enforce this Agreement in accordance with the provisions of this Section.

14.5. Legal Actions

14.5.1. Institution of Legal Actions

Subject to the express limitations herein, either Party may institute legal action to cure, correct, or remedy any default or recover damages for any default or to obtain any other remedy consistent with the purpose of this Agreement.

14.5.2. Applicable Law

The laws of the state of Idaho shall govern the interpretation and enforcement of this Agreement.

14.5.3. Acceptance of Service of Process

In the event that any legal action is commenced by the Developer against the Agency, service of process on the Agency shall be made by personal service upon the Chair of the Agency or in such other manner as may be provided by law. In the event that any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made by personal service upon the Developer or in such other manner as may be provided by law and shall be valid whether made within or without the state of Idaho.

14.5.4. Rights and Remedies

Subject to the express limitation herein, the rights and remedies of the Parties are cumulative, and the exercise by any Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the other Party.

14.5.5. Specific Performance

If the Developer or the Agency has provided notice and an opportunity to cure pursuant to Section 14.1 and the default is not cured, the non-defaulting Party, at the non-defaulting Party's option, may institute an action for specific performance of the terms of this Agreement provided that specific performance shall be limited to those actions which necessitate action on the part of a Party but not for any action where damages (including, without limitation, liquidated damages pursuant to Section 14.5.6 below) are otherwise available.

14.5.6. Limitation on Agency's Remedies Prior to Developer Obtaining Interest in the Property

If the Developer defaults in its obligation to obtain an interest in the Property or to satisfy any conditions relating to its obtaining a leasehold interest in the Property, the Agency's sole and exclusive remedy shall be to terminate this Agreement and retain the Developer's Deposit relating to the Property as liquidated damages. Such amount to be retained by the Agency has been agreed by the Parties to be reasonable compensation and the exclusive remedy in those events because the precise amount of damages in those events would be difficult to determine.

14.6. Remedies and Rights of Termination Prior to Conveyance of the Property to Developer

14.6.1. Termination by Developer

In the event that prior to execution of the Ground Lease for the Property, as applicable:

- (a) the Agency does not execute the Ground Lease, as applicable, or does not convey possession thereof in the manner and condition and by the dates provided in this Agreement, and any such failure is not cured within sixty (60) days after written demand by the Developer; or
- (b) the Agency is unable to perform its obligations as set forth in the Scope of Development; or
- (c) the zoning of the Property, as applicable, does not permit the development, construction, use, operation, or maintenance of the improvements specified in the Scope of Development and in this Agreement to be developed and constructed thereon; or

- (d) the Developer, after and despite reasonably diligent effort and prior to the dates established, therefore, in the Schedule of Performance, is unable to obtain and submit the evidence of financing reasonably acceptable to the Agency or on or before the Agency's approval of the Developer's evidence of financing, the Developer notifies the Agency in writing that, in the Developer's judgment, it is not economically or financially feasible for the Developer to perform or finance its obligations under this Agreement in the time established therefore in the Schedule of Performance; or
- (e) the Developer notifies the Agency in writing that, in the Developer's judgment, that the Project is not economically or financially feasible for the Developer to develop in accordance with this Agreement; or
- (f) the Agency is in breach or default with respect to any other obligation of the Agency under this Agreement, subject to the cure provisions set forth in Section 14 of this Agreement;

then this Agreement may, at the option of the Developer, be terminated by written notice thereof to the Agency. Upon such termination, neither the Agency nor the Developer shall have any further rights against or liability to the other under this Agreement. In the event this Agreement is so terminated, the Agency shall retain any Deposit so long as the Agency has fully performed the obligations required to be performed by the Agency prior to that time. In the event this Agreement is so terminated because of any breach or default of Agency, as defined herein, then Agency shall reimburse Developer for third-party expenses only, incurred by Developer pursuant to this Agreement, including, but not limited to, all third-party expenses related to design, entailment, financing and planning of the Project.

14.6.2. Termination by Agency

In the event that prior to execution of the Ground Lease for the Property, as applicable:

- (a) the Developer transfers or assigns or attempts to transfer or assign this Agreement or any rights herein or in the Property or the buildings or improvements thereon in violation of this Agreement; or
- (b) there is any significant change in the legal structure or control of the Developer contrary to the provisions of Section 2.7 hereof; or
- (c) after and despite diligent effort and prior to the dates established, therefore, in the Schedule of Performance, subject to the cure provisions set forth in Section 14 of this Agreement, the Developer is unable to obtain and submit the evidence of financing reasonably acceptable to the Agency or before the Agency's approval of the Developer's evidence of financing the Developer notifies the Agency in writing that, in the Developer's judgment, it is not economically or financially feasible for

it to perform or finance its obligations under this Agreement in the time established therefore in the Schedule of Performance; or

- (d) the Developer fails to submit to Agency Final Construction Documents subject to the cure provisions set forth in Section 14 of this Agreement; or
- (e) subject to the cure provisions set forth in of Section 14 of this Agreement, the Developer does not execute the Ground Lease and take occupancy of the Property under tender of conveyance by the Agency pursuant to this Agreement; or
- (f) the Developer is in breach or default with respect to any other obligation of the Developer under this Agreement, subject to the cure provisions set forth in of Section 14 of this Agreement; or
- (g) the zoning of the Property does not permit the development, construction, use, operation, or maintenance of the improvements specified in the Scope of Development and in this Agreement to be developed and constructed thereon; or
- (h) the Agency is unable to perform its obligations as set forth in the Scope of Development;

then this Agreement may, at the option of the Agency, be terminated by the Agency by written notice thereof to the Developer. Upon such termination, neither the Agency nor the Developer shall have any further rights against or liability to the other under this Agreement. In the event this Agreement is so terminated, (a) so long as the Agency has fully performed the obligations required to be performed by the Agency prior to that time, the Agency shall retain any Deposit and (b) if the termination is pursuant to subsections (a) through (f), then Agency shall also be entitled to reimbursement of any third-party costs incurred, such as the re-use appraisal or third-party consultants.

15. GENERAL PROVISIONS

15.1. No Assignment of Rights

Prior to the issuance by Agency of a Certificate of Completion pursuant to 11 with respect to the Property, the Developer shall not, except as expressly permitted by this Agreement, sublease the whole or any part of such Property or the buildings or improvements thereon without the prior written approval of the Agency, which approval shall not be unreasonably withheld. Conveyance to a Developer affiliate shall be permitted and shall not be subject to further review or approval by the Agency. This prohibition shall not apply subsequent to the issuance of the Certificate of Completion, which shall signify the Agency's acknowledgment that the work required on the Property has been completed. This prohibition shall not be deemed to prevent the granting of licenses or permits to facilitate the Project or to prohibit or restrict the subleasing of any part or parts of a building or structure when said improvements are completed or to prohibit or restrict the preleasing of any part or parts of the structure so long as the lessee or buyer shall obtain no rights

under this Agreement and that any right to occupy or acquire any part of the structure prior to the Developer completing all the necessary improvements shall be terminable by the Agency in the event the Developer fails to complete all the necessary improvements. In the absence of specific written agreement by the Agency, no such transfer, assignment, or approval by the Agency shall be deemed to relieve the Developer from any obligations under this Agreement until completion of the Project as evidenced by the issuance of a Certificate of Completion.

15.2. Notices, Demands, and Communications Between the Parties

Formal notices, demands, and communications between the Agency and the Developer shall be sufficiently given upon dispatch, if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Agency and the Developer as set forth in Section 15.2 hereof. Such written notices, demands, and communications may be sent in the same manner to such other addresses as either Party may from time to time designate by mail.

15.3. Conflicts of Interest

No member, official, or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly involved.

15.4. Warranty Against Payment of Consideration for Agreement

The Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement other than normal costs of conducting business and costs of professional services such as for architects, engineers, and attorneys.

15.5. Nonliability of Agency Officials and Employees

No member, official, or employee of Agency shall be personally liable to the Developer in the event of any default or breach by the Agency or for any amount which may become due to the Developer or on any obligations under the terms of this Agreement.

15.6. Forced Delay/Force Majeure; Extension of Times of Performance

In addition to the specific provisions of this Agreement, performance by any Party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of the public enemy; epidemics; pandemics; quarantine restrictions; unusual delays in the supply of materials; unusual delays in reviews or approvals of governmental authorities; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, material, or tools; delay of any contractor, subcontractor, or suppliers; acts of another Party; proceedings before or acts or failures to act of any public or governmental agency

or entity, including approvals by any historic preservation agency (other than acts or failures to act of the Agency shall not excuse performance by the Agency); approvals by building officials for issuance of building permits; and temporary cessation of work for archeological digs, environmental analysis, or removal of hazardous or toxic substances; or any causes beyond the control or without the fault of the Party claiming an extension of time to perform. An extension of time for any such cause shall only be for the period of the forced delay, which period shall commence to run from the time of the commencement of the cause. If, however, notice by the Party claiming such extension is sent to the other Parties more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice. Times of performance under this Agreement may also be extended in writing by the Parties.

15.7. Inspection of Books and Records

The Agency has the right, upon not less than seventy-two (72) hours' notice, at all reasonable times to inspect the books and records of the Developer pertaining to the Project as pertinent to the purposes of this Agreement. The Developer also has the right, upon not less than seventy-two (72) hours' notice, at all reasonable times to inspect the books and records of the Agency pertaining to the Project as pertinent to the purposes of this Agreement.

15.8. Reports, Studies, and Test

If the Developer does not proceed with obtaining an interest in the Property and development of the Project, the Agency may retain possession of any reports, studies, and test results prepared by the Developer's consultants, including any soils or engineering tests concerning the Property, previously submitted by the Developer. Building and improvement designs, plans, and specifications are not intended to be covered by the preceding sentence. However, the Developer agrees not to prevent the Agency from obtaining building and improvement designs, plans, and specifications from the Developer's design professionals if the Agency and such design professionals enter into a separate arrangement for the Agency to obtain such designs, plans, and specifications. The Agency or any other person or entity designated by the Agency shall be free to use such reports, studies, and test results for any reason whatsoever without cost or liability thereof to the Developer or any other person, except to the extent the Agency may have to reach agreement with the Developer's consultants. The Developer does not make, and hereby expressly disclaims, any representation or warranty as to the accuracy of any such information or Agency's right to rely thereon.

15.9. Approvals by the Parties

Wherever this Agreement requires the Agency and/or the Developer to approve, or permits a Party to submit to the other Party for approval, any contract, document, plan specification, drawing, or other matter, such approval shall not be unreasonably withheld, conditioned, or delayed.

15.10. Attorney Fees

In the event of any action or proceeding at law or in equity between the Developer and the Agency to enforce any provision of this Agreement or to protect or establish any right or remedy of either Party hereunder, the unsuccessful Party to such litigation shall pay to the prevailing Party all reasonable attorney fees and litigation expenses incurred therein by such prevailing Party (including such costs and fees incurred on appeal); and if such prevailing Party shall recover judgment in any such action or proceeding, such reasonable costs, expenses, and attorney fees shall be included in and as a part of such judgment.

16. SPECIAL PROVISIONS

16.1. Amendment of Redevelopment Plan

Pursuant to the provisions of the Redevelopment Plan or modification or amendment therefore, the Agency agrees that no amendment that changes the uses or development permitted on the Property or changes the restrictions or controls that apply to the Property or otherwise affects the Property shall be made or become effective without the prior written consent of the Developer. Amendments to the Redevelopment Plan applying to other property in the Project Area shall not require the consent of the Developer.

16.2. Submission of Documents for Approval

Whenever this Agreement requires either Party to submit plans, drawings, or other documents to the other Party for approval, which shall be deemed approved if not acted on by the Party within a specified time, said plans, drawings, or other documents shall be accompanied by a letter stating that they are being submitted and shall be deemed approved unless rejected by the other Party within the stated time. If there is no time specified herein for such Party's action, the other Party may submit a letter requiring approval or rejection of documents within thirty (30) days after submission or such documents shall be deemed approved.

16.3. Computation of Time

In computing any period of time prescribed or allowed under this Agreement, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last calendar day of the period so computed shall be included, unless it is a Saturday, Sunday, or legal holiday, in which event the period runs until the end of the next day which is not a Saturday, Sunday, or legal holiday. As used herein, "legal holiday" means a legal holiday recognized by the Agency on which the offices of the Agency are closed for regular business.

16.4. No Third-Party Beneficiary

The provisions of this Agreement are for the exclusive benefit of the Agency and the Developer, and their successors and assigns, and not for the benefit of any third person; nor shall this Agreement be deemed to have conferred any rights, express or implied, upon any third person

except for provisions expressly for the benefit of a mortgagee or lender of the Developer or its successors and assigns.

16.5. Dispute Resolution

In the event that a dispute arises between the Parties concerning (i) the meaning or application of the terms of or (ii) an asserted breach of this Agreement, the Parties shall meet and confer in a good faith effort to resolve their dispute. The first such meeting shall occur within thirty (30) days of the first written notice from either Party evidencing the existence of the dispute. The Chair of the Agency and the managing member of the Developer shall both be included among the individuals representing the Parties at the first such meeting. If the Parties shall have failed to resolve the dispute within thirty (30) days after delivery of such notice, the Parties agree to first consider to settle the dispute in an amicable manner by mediation or other process of structured negotiation under the auspices of a nationally or regionally recognized organization providing such services in the Northwestern United States or otherwise, as the Parties may mutually agree before resorting to litigation or to arbitration. The costs of such mediation or other process of structured negotiation shall be equally split between the Parties. Should the Parties be unable to resolve the dispute to their mutual satisfaction within thirty (30) days after such completion of mediation or other process of structured negotiation, or if the Parties cannot mutually agree to attempt to settle any dispute by mediation or other process of structured negotiation, each Party shall have the right to pursue any rights or remedies it may have at law or in equity.

16.6. Good Faith and Cooperation

It is agreed by the Agency and the Developer to act in good faith in compliance with all of the terms, covenants, and conditions of this Agreement and shall deal fairly with each other.

16.7. Anti-Boycott Against Israel Certification

The Developer hereby certifies pursuant to Section 67-2346, Idaho Code, that the Developer, its wholly owned subsidiaries, majority owned subsidiaries, parent companies and affiliates are not currently engaged in, and will not for the duration of this Agreement knowingly engage in, a boycott of goods or services from Israel or territories under its control.

16.8. Government of China Owned Companies Prohibited

The Developer is not currently owned or operated by the government of China and will not for the duration of this Agreement be owned or operated by the government of China.

16.9. Entire Agreement, Waivers, and Amendments

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all negotiations or previous agreements between the Parties with respect to all or any part of the subject matter hereof including, without limitation, the Agreement to Negotiate Exclusively. All waivers of the provisions of this Agreement must be in writing and

signed by the appropriate authorities of the Agency and the Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of the Agency and the Developer.

16.10. Effective Date of Agreement

This Agreement, when executed by the Developer and delivered to the Agency, must be authorized, executed, and delivered by the Agency within forty-five (45) days after the date of signature by the Developer, or this Agreement shall be void except to the extent that the Developer shall consent in writing to further extensions of time for the authorization, execution, and delivery of this Agreement. The Developer recognizes that the Agency must comply with certain notice, solicitation, and comment periods and a disclosure process as required by law. Because of that process the Agency may be unable to execute this Agreement as proposed, and in such event, this Agreement shall be void. The effective date of this Agreement (the “Effective Date”) shall be the date when this Agreement has been signed by Agency.

[signatures on following page]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the dates set forth below.

_____, 2023

AGENCY

KETCHUM URBAN RENEWAL AGENCY

Susan Scovell, Chair

_____, 2023

DEVELOPER

[FIRST + WASHINGTON PROPERTIES LLC], an Idaho limited liability company

By: [First + Washington Holdings LLC], an Idaho limited liability company, its sole member

By: Wood River Community Housing Trust, Inc., an Idaho nonprofit corporation, its sole member

By: _____
Steven M. Shafran
President

_____, 2023

DEVELOPMENT MANAGER

[deChase First + Washington Development Services, LLC, an Idaho limited liability company]

By: deChase Development Services, LLC, an Oregon limited liability company, its sole member

By: _____
Dean Papé
Manager

STATE OF IDAHO)
) ss.
County of _____)

On this _____ day of _____, 2023, before me, _____, the undersigned notary public in and for said county and state, personally appeared Susan Scovell, known or identified to me to be the Chair of the Ketchum Urban Renewal Agency, the public body, corporate and politic, that executed the within instrument on behalf of said Agency, and acknowledged to me that such Agency executed the same for the purposes herein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public for Idaho
Commission Expires _____

STATE OF IDAHO)
) ss.
County of _____)

On this ____ day of _____, 2023, before me, _____, the undersigned notary public in and for said county and state, personally appeared Steven M. Shafran, known or identified to me to be the President of Wood River Community Housing Trust, Inc., an Idaho nonprofit corporation, acting as the sole member of [First + Washington Holdings LLC], an Idaho limited liability company, acting as the sole member of [First + Washington Properties LLC], an Idaho limited liability company, who is the “Developer” herein, and acknowledged to me that he executed the within instrument on behalf of such Developer for the purposes herein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public for Idaho
Commission Expires _____

STATE OF IDAHO)
) ss.
 County of _____)

On this _____ day of _____, 2023, before me, _____, the undersigned notary public in and for said county and state, personally appeared Dean Papé, known or identified to me to be the Manager of deChase Development Services, LLC, an Oregon limited liability company, acting as the sole member of [deChase First + Washington Development Services, LLC, an Idaho limited liability company], who is the “Development Manager” herein, and acknowledged to me that he executed the within instrument on behalf of such Developer for the purposes herein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

 Notary Public for Idaho
 Commission Expires _____

Attachment 1
Site Plan

Attachment 2

Legal Description of the Property

Lots 5, 6, 7 and 8 in Block 19, of the VILLAGE OF KETCHUM, as shown on the certified copy of the official map thereof, recorded as Instrument No. 302967, records of Blaine County, Idaho.

Lot 5 Block 19: RPK0000019005B

Lot 6 Block 19: RPK0000019006B

Lots 7 & 8 Block 19: RPK00000190070

Attachment 3
Proposal

Attachment 4 Scope of Development

The Project consists of an approximately 4-story high building that will include active ground floor space, rent restricted affordable workforce residential units and amenities, flexible commercial space, and vehicular parking. Collectively, the development is also referred to as the “Affordable Workforce Housing Project.”

The flexible commercial space component of the Affordable Workforce Housing Project includes approximately 3,400 square feet. The flexible commercial space could accommodate office, special interest space, or retail. Active use of the ground floor space on 1st and Washington is critical for the overall success of the Project. An active use on the ground floor means a use that promotes an active pedestrian environment, provides direct access to the general public from the sidewalk (or other public open space), provides active visual engagement between people in the street and people in the building, and conceals other non-active uses. Active uses supporting the Agency’s goals include retail, offices, galleries, and personal service establishments.

The Affordable Workforce Housing Project includes sixty-six (66) residential units with a unit mix consisting of forty-four (44) studio apartments, fifteen (15) one-bedroom apartments, and seven (7) two-bedroom apartments. Unit sizes range from approximately four hundred fifty (450) – nine hundred (900) square feet. All residential units are subject to Area Median Income (“AMI”) restrictions, which are adjusted by family size and are further outlined in provisions of the Ground Lease. The Affordable Workforce Housing Units will be income restricted and will have a target average median income under Section 8 of the United States Housing Act of 1937, as amended (including adjustments for family size) (“AMI”) allocation mix as follows. The foregoing allocations are target preferences only, and Tenant may lease an Affordable Workforce Housing Unit allocated to one target AMI limit to a Qualified Resident (as defined herein) in another AMI limit if no prospective Qualified Resident in the target AMI limit is then readily available to lease the unit when it becomes available to lease. As used herein, the term “resident” for an Affordable Workforce Housing Unit means all persons that lease or occupy the Affordable Workforce Housing Unit as a dwelling, whether or not the persons are related. A “Qualified Resident” is any resident(s) that meets Tenant’s then-current resident criteria for the Project with a total gross income of all members of the resident’s household (i.e., any person who will occupy the Affordable Workforce Housing Unit) that meets the specified range of percentages, as outlined below, of the then current AMI; provided, however, if Blaine County Housing Authority (the “**Authority**”) publishes AMI calculations different than the foregoing, then Tenant may use the AMI calculations published by the Authority. For purposes of the above calculations, the income of a Qualified Resident may include rent subsidies from employers or others. Nothing in this Lease will require Tenant to lease any Affordable Workforce Housing Unit to a residential tenant that does not meet Tenant’s then-current tenant selection criteria for the Project (other than limited income as permitted herein).

- (a) Approximately thirty-two percent (32%) of the Affordable Workforce Housing Units are to be allocated to a preference for Qualified Residents who, at first occupancy, have a family income of eighty percent (80%) to one hundred percent (100%) of AMI;
- (b) Approximately thirty percent (30%) of the Affordable Workforce Housing Units are to be allocated to a preference for Qualified Residents who, at first occupancy, have a family income of one hundred percent (100%) to one hundred twenty percent (120%) of AMI; and

- (c) Approximately thirty-eight percent (38%) of the Affordable Workforce Housing Units are to be allocated to a preference for Qualified Residents who, at first occupancy, have a family income of one hundred twenty percent (120%) to one hundred fifty-five percent (155%) of AMI.

Tenant will endeavor to have the average AMI at first occupancy of all Qualified Residents in the Project (“**Average AMI**”) to be not less than one hundred ten percent (110%) of AMI and not more than one hundred twenty-seven percent (127%) of AMI (the “**Target AMI Range**”).

Attachment 5
Schedule of Performance

	Action	Due Date	Section
1	Execution & Delivery of Agreement by Developer. Developer shall execute and deliver this Agreement to Agency.	As soon as practical	16.10
2	Execution of Ground Lease		5.1.1
3	Execution and Delivery of Agreement by Agency. Agency shall consider approval of this Agreement, and if approved, shall deliver one executed original to Developer.	Within forty-five (45) days of execution by Developer	16.10
4	Payment of Deposit. Developer previously deposited with Agency the sum of \$10,000.00	Completed.	5.2.4(b)
5	Submission of Preliminary Evidence of Financing. Developer shall submit to Agency evidence satisfactory to the Agency that Developer will have at or before execution of the Ground Lease the financial capability necessary for the development of the Project thereon pursuant to this Agreement.	No later than ninety (90) prior to execution of Ground Lease	4.1
6	Time to Approve Evidence of Financing. Agency shall approve or disapprove of Developer's evidence of financing	Within twenty (20) days of Developer's submission of evidence of financing.	4.2
7	Submission of Preliminary Plans	Within one hundred twenty (120) days after Effective Date	8.4
8	Approval of Preliminary Plans	Within twenty-one (21) after receiving submission.	8.4
9	Submission to Agency of Schematic Design Documentation	Within sixty (60) days after Agency approval of the Preliminary Plans	8.5
10	Approval of Schematic Design Documentation.	Within fifteen (15) days after consideration by Agency	8.5
11	Submission of Design Review Drawings.	Within ninety (90) days after Agency approval of Schematic Design Documentation.	8.6
12	Submission of Final Construction Drawings	Within ninety (90) days after the City's issuance of a Design Review Permit.	8.7

13	Approval by Agency of Final Construction Drawings	Within twenty-one (21) days of receipt by Agency.	8.7
14	Submission of Building Permit Application to the City by the Developer.	Within 30 days of Agency approval of Final Construction Documents	8.7
15	Commencement of Construction	Within ninety (90) days of Developer receiving Building Permit from City.	8.7
16	Completion of the Project and Issuance of a Certificate of Occupancy	Within 30 months of issuance of the Building Permit by the City.	8.7
17	Insurance. Developer shall furnish evidence of the insurance required under the Agreement to Agency.	Prior to Execution of Ground Lease.	10
18	Construction Loan Closings.	Concurrently with execution of Ground Lease	4
19	Conditions Precedent to Ground Lease. All Conditions Precedent to Closing shall be satisfied or waived as appropriate.	Prior to Execution of Ground Lease	5
20	Construction Contract. Requires Project to be constructed for under the Project Budget.	Prior to Execution of Ground Lease	5.2.4(f)
21	Certificate of Completion. Agency shall provide Certification of Completion to Developer.	Promptly following City's issuance of a certificate of occupancy for 100% of the residential units and a certificate of occupancy/completion of at least the shell/core of the retail and/or office and/or commercial use and Developer is not in default.	11.1

Attachment 6

Preliminary Plans

Attachment 7
Reuse Appraisal

[To be provided electronically due to volume]

Attachment 8
Ground Lease

ATTACHMENT 9
FORM OF MEMORANDUM

Recording Requested By:

URBAN RENEWAL AGENCY OF THE CITY OF KETCHUM, IDAHO and
[First + Washington Properties LLC].

When Recorded Return to:

Ketchum Urban Renewal Agency
c/o Susanne Frick, Executive Director
P.O. Box 2315
191 5th Street
Ketchum, ID 83340

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

MEMORANDUM OF DISPOSITION AND DEVELOPMENT AGREEMENT

THIS MEMORANDUM OF DISPOSITION AND DEVELOPMENT AGREEMENT (“**Memorandum**”) is made as of the ____ day of _____, 2023, by and between the URBAN RENEWAL AGENCY OF THE CITY OF KETCHUM, IDAHO (the “Agency”) and [First + Washington Properties LLC], an Idaho limited liability company (the “Developer”), collectively the “Parties.”

1. The Agency and the Developer have previously entered into a Disposition and Development Agreement dated [enter] regarding the development of the real property (the “Site”) described in Exhibit A, attached hereto and incorporated herein.

2. This Memorandum summarizes the Disposition and Development Agreement pursuant to Idaho Code Section 55-818 and incorporates by reference all of the terms and provisions of the Disposition and Development Agreement.

3. The terms, conditions, and provisions of the Disposition and Development Agreement relating to the development of the Site shall extend to and be binding upon the heirs, executors, administrators, grantees, successors, and assigns of the Parties hereto. The terms, conditions, and provisions of the Disposition and Development Agreement relating to the development of the Site shall have no further application to such parcel after the Agency has issued a Certificate of Completion for such parcel. After the Agency has issued

a Certificate of Completion for such parcel, Agency will promptly execute and record a release of this Memorandum.

4. In the event of any conflict between the Disposition and Development Agreement and this Memorandum, the Disposition and Development Agreement shall control.

5. Capitalized terms used but not defined in this Memorandum shall have the same meanings ascribed for such capitalized terms in the Disposition and Development Agreement.

SIGNATURES ON FOLLOWING PAGES

AGENCY:

URBAN RENEWAL AGENCY
OF THE CITY OF KETCHUM

By _____
Susan Scovell, Chair

STATE OF IDAHO)
) ss.
County of _____)

On this ____ day of _____, 2023, before me, _____, a Notary Public in and for said State, personally appeared Susan Scovell, known or identified to me to be the Chair of the Urban Renewal Agency of the City of Ketchum the public body, corporate and politic, that executed the within instrument on behalf of said Agency, and acknowledged to me that such Agency executed the same for the purposes herein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public for Idaho
My commission expires _____

DEVELOPER

[FIRST + WASHINGTON PROPERTIES LLC], an Idaho limited liability company

By: [First + Washington Holdings LLC], an Idaho limited liability company, its sole member

By: Wood River Community Housing Trust, Inc., an Idaho nonprofit corporation, its sole member

By: _____
Steven M. Shafran
President

STATE OF IDAHO)
) ss.
County of _____)

On this ____ day of _____, 2023, before me, _____, the undersigned notary public in and for said county and state, personally appeared Steven M. Shafran, known or identified to me to be the President of Wood River Community Housing Trust, Inc., an Idaho nonprofit corporation, acting as the sole member of [First + Washington Holdings LLC], an Idaho limited liability company, acting as the sole member of [First + Washington Properties LLC], an Idaho limited liability company, who is the “Developer” herein, and acknowledged to me that he executed the within instrument on behalf of such Developer for the purposes herein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public for Idaho
My commission expires _____

PROPERTY DESCRIPTION EXHIBIT "A"

Attachment 10
Cost of Construction

Attachment 11
Certificate of Completion

**CERTIFICATE OF COMPLETION FOR
CONSTRUCTION OF IMPROVEMENTS**

(1st and Washington Disposition and Development Agreement)

The Urban Renewal Agency of the City of Ketchum, Idaho, an independent public body, corporate and politic, organized under the laws of the state of Idaho (the “Agency”), exercising governmental functions and powers and organized and existing under the Idaho Urban Renewal Law of 1965, as amended (Chapter 20, Title 50, Idaho Code), which has a street address of 191 5th Street, Ketchum, Idaho 83340, hereby certifies that all the required improvements, construction, and redevelopment regarding the 1st and Washinton development project (collectively the “Project”) have been completed.

[First + Washington Properties LLC], an Idaho limited liability company (the “Developer”), having its principal office at 675 Sun Valley Road, PO Box 7840, Ketchum, Idaho 83340-7126, is the developer of Project located on that certain real property described in Exhibit A and by this reference incorporated herein (the “Property”). The construction and completion of the Project on the Property have been completed in accordance with the provisions, and conform with the uses, specified in the Ketchum Urban Renewal Plan 2010, also known as the Ketchum Urban Renewal Project Area, as recommended by the Agency and approved by the City of Ketchum on November 15, 2010 (the “Plan”), which Plan is incorporated herein by reference. The Project as constructed also met the requirements set forth in the Disposition and Development Agreement dated [enter] (the “DDA”), between the Agency and the Developer, which DDA is incorporated herein by reference.

This Certificate of Completion is issued in accordance with Section 11.1. of the DDA and only for said purposes of Section 11.1. This Certificate of Completion for the Project shall be a conclusive determination of the satisfaction of the agreements and requirements by both the Developer and the Agency as set forth in the DDA, provided that the Agency does not hereby relinquish any right to enforce the covenants set forth in the Ground Lease, dated [_____, _____], recorded on [_____, _____], bearing Instrument No. _____ (the “Ground Lease”) conveying a leasehold interest in the Property to the Developer from the Agency.

[end of text]

DATED this _____ day of _____.

The Urban Renewal Agency of the City of Ketchum,
an independent public body,
corporate and politic, organized under the
laws of the state of Idaho

By _____
Susan Scovell, Chair

ATTEST:

Secretary/Treasurer

STATE OF IDAHO)
) ss:
County of _____)

On this _____ day of _____, _____, before me, _____, a notary public in and for said state, personally appeared Susan Scovell known to me to be the Chair of the Urban Renewal Agency of the City of Ketchum Idaho, an independent public body, corporate and politic, organized under the laws of the state of Idaho, who executed the within and foregoing instrument, and acknowledged to me that Urban Renewal Agency of the City of Ketchum executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public for Idaho
My Commission Expires: _____

EXHIBIT A

Description of the Property

Agency Parcel:

ATTACHMENT 12

Form of Capital Improvement and General Assistance Reimbursement Agreement

FORM CAPITAL IMPROVEMENT AND GENERAL ASSISTANCE

REIMBURSEMENT AGREEMENT

THIS CAPITAL IMPROVEMENT AND GENERAL ASSISTANCE REIMBURSEMENT AGREEMENT (“Agreement”) is entered into by and between the Urban Renewal Agency of the city of Ketchum, Idaho, a public body, corporate and politic, of the State of Idaho (“Agency”) and and [First + Washington Properties LLC], an Idaho limited liability company qualified to do business in Idaho (“Developer”). Agency and Developer may be collectively referred to as the “Parties” and individually referred to as a “Party.”

RECITALS

Developer anticipates developing certain real property located at 211 E. 1st Avenue, Ketchum, Idaho (the “Site”). Developer anticipates redeveloping the Site which will result in residential and commercial facilities (the “Project”). A map of the Site is attached as **Exhibit A**.

As part of the Project, Developer intends to redevelop the Site, including the installation of certain public infrastructure and general public improvements.

The Project is located within the 2010 Ketchum Urban Renewal Plan for the Revenue Allocation Area of the Ketchum Urban Renewal Agency (“Plan”). The Plan was approved by the Ketchum City Council on November 15, 2010. The Plan includes various measures to mitigate and remediate the Amended Plan area.

The Project that is the subject of this Agreement includes the proposed development on the Site of an approximately 4-story high building that will include active ground floor space, rent restricted affordable workforce residential units, amenities, flexible commercial space, and vehicular parking. Collectively, the development is also referred to as the “Affordable Workforce Housing Project.”

The flexible commercial space component of the Affordable Workforce Housing Project includes approximately 3,400 square feet. The flexible commercial space could accommodate office, special interest space, or retail. Active use of the ground floor space on 1st and Washington is critical for the overall success of the Project and was contemplated by the RFP and the Joint Proposal. For purposes of this Project, an active use on the ground floor means a use that promotes an active pedestrian environment, provides direct access to the general public from the sidewalk (or other public open space), provides active visual engagement between people in the street and people in the building, and conceals other non-active uses. Active uses supporting the Agency’s goals include retail, offices, galleries, and personal service establishments.

The Affordable Workforce Housing Project includes sixty-six (66) residential units with a unit mix consisting of forty-four (44) studio apartments, fifteen (15) one-bedroom apartments, and seven (7) two-bedroom apartments. Unit sizes range from approximately four hundred fifty (450) – nine hundred (900) square feet. The Affordable Workforce Housing Units will be income restricted and will have a target average median income under Section 8 of the United States Housing Act of 1937, as amended (including adjustments for family size) (“AMI”) allocation mix as follows. The foregoing allocations are target preferences only, and Tenant may lease an Affordable Workforce Housing Unit allocated to one target AMI limit to a Qualified Resident (as defined herein) in another AMI limit if no prospective Qualified Resident in the target AMI limit is then readily available to lease the unit when it becomes available to lease. As used herein, the term “resident” for an Affordable Workforce Housing Unit means all persons that lease or occupy the Affordable Workforce Housing Unit as a dwelling, whether or not the persons are related. A “Qualified Resident” is any resident(s) that meets Tenant’s then-current resident criteria for the Project with a total gross income of all members of the resident’s household (i.e., any person who will occupy the Affordable Workforce Housing Unit) that meets the specified range of percentages, as outlined below, of the then current AMI; provided, however, if Blaine County Housing Authority (the “**Authority**”) publishes AMI calculations different than the foregoing, then Tenant may use the AMI calculations published by the Authority. For purposes of the above calculations, the income of a Qualified Resident may include rent subsidies from employers or others. Nothing in this Lease will require Tenant to lease any Affordable Workforce Housing Unit to a residential tenant that does not meet Tenant’s then-current tenant selection criteria for the Project (other than limited income as permitted herein).

- (a) Approximately thirty-two percent (32%) of the Affordable Workforce Housing Units are to be allocated to a preference for Qualified Residents who, at first occupancy, have a family income of eighty percent (80%) to one hundred percent (100%) of AMI;
- (b) Approximately thirty percent (30%) of the Affordable Workforce Housing Units are to be allocated to a preference for Qualified Residents who, at first occupancy, have a family income of one hundred percent (100%) to one hundred twenty percent (120%) of AMI; and
- (c) Approximately thirty-eight percent (38%) of the Affordable Workforce Housing Units are to be allocated to a preference for Qualified Residents who, at first occupancy, have a family income of one hundred twenty percent (120%) to one hundred fifty-five percent (155%) of AMI.

Tenant will endeavor to have the average AMI at first occupancy of all Qualified Residents in the Project (“**Average AMI**”) to be not less than one hundred ten percent (110%) of AMI and not more than one hundred twenty-seven percent (127%) of AMI (the “**Target AMI Range**”).

The Project is anticipated to be LEED Certified.

In addition to the Affordable Workforce Housing Project, the Project may also include public infrastructure improvements related to that portion of the Idaho Power utility relocation and any other improvements installed for the benefit of the public as part of the Project along with other costs deemed eligible for Agency participation (“Public Project Improvements”).

Collectively, the Affordable Workforce Housing Project and the portion of the Public Project Improvements to be undertaken by the Developer are referred to as the “Project.”

The Parties entered into that certain Disposition and Development Agreement (“DDA”) dated _____, 2023, which governs the rights and obligations of the Parties concerning the Project.

Agency and Developer have negotiated the terms and conditions of Agency’s participation in the Project.

As a result of the proposed participation by Agency, the Project will be enhanced and economically viable.

Agency deems it appropriate to reimburse Developer for certain eligible public improvements as detailed in this Agreement to achieve the objectives set forth in the Amended Plan and in accordance with Agency’s participation objectives.

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 Developer and Agency (last date signed) and shall continue until: (1) the completion of all obligations of each Party; or (2) the termination of the Amended Plan, whichever comes first.

2. CAPITAL IMPROVEMENT REIMBURSEMENT

The Developer and City of Ketchum (“City”) intend to engage in certain Site (as described above) construction of utility and public improvements in or adjacent to, or being relocated to, the public right-of-way adjacent to the Site.

The Developer shall be responsible for various public improvements, [insert public improvements and general public benefitted assistance “Other Public Improvements” “Public Infrastructure Improvements” Exhibit B] Agency’s commitment in this Agreement is designed to comply with Agency’s authority under the Idaho Urban Renewal Law of 1965 (the “Act”) and the

Amended Plan and is intended to constitute an expenditure of Agency funds for a public purpose and not be deemed a gift or donation of public funds.

2.1. Construction of the Other Public Improvements.

The Other Public Improvements shall be designed and constructed by the Developer in accordance with the overall City infrastructure plans, policies, and design standards and in conjunction with the Project. Upon Agency's request, Agency shall have the right and the opportunity to review Developer's construction plans, budgets, and bids, provided to the City, for the Other Public Improvements (collectively the "Project Construction Documents"). It is understood the Developer will utilize commercially reasonable contracting, budgeting, and bidding practices to ensure that the Other Public Improvements are constructed consistent with the Project Construction Documents and are undertaken in a commercially reasonable manner.

A Schedule of Estimated Eligible Costs for the ["Improvements"] and the ["Other Public Improvements"] is described and set forth on **Exhibit C**. Any other public improvements constructed by the City or Developer as part of either the ["Improvements/Other Public Improvements"], the estimated costs of which are not set forth on Exhibit C, will be subject to reimbursement only upon a showing by Developer that these costs were related to public infrastructure or a public purposes and are eligible for reimbursement by the Agency. Additionally, Agency's reimbursement obligation is limited to the Estimated Costs (defined below) of the ["Improvements/Other Public Improvements"] set forth in this Agreement. Developer may seek additional funding from the Agency upon a showing that Developer has constructed or installed public infrastructure or infrastructure of a public purpose, the cost of which exceeds the Estimated Eligible Costs in Exhibit C. In order to seek reimbursement of any amount over the amount specified in the Estimated Eligible Costs, Developer must provide [enter]

2.2. Commencement of the ["Improvements/Other Public Improvements"]

The City and Developer have coordinated to commence construction of the ["Improvements/Other Public Improvements"] consistent with the timelines set forth in the Schedule of Performance as defined in the DDA. In the event there is a failure to construct the ["Improvements/Other Public Improvements"] within the time period set forth in the DDA, as the same may be extended pursuant to the terms of the DDA, Agency will not reimburse Developer for the costs of the ["Improvements/Other Public Improvements"].

2.3. Initial Construction Funding.

Subject to Agency's reimbursement obligation, Developer shall contribute to the upfront cost of the ["Improvements/Other Public Improvements"] in accordance with the DDA. The reimbursement payment to Developer by Agency shall be made pursuant to subsections 2.8 through 2.11 below. Agency and Developer acknowledge the Schedule of Estimated Eligible Costs (**Exhibit C**) is an estimate by Developer and that this Schedule of Estimated Eligible Costs shall act as a not to exceed amount regardless of whether actual total costs, as well as each line item of cost, may be more or less than is shown on **Exhibit C**.

2.4. Approvals of Project and Other Public Improvements.

Developer shall be responsible for obtaining necessary approvals for design, construction, installation and operation of the ["Improvements/Other Public Improvements"] from the governmental and other entities, including to the extent necessary, but not limited to, City and other governmental entities having approval authority for the ["Improvements/Other Public Improvements"] ("Approving Entities").

Developer shall keep Agency advised of the approval process of the Approving Entities and advise Agency immediately if any action of Approving Entities shall affect the scope and purpose of this Agreement.

2.5. Warranty on Other Public Improvements.

Developer warrants that the materials and workmanship employed in the construction of the Project and the ["Improvements/Other Public Improvements"] shall be good and sound and shall conform to generally accepted standards within the construction industry. Such warranty shall extend for a period of one (1) year after the issuance of the Certificate of Completion by Agency, provided nothing herein shall limit the time within which Agency may bring an action against Developer on account of Developer's failure to otherwise construct the Project in accordance with this Agreement or the Project Construction Documents (i.e., matters other than defects in materials or workmanship). The one-year warranty period does not constitute a limitation period with respect to the enforcement of Developer's other obligations under the Agreement.

2.6. Maintenance.

Developer recognizes Agency has no authority to accept maintenance responsibility of the ["Improvements/Other Public Improvements"] and therefore does not accept any maintenance obligations for the ["Improvements/Other Public Improvements"].

2.7. Estimated Costs for ["Improvements/Other Public Improvements"] and Not to Exceed Amount.

Developer has estimated the cost of the ["Improvements/Other Public Improvements"] to be [enter amount]. Upon review of the design drawings and plans, Agency is willing to contribute up to [enter amount] towards eligible public improvements ("Actual Eligible Costs") as demonstrated in Exhibit C attached hereto. This amount shall serve as a not to exceed amount for the cost of the ["Improvements/Other Public Improvements"]. Should Developer construct or install public improvements outside of those included within the ["Improvements/Other Public Improvements"], Developer may seek additional funding from Agency for those additional public improvements.

2.8. Determining Actual Eligible Costs.

Developer is responsible for submitting invoices or receipts for work performed as part of the ["Improvements/Other Public Improvements"] (the "Cost Documentation") at the time

Developer submits to Agency a request for a Certificate of Completion as set forth in the DDA. Cost Documentation shall include the following:

- (a) Schedule of values that includes line items for the [“Improvements/Other Public Improvements”] approved by Agency for reimbursement so they are identifiable separate from other line items (“Schedule of Values”).
- (b) Invoices from City’s general contractor, subcontractor(s) and material suppliers for each type of eligible cost item (e.g. concrete, pavers, benches, historic streetlights, overhead). Invoices shall specify quantities and unit costs of installed materials, and a percentage estimate of how much installed material was used for the [“Improvements/Other Public Improvements”] in comparison to the amount used for the remainder of the Project.

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. In the event Developer defaults in its obligation to timely deliver the Cost Documentation, Agency may, in its discretion, elect to terminate its payment obligations under this Agreement by providing Developer with written notice of such default. Developer shall have thirty (30) days from such written notice to cure the default. In the event Developer fails to timely cure such a default, Agency’s payment obligations under this Agreement may be terminated in Agency’s sole discretion.

Within fifteen (15) days of Agency’s receipt of the Cost Documentation, Agency will notify Developer 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 reasonable discretion, determine the Actual Eligible Costs following its review of the Cost Documentation and verification of the commercial reasonableness of the costs and expenses contained in such Cost Documentation.

If Developer disagrees with Agency’s calculation of the Actual Eligible Costs, Developer must respond to Agency in writing within ten (10) days explaining why Developer believes Agency’s calculation was in error and providing any evidence to support any such contentions Developer wants Agency to consider. Agency shall respond to Developer within three (3) days with a revised amount for the Actual Eligible Costs or notifying Developer that Agency will not revise the initial amount calculated. Agency shall be reasonable in making its determination of the Actual Eligible Costs.

2.9. Conditions Precedent to Agency’s Payment Obligation.

The Agency must have conveyed a leasehold interest in the Site to the Developer, pursuant to the DDA and Ground Lease, before Agency has any obligation to reimburse Developer for the Actual Eligible Costs for the [“Improvements/Other Public Improvements”].

Material failure to comply with all Agreement provisions, following notice and opportunity to cure as provided for herein, shall be a basis for termination of Agency's reimbursement obligation.

2.10. Deadline to Complete Other Public Improvements.

In order to be eligible for any reimbursement for the ["Improvements/Other Public Improvements"] under this Agreement, Developer must complete the Project within the timeframe set forth in the Schedule of Performance of the DDA, as the same may be extended pursuant to the terms of the DDA. Upon written request, Agency may grant extensions in its discretion. If Developer does not complete the Project within the time period set forth in the Schedule of Performance, set forth in the DDA, as the same may be extended pursuant to the terms of the DDA, and this Agreement, Agency shall have no obligation to reimburse Developer for the costs of the ["Improvements/Other Public Improvements"].

2.11. Payment Terms.

Upon completion of the construction of the ["Improvements/Other Public Improvements"] and Agency's issuance of the Certificate of Completion for the Project, Agency shall reimburse Developer for the amount of the Actual Eligible Costs up to, but not exceeding, [enter amount].

In the event Developer is reimbursed for any portion of the Estimated Costs by an entity not party to this Agreement, including any City contribution to the ["Improvements/Other Public Improvements"] the amount of [enter amount] shall be reduced by the exact dollar amount reimbursed to the Developer by that party. Developer shall provide Agency a written report each year beginning on January 1, 2024, and every January 1, thereafter, notifying Agency of any such payment for the previous calendar year. Should Developer fail to provide such report by that date, or should the Agency discover such payment has been made and not reported, Agency shall contact the Developer for such information and report. Should Developer fail to respond to the request, Agency may suspend payments to the Developer until such information is provided. Under no circumstances shall Developer receive double payment for the costs set forth herein by both Agency and an entity not a party to this Agreement.

The Actual Eligible Costs shall not include any interest component. Agency's payment obligation shall in no event extend beyond the termination of the Amended Plan, which termination may be prior to the Amended Plan termination date of December 31, 2030. Provided, however, should the Agency pursue termination prior to December 31, 2028, the Agency shall make the requisite findings as set forth in Idaho Code §§ 50-2903(5) and 50-2909(4), which includes a determination by the Agency that its obligation in this Agreement can be satisfied upon such termination. Should the Developer construction additional public improvements which are not contemplated in the ["Improvements/Other Public Improvements"], the Developer may seek additional reimbursement from the Agency. It shall be the Developer's responsibility to establish that the reimbursement it is seeking is for eligible public infrastructure or for an eligible public benefit. Agency's ability to agree to such reimbursement will be contingent on its determination

that such costs are eligible reimbursable costs for public infrastructure or a public purpose. Agency shall be permitted to have all invoices reviewed by a third party to determine reasonableness.

2.12. Indemnification Regarding the Project and Other Public Improvements.

Developer shall indemnify, defend, 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, which may be imposed upon or incurred by or asserted against Agency or its respective officers, agents, and employees relating to Developer's material breach of this Agreement. Notwithstanding the foregoing, Developer shall have no obligation to indemnify and hold Agency and its respective officers, agents, and employees harmless from and against any matter to the extent it arises from the negligence or willful act of Agency or its respective officers, agents, or employees or from conduct resulting in any award of punitive damages against the Agency. In the event an action or proceeding is brought against Agency or its respective officers, agents, and employees by reason of any claims that are covered by Developer's indemnity obligation, Developer, upon written notice from Agency, shall, at Developer's expense, resist or defend such action or proceeding. Developer's obligation to indemnify, defend, and hold harmless includes against any third party who may make a claim for reimbursement by or through Developer pursuant to this Agreement. Agency's reimbursement obligation only extends to Developer and no other party.

2.13. Default.

Section 2.13 shall be limited solely to defaults under this Agreement. 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 non-defaulting Party may do the following:

- (a) The non-defaulting Party may terminate the agreement to reimburse Developer for the costs of the set forth in this Agreement upon written notice to the defaulting Party and recover from the defaulting Party all direct damages incurred by the non-defaulting Party.
- (b) The non-defaulting Party may seek specific performance of those elements of the reimbursement agreement set forth in this Agreement which can be specifically performed, in addition, recover all damages incurred by the non-defaulting 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 non-defaulting 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 non-defaulting Party may pursue all other remedies available at law regarding a default of this Agreement, it being the intent of the Parties that remedies be cumulative and liberally enforced so as to adequately and completely compensate the non-defaulting Party.

(e) In the event Developer defaults under the requirements set forth in this Agreement, Agency (the non-defaulting Party) shall have the right to suspend or terminate its payment as set forth in this Agreement, for so long as the default continues and if not cured, Agency's obligation for payment as set forth in this Agreement may be deemed extinguished by Agency in its discretion.

2.14. Miscellaneous.

(a) Capitalized terms used but not defined in this Agreement shall have the meanings assigned to them in the DDA.

(b) The Parties acknowledge that substantial debt financing will be necessary for the development of the Project. Developer may submit for Agency approval, and Agency shall reasonably consider, modifications to this Agreement requested by Developer's lenders or prospective lenders, or Developer's investors or prospective investors for the Project.

2.15 Taxes.

Developer shall pay when due all personal property taxes and assessments assessed and levied on Developer's ownership interest of the Project. This provision or covenant shall run with the land and be binding upon Developer's successors. Developer recognizes Agency has no authority or involvement in the assessment, tax, or collection process for ad valorem taxes, including personal property taxes.

2.16 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.

2.17 No Joint Venture or Partnership.

Agency and Developer agree that nothing contained in this Agreement or in any document executed in connection with this Agreement shall be construed as making Agency and Developer a joint venture or partners.

2.18 Successors and Assignment.

This Agreement is not assignable except that the Developer may assign Developer'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 unreasonably denied.

2.19 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.

2.20 Entire Agreement.

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

Exhibit A	Project Site
Exhibit B	Project
Exhibit C	Schedule of Eligible Costs

2.21 Antidiscrimination During Construction.

Developer, 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 Developer 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.

2.22 Anti-Boycott Against Israel Certification.

Developer hereby certifies pursuant to Section 67-2346, Idaho Code, that the Developer, its wholly owned subsidiaries, majority owned subsidiaries, parent companies and affiliates, are not currently engaged in, and will not for the duration of this Agreement, knowingly engage in, a boycott of goods or services from Israel or territories under its control.

2.23 Government of China Owned Companies Prohibited

The Developer is not currently owned or operated by the government of China and will not for the duration of this Agreement be owned or operated by the government of China.

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.

Attachment B

GROUND LEASE

by and between

**The Urban Renewal Agency of the City of Ketchum
also known as the
KETCHUM URBAN RENEWAL AGENCY
("Owner")**

and

**[FIRST + WASHINGTON PROPERTIES LLC]
an Idaho limited liability company
("Tenant")**

for

FIRST + WASHINGTON

**211 East First Avenue
Ketchum, Idaho 83340**

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EXHIBITS

Exhibit A	Legal Description of the Land
Exhibit B	Conceptual Plans for the Project

**GROUND LEASE
FOR
FIRST + WASHINGTON**

**211 East First Avenue
Ketchum, Idaho 83340**

This Ground Lease for First + Washington (this “**Lease**”) is made effective as of the date this Lease is recorded in the real property records of Blaine County, Idaho (“**Effective Date**”) by and between the Urban Renewal Agency of the City of Ketchum, also known as the Ketchum Urban Renewal Agency, an independent public body, corporate and politic, organized pursuant to the Idaho Urban Renewal Law, title 50, chapter 20, Idaho Code, as amended (“**Law**”) (“**Owner**”) and [First + Washington Properties LLC], an Idaho limited liability company (“**Tenant**”).

RECITALS

- A. Owner owns the parcel of land that is legally described on Exhibit A (the “**Land**”).
- B. Tenant desires to lease the Land for redevelopment into a mixed-use project with street-level commercial, parking, and workforce, affordable, rental housing units in a building designed to be energy-efficient and designed to blend into Ketchum’s downtown core, as graphically depicted on Exhibit B, and as specifically required by the DDA (as defined below) (the “**Project**” or “**First + Washington**”).
- C. Owner has authority, pursuant to Idaho Code § 50-2011, to sell, lease or otherwise transfer real property or any interest therein acquired by it for an urban renewal project.
- D. Owner pursuant to the provision of the Law, established the 2010 Ketchum Urban Renewal Plan (“**Plan**”) for the Revenue Allocation Area of the Ketchum Urban Renewal Agency as recommended by the Agency and adopted by the City of Ketchum (“**City**”) on November 15, 2010, and effective November 24, 2010 (“**Project Area**”).
- E. In accordance with Law, Section 50-2011 – Disposal of Property in Urban Renewal Area, the Owner issued a Request for Proposals (“**RFP**”) on May 26, 2022, seeking to initiate a redevelopment project to bring affordable workforce housing to the Project Area in compliance with the Plan through redevelopment of the Land, which could also serve as a catalyst for redevelopment of other properties in the vicinity.
- F. The Owner received several proposals, and at a public meeting on November 14, 2022, the Owner discussed the proposals and thereafter met with consensus regarding the proposed rankings and selected the Tenant’s proposal to develop an affordable workforce housing project.
- G. After selection of the Tenant’s proposal the Owner and the Tenant entered into an Agreement to Negotiate Exclusively on January 27, 2023, establishing the process for negotiation of the Development and Disposition Agreement (“**DDA**”) which outlines the Tenant’s required development of the Project, in exchange for a leasehold interest in the Land. The DDA incorporates this Lease and the terms herein contained. This Lease is also expressly contingent upon the successful implementation of the DDA and the terms and conditions contained therein.

GROUND LEASE

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties, the receipt and sufficiency of which are hereby acknowledged, Owner and Tenant agree that the foregoing recitals are true and correct and incorporated herein by this reference, and further agree as follows:

ARTICLE 1 LEASE OF LAND

1.1 **Land Restoration.** Owner agrees to restore the Land to a vacant “bare ground” state that is ready for development of the Project thereon, including (a) abatement and removal of any Hazardous Materials (as defined in [Section 15.1](#)) thereon, if any; (b) removal of any existing structures and other improvements on the Land, including any below-grade elements thereof (such as foundations, footings and utilities; (c) restoration of the surface of the Land to a clear, level and rough graded condition (collectively, the “**Land Restoration**”). Owner agrees to use commercially reasonable efforts to complete the Land Restoration on or before [Land Restoration Deadline]. Owner will provide Tenant with a completion notice once the Land Restoration is fully complete and the Land is ready for development of the Project (the “**Completion Notice**”).

[Drafting Note: The nature of the Land Restoration obligations remain under discussion.]

1.2 **Lease.** This Lease will be fully effective as of the Effective Date. From the Commencement Date (defined in [Article 2](#)), Owner hereby leases the Land to Tenant on the terms hereof. Tenant hereby accepts the lease of the Land from Owner on the terms hereof, and in conjunction with the terms and conditions of the DDA, for as long as the DDA remains in effect. Tenant warrants to Owner that Tenant accepts the Land in its as-is condition without representation or warranty from Owner, except as expressly provided in this Lease. The term “**Leasehold Interest**” refers to Tenant’s interest in this Lease and the leasehold estate and all attendant and appurtenant rights, including without limitation, Tenant’s rights to all improvements to the Land.

1.3 **Title to the Project.** This Lease is a lease of the Land only, and not the Project. Title to the Project will be and remain in Tenant, the applicable Subtenant(s) or other party that own the Project until the expiration of the Term, unless this Lease shall be terminated sooner as herein provided. During the Term, the owner(s) of the Project alone shall be entitled to all of the tax attributes of ownership with respect to the portion of the Project owned.

1.4 **Owner’s Right to Assign.** It is the parties understanding that the Owner anticipates that it will convey its ownership interest in the Land to the City or another public entity prior to the expiration of the Term (as defined below) of this Lease. Concurrent with Owner’s transfer of its interest in the Land, Owner shall also assign all interest and rights under this Lease to the transferee. Tenant agrees that it shall continue to be bound by all terms of this Lease subsequent to any assignment of the Land or this Lease by the Owner to the transferee, and that the transferee will act as the Owner’s successor and assign.

1.5 **Ground Lease Controls A.** Owner and Tenant acknowledge that the DDA will remain in effect until Owner issues a Certificate of Completion for Construction of Improvements in accordance with Section 11.1 of the DDA (the “**Certificate of Completion**”). While the DDA remains in effect, a material default under the terms of the DDA, after the expiration of any applicable notice and cure period will constitute a default under the Ground Lease. Upon issuance of the Certificate of Completion, the DDA will no longer have any effect on the Land, the Project or this Lease.

ARTICLE 2 LEASE TERM

The “**Term**” of the Lease will commence on the date that Owner provides the Completion Notice to Tenant (the “**Commencement Date**”) and will expire fifty (50) years after the Commencement Date (the “**Expiration Date**”).

ARTICLE 3 RENT

For the entire Term, the rent due under this Lease is Fifty Dollars (\$50), which Owner acknowledges to have been paid by Tenant in full as of the Effective Date. Owner and Tenant acknowledge that rent is not less (and will not be less) than the determined reuse value of the Land with the Project LandProperty in accordance with the DDA.

ARTICLE 4 THE PROJECT

Tenant will cause the Project to be constructed on the Land in accordance with this Lease, the DDA, and applicable law. Once the Project is constructed on the Land, Tenant will (or will require Subtenants to) keep the Project in a state of good condition, maintenance and repair, with ordinary wear and tear excepted. Tenant agrees to operate the Project as contemplated in this Lease. Owner agrees that it will not unreasonably restrict, hinder, delay or otherwise prevent the Project from being constructed, absent a material breach of this Lease, by Tenant, or an Event of Default (defined in Section 13.1), that continues beyond any applicable notice and cure period.

Tenant agrees that Tenant will not substantially modify the Project without Owner’s prior written approval, which approval will not be unreasonably withheld. Owner further agrees that Owner will only withhold approval if the proposed modification to the Project would constitute a material variance from the following statement of intent: “The Project will be an approximately 4-story high building that will include active ground floor space, rent restricted affordable workforce residential units, amenities, flexible commercial space, and vehicular parking. The flexible commercial space component of the Project includes +/- 3,400 square feet. The flexible commercial space could accommodate office, special interest space, or retail. Active use of the ground floor space is critical. An active use on the ground floor means a use that promotes an active pedestrian environment, provides direct access to the general public from the sidewalk (or other public open space), provides active visual engagement between people in the street and people in the building, and conceals other non-active uses. Active uses include retail, offices, galleries, and personal service establishments.”

A material modification to any of the following features of the Project will be considered to be a substantial modification that requires Owner’s prior written approval: (a) a change in the mix of unit types (i.e., efficiency, 1-bedroom, 2-bedroom) or unit sizes for each unit type; or (b) a change in the target AMI income ranges identified in Section 5.3.2.

Owner agrees that any of the following modifications will not be deemed to be substantial modifications to the Project governed by this Article (a) any modifications required by applicable law; (b) any modifications reasonably required to maintain the condition of the Project; (c) any repair or replacement of building systems, fixtures, equipment or finishes; (d) replacement of movable fixtures, furniture or equipment; (e) any repair or replacement of any elements inside any dwelling unit (e.g., fixtures, equipment, casework, furnishings, finishes or any other elements); and (f) any restoration or rehabilitation of any loss or damage to the Project.

ARTICLE 5 USE OF PREMISES

5.1 **Permitted Uses.** Owner and Tenant agree that the principal purpose of this Lease is (a) to provide Affordable Workforce Housing Units (as defined below) for lease to Qualified Residents (as defined below) for a rent that does not exceed the rent limit set forth in Section 5.5 below (collectively, the “Affordable **Workforce Housing Requirement**”); and (c) provide ground floor commercial space for retail, restaurant, office, service and similar users for the benefit of the general public. Accordingly, the Land and the Project will be used primarily for the foregoing principal purpose and other uses that may be incidental thereto or in support thereof, and for no other purposes, except as otherwise approved by Owner.

5.2 **Affordable Workforce Housing Units.** An “Affordable Workforce Housing Unit” is each residential dwelling unit in the Project that is designated as being subject to the Affordable Workforce Housing Requirement, which will be all residential dwelling units in the Project. Tenant agrees to market, lease and operate the Affordable Workforce Housing Units on the terms set forth in this Lease.

5.3 **Qualified Residents**

5.3.1 Qualified Resident Defined. As used herein, the term “resident” for an Affordable Workforce Housing Unit means all persons that lease or occupy the Affordable Workforce Housing Unit as a dwelling, whether or not the persons are related. A “**Qualified Resident**” is any resident(s) that meets Tenant’s then-current resident criteria for the Project with a total gross income of all members of the resident’s household (i.e., any person who will occupy the Affordable Workforce Housing Unit) that meets the specified range of percentages, as outlined below, of the then current average median income under Section 8 of the United States Housing Act of 1937, as amended (including adjustments for family size) (“**AMI**”); provided, however, if Blaine County Housing Authority (the “**Authority**”) publishes AMI calculations different than the foregoing, then Tenant may use the AMI calculations published by the Authority. For purposes of the above calculations, the income of a Qualified Resident may include rent subsidies from employers or others. Nothing in this Lease will require Tenant to lease any Affordable Workforce Housing Unit to a residential tenant that does not meet Tenant’s then-current tenant selection criteria for the Project (other than limited income as permitted herein).

5.3.2 Target AMI Income Ranges. The Affordable Workforce Housing Units will be income restricted and will have a target AMI allocation mix as follows. The foregoing allocations are target preferences only, and Tenant may lease an Affordable Workforce Housing Unit allocated to one target AMI limit to a Qualified Resident in another AMI limit if no prospective Qualified Resident in the target AMI limit is then readily available to lease the unit when it becomes available to lease.

- (a) Approximately thirty-two percent (32%) of the Affordable Workforce Housing Units are to be allocated to a preference for Qualified Residents who, at first occupancy, have a family income of eighty percent (80%) to one hundred percent (100%) of AMI;
- (b) Approximately thirty percent (30%) of the Affordable Workforce Housing Units are to be allocated to a preference for Qualified Residents who, at first occupancy, have a family income of one hundred percent (100%) to one hundred twenty percent (120%) of AMI; and

- (c) Approximately thirty-eight percent (38%) of the Affordable Workforce Housing Units are to be allocated to a preference for Qualified Residents who, at first occupancy, have a family income of one hundred twenty percent (120%) to one hundred fifty-five percent (155%) of AMI.

5.3.3 Average AMI Target. Tenant will endeavor to have the average AMI at first occupancy of all Qualified Residents in the Project (“**Average AMI**”) to be not less than one hundred ten percent (110%) of AMI and not more than one hundred twenty-seven percent (127%) of AMI (the “**Target AMI Range**”). If the Average AMI is not within the Target AMI Range, then Tenant will notify Owner thereof in Tenant’s annual reports pursuant to Section 5.8. Thereafter, Owner and Tenant will confer to evaluate the potential causes for the deviation, and the potential solutions, if any, for bringing the Average AMI into the Target AMI Range over time. Owner and Tenant acknowledge that a potential solution may involve modifying the AMI allocation mix and/or the Target AMI Range to reflect actual or expected demand for Affordable Workforce Housing Units.

5.3.4 Target Preference. If the Average AMI is not within the Target AMI Range, then Tenant may give preferences to potential Qualified Tenants who would bring the Average AMI into, or closer to, the Target AMI Range.

5.3.5 RNA Preferences. In the event that Tenant enters into a resident nomination agreement with an governmental employer, nonprofit employer or other qualified entity (a “**Resident Nomination Agreement**”), then any person nominated under such Resident Nomination Agreement must be a Qualified Resident, but the nomination of a Qualified Resident pursuant thereto is not subject to the preferences identified in Section 5.3.2 and Section 5.6. The household nominated pursuant to a Resident Nomination Agreement must have at least one Qualified Resident who (a) is an employee of at least one employer with at least one physical place of employment located in Blaine County, Idaho, where the Qualified Resident’s primary place of employment for such employer is located in Blaine County, Idaho; or (b) has accepted an offer of employment that would qualify under subsection (a) and is expected to start such employment within thirty (30) days of occupancy of the Affordable Workforce Housing Unit; provided further that if the Qualified is disabled, then the Qualified Resident will be considered to be employed to the extent that the disability prevents employment that would qualify under subsection (a). Tenant will not enter into more than eight (8) Resident Nomination Agreements with respect to the Project with any single governmental employer or nonprofit employer without Owner’s consent, which consent will not be unreasonably withheld. **[FURTHER DISCUSSION NEEDED REGARDING LIMITS ON TOTAL RNAs AND RESERVING CERTAIN NUMBER TO GENERAL PUBLIC]**

5.4 **Income Qualification**. Each Affordable Workforce Housing Unit must be occupied (or, if unoccupied, made available for occupancy) by Qualified Resident(s). Tenant will reasonably verify that each resident meets the income qualification to be a Qualified Resident as outlined above, which verification may be by any reasonable method, including the residential tenant’s production of reasonable evidence of residential tenant’s income and residential tenant’s self-certification that Tenant’s income statements are true and correct in all material respects. Unless otherwise provided in Tenant’s then-current resident criteria, once a resident is verified to be a Qualifying Tenant and leases an Affordable Workforce Housing Unit, then the resident will remain a Qualifying Tenant for as long as the resident remains a tenant in the Project. Tenant agrees to work with the Authority to outline a process for Authority to refer potential Qualified Residents to Tenant.

- 5.5 **Rent Limit for Workforce Housing Units.** To maintain the Affordable Workforce Housing Units as affordable to workforce tenants, Tenant will charge monthly rent for each Affordable Workforce Housing Unit that does not, at first occupancy of the Affordable Workforce Housing Unit by the Qualified Resident(s), exceed 30% of an amount equal to the total gross income of all Qualified Tenant(s) and members in their household (i.e., all persons who will occupy the unit); provided, however, if the Authority publishes rent limit calculations different than the foregoing, then Tenant may use the rent calculations published by the Authority. After first occupancy of the Affordable Workforce Housing Unit by the Qualified Resident, Tenant may increase or decrease the monthly rent in accordance with Tenant's income re-certification. If 30% of the total gross income of all members of the Qualified Resident's household does not meet Tenant's minimum rent for an Affordable Workforce Housing Unit, then Tenant may require and/or accept rent payment subsidies from third parties on such terms as Tenant deems prudent to achieve Tenant's minimum rent for the Affordable Workforce Housing Unit.
- 5.6 **Project Preference Policy.** Owner has adopted and Tenant as approved a policy, attached hereto as Exhibit C, that sets a limited preference for Qualified Residents that live or work in the City of Ketchum, or within a certain distance of the City of Ketchum, over otherwise equally Qualified Residents that do not live or work in the City of Ketchum, or within a certain distance of the City of Ketchum (a "**Project Preference Policy**"). Subject to Section 5.3.4 and Section 5.3.5, Tenant will use commercially reasonable efforts to grant preferences in accordance with the Project Preference Policy. Owner must reasonably consult with Tenant prior to adoption of any amendments to the Project Preference Policy. No Project Preference Policy amendments will apply to Tenant or this Lease until ninety (90) days after the Project Preference Policy amendment is approved by Tenant, which approval will not be unreasonably withheld. Owner agrees that it would be reasonable for Tenant to withhold its approval if Tenant believes in good faith that the proposed Project Preference Policy amendment would: (a) violate applicable law or the terms of this Lease; (b) present a material risk of causing Tenant, Tenant's property manager or the Project to violate applicable law (e.g., disparate impacts under the fair housing laws); (c) be materially inconsistent with Tenant's charitable purpose; (d) present a material risk of causing Tenant or Sponsor to be in breach of its tax exempt status; (e) be unduly burdensome for Tenant or Tenant's property manager to conveniently implement in a timely, efficient and cost-effective manner; (f) present a material risk of Tenant violating any financial covenants with respect to any financing applicable to the Project (including any debt service coverage ratio requirements or operating expense and reserve requirements); or (g) present a material risk of Tenant not being in a position to fulfill its financial obligations. In the event Tenant withholds its approval of the proposed Project Preference Policy or any amendment thereto, Owner and Tenant agree to confer in good faith to resolve Tenant's concerns. The Project Preference Policy must not require Owner to hold any Affordable Workforce Housing Unit available for Qualified Tenant with a higher preference, if any otherwise Qualified Tenant is ready, willing and able to lease the unit. Owner and Tenant agrees to confer with each other annually (and otherwise at either party's request) to evaluate the effectiveness of the Project Preference Policy and, if applicable, consider amendments to the Project Preference Policy desired by either party.
- 5.7 **Resident Selection and Classification.** Nothing in this Lease will require Tenant to lease any Affordable Workforce Housing Unit to a resident that does not meet Tenant's then-current resident criteria for the Project (other than limited income as permitted herein). Nothing in this Lease limits Tenant's right to enforce the terms of any lease or other agreement with a resident (or any the occupant) in the Project. If more than one resident, above the age of eighteen (18), will occupy an Affordable Workforce Housing Unit, then Tenant will have the option to treat each resident as an individual family unit (e.g., a 'roommate' circumstance).

- 5.8 **Annual Reports.** After occupancy of the Project, Tenant will provide Owner with a written report (in any form reasonably requested by Owner) by March 1 of each year that provides reasonable evidence that the Affordable Workforce Housing Units have been leased (or made available for lease) in compliance with the Affordable Workforce Housing Requirement (as applicable) during the prior calendar year.
- 5.9 **Commercial Tenants.** Tenant may lease commercial space in the Project (if any) to any party for the occupancy and use thereof (a “**Commercial Tenant**”) provided that (a) the lease is subject to the terms of this Lease; (b) the term of the lease will expire prior to the Term; and (c) the uses allowed in the commercial space are permitted in the zoning district, and may be limited to office, retail, restaurant, service and similar uses that are open to the general public. Except as restricted by this Lease, Tenant may lease any commercial space in any lawful manner and on any financial terms as Tenant deems appropriate.
- 5.10 **Prohibited Uses.** Tenant agrees that it will not permit the Land or the Project for (a) any use that constitutes a public or private nuisance in or around the Land; (b) use that violates applicable law; (c) any industrial use; (d) any use related to the service of automobiles or other self-powered machines; (e) any dry-cleaner (or other cleaning service that uses solvents similar to dry-cleaning); (f) any ‘head’ shop or similar operation that sells any paraphernalia related to the use of marijuana, cannabis, tetrahydrocannabinol or other illegal substances; or (g) any use related to the use, sale, cultivation, manufacture, distribution or marketing of any substances if such activities are prohibited by applicable federal, state or local law.
- 5.11 **No Discrimination.** Tenant covenants to Owner that there will be no discrimination against, or segregation of, any person or group of persons on account of disability, race, color, creed, religion, sex, sexual orientation, gender identity/expression, marital status, ancestry, or national origin in the sublease, transfer, use, occupancy, tenure, or enjoyment of Land or Project, nor shall the Tenant or any person claiming under or through the Tenant establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of subtenants, sublessees, or vendees of the Land or Project.
- 5.12 **Future Use of Excess Revenue.** Owner and Tenant acknowledge that the Project may generate revenue in excess of what may be reasonably required for Tenant: (a) to operate the Project as set forth in this Lease and otherwise in accordance with prudent industry practices and the requirements of any financing for the Project; (b) to fund reasonable reserves for maintenance, repairs, insurance, debt service and other purposes in accordance with the requirements of any financing for the Project and prudent industry practices ; and (c) to pay all secured and unsecured debt service, including the debt service related to debt incurred by any parent entity for equity contributions to the Project (the “**Excess Revenue**”). Owner acknowledges that Excess Revenue will be distributed to Tenant’s sponsoring parent entity (currently, Wood River Community Housing Trust, Inc.) (“**Sponsor**”) for reallocation to other projects or initiatives that are consistent with its charitable status and charitable purposes. Tenant agrees to cause Sponsor to work with Owner to identify projects and programs, and Owner’s priorities with respect thereto, to be considered for use of the Excess Revenue. Sponsor will be entitled to use Excess Revenue as Sponsor elects in its discretion; provided, however, unless Owner gives its prior consent: (1) Sponsor will not use Excess Revenue for the development of a physical housing project that is located outside of the limits of the City of Ketchum or the City of Ketchum’s Area of City Impact of the City of Ketchum; and (2) Sponsor will not use the Excess Revenue for a program (or a portion of a program) that is primarily intended to benefit persons who do not live or work in the City of Ketchum or the City of Ketchum’s Area of City Impact. Sponsor will not be required to use any Excess Revenue for any purpose unless Sponsor reasonably confirms that such expenditure (i) is

in furtherance of Sponsor's mission to acquire or develop affordable rental housing for the middle-income workforce; and (ii) is consistent with Sponsor's tax exempt status. [SUBJECT TO CONSIDERATION BY KURA BOARD]

ARTICLE 6 SUBLEASE AND ENCUMBRANCE OF LEASEHOLD ESTATE

[Drafting Note: As Tenant intends to finance development of the Project, this Lease in general, and this Article 6 in particular, remain subject to review and comment by prospective project lenders and their legal counsel.]

- 6.1 **Tenant's Right to Sublease.** Tenant may, at any time, and without any notice to Owner or any approval of Owner: (a) enter into any residential lease with any resident for occupancy of any Affordable Workforce Housing Unit (a "**Residential Lease**"); (b) enter into any Sublease for any commercial space in the Project to any commercial Subtenant (a "**Commercial Lease**"). Each Residential Lease and each Commercial Lease will be subject to this Ground Lease; and (c) enter into any Sublease for any parking space(s) in the Project to any user (a "**Parking Lease**"). Each Residential Lease, each Commercial Lease and each Parking Lease will be subject to this Ground Lease.
- 6.2 **Limited Owner's Sublease Consent Rights.** Except for any Residential Lease, any Commercial Lease or any Parking Lease (as set forth in Section 6.1), Tenant agrees that Tenant not enter into any Sublease for space in the Project without Owner's consent, which consent Owner will not unreasonably withhold, condition or delay provided that the subtenant or assignee thereof agrees in writing to be bound by the terms of this Lease with respect to the interest subleased or assigned. Owner's consent rights under this Lease does not apply to (a) the right of any Subtenant to further sublease in accordance with the terms of the Sublease; or (b) the right of any Recognized Interest Holder to exercise any lawful rights as a Recognized Interest Holder.
- 6.3 **Subleases.** Subject to Owner's consent rights in Section 6.2 (if applicable), Tenant may, at any time, sublease all or any portion of the Leasehold Interest (each, a "**Sublease**"), and in that event, the subtenant of the Sublease (a "**Subtenant**") will perform all of Tenant's obligations, and have all of Tenant's rights, under this Lease with respect to the Leasehold Interest subleased under the Sublease (said Leasehold Interest subleased by the Sublease is hereafter called the "**Subleased Property**"). For avoidance of doubt, the term Sublease does not include any Residential Lease. A Sublease must specify that the Sublease is limited to the Leasehold Interest, and must have a stated expiration date which is prior to expiration of the Term. Tenant will cause a true, complete and correct copy of the original of each Sublease, together with written notice containing the name and address of the holder Subtenant, to be delivered to Owner within ten (10) days of Tenant's execution and delivery of the Sublease or Leasehold Mortgage. Subject to the terms of this Lease, and the rights of any Recognized Interest Holder (defined in Section 6.5) under any Leasehold Mortgage (defined in Section 6.2), a Subtenant may enforce its rights under its Sublease and take possession of the Leasehold Interest subleased under the Sublease (said Leasehold Interest subleased by the Sublease is hereafter called the "**Subleased Property**"), in any lawful way.
- 6.4 **Tenant's Right to Encumber.** Tenant may, at any time, encumber all or any portion of the Leasehold by deed of trust, mortgage or other security instrument (collectively, "**Leasehold Mortgage**"). Any Leasehold Mortgage of any part of the Leasehold Interest must be expressly subject and subordinate to the terms of this Lease. Tenant covenants to pay the indebtedness secured by any Leasehold Mortgage when the same will become due and payable, and to perform, when the performance is required, all obligations of the mortgagor thereunder. Tenant further agrees not to suffer or permit any default to occur and continue under any Leasehold Mortgage beyond any

applicable cure period. The Leasehold Mortgage will specify that the indebtedness is that of Tenant only and is not the indebtedness of Owner and that the lien of the Leasehold Mortgage is limited to the Leasehold Interest and not the fee title estate. Each Leasehold Mortgage must, by its own terms, have a stated maturity date which is prior to expiration of the Term, and Tenant covenants that it will be so paid and that the Leasehold Interest will be released from the lien prior to the expiration of the Term. Tenant will cause a true, complete and correct copy of the original of each Leasehold Mortgage, together with written notice containing the name and address of the holder thereunder (the “**Mortgagee**”), to be delivered to Owner within ten (10) days of Tenant’s execution and delivery of the Mortgage to the Mortgagee. Subject to the terms of this Lease and the Leasehold Mortgage, a Mortgagee may enforce its rights under its Leasehold Mortgage and succeed to the Leasehold Interest encumbered by the Leasehold Mortgage (said Leasehold Interest encumbered by the Leasehold Mortgage is hereafter called the “**Leasehold Mortgage Property**”), in any lawful way, including possession through foreclosure, assignment and/or deed or assignment in lieu of foreclosure, and upon foreclosure of the Leasehold Mortgage or acceptance of an assignment and/or deed in lieu of foreclosure to the leasehold estate, take possession of the Leasehold Mortgage Property subject to the interests of the Project tenants.

- 6.5 **Owner’s Rights.** Owner will not (a) pledge its fee interest in the Land to secure any Sublease or Leasehold Mortgage; (b) subordinate the fee interest to the rights of any Subtenant or Mortgagee; or (c) assume in any manner any liability of Tenant under any Sublease or Leasehold Mortgage. The Sublease must specify that the Sublease is limited to the Leasehold Interest. The Sublease must, by its own terms, have a stated expiration date which is prior to expiration of the Term. Tenant will cause a true, complete and correct copy of the original of each Sublease or Leasehold Mortgage, together with written notice containing the name and post office address of the holder thereunder, to be delivered to Owner within ten (10) days of Tenant’s execution and delivery of the Sublease or Leasehold Mortgage. No foreclosure of any Leasehold Mortgage or any other encumbrance on the Project, and no deed in-lieu-of foreclosure, and no other exercise of any right or remedy that results in the Tenant no longer having title to the Project, will impair the Owner’s interest in the Land, this Lease or Owner’s rights under this Lease.
- 6.6 **Notices to Recognized Interest Holder.** Any Mortgagee may give notice to Owner of its name and address (who is sometimes referred to herein as a “**Recognized Interest Holder**”) in the manner provided in this Lease, and if the notice is given, Owner will give to the Recognized Interest Holder a copy of each notice of default given pursuant to Section 13.1 by Owner to Tenant (the “**Owner Notice**”) at the same time as and whenever any Owner Notice will thereafter be given by Owner to Tenant, addressed to the Recognized Interest Holder at its address last furnished to Owner (the “**Holder Notice**”). No notice by Owner to Tenant hereunder will be deemed to have been duly given unless and until a copy thereof has been served on the Recognized Interest Holder in the manner provided in this Lease. Owner agrees that a Commercial Tenant may become a Recognized Interest Holder with Owner’s approval, which approval will not be unreasonably withheld, conditioned or delayed.
- 6.7 **Recognized Interest Holder Provisions.** Owner agrees that it will not accept the surrender of the Land by Tenant prior to the termination of this Lease, or consent to the modification of any term of the Lease which materially alters the rights and obligations of the parties hereunder, or consent to the termination thereof by Tenant, without the prior written approval of each Recognized Interest Holder in each instance, which approval will not be unreasonably withheld, conditioned or delayed. Owner further agrees that it will not seek to terminate the Lease or Tenant’s right of possession thereunder by reason of any act or omission of Tenant until:

- (1) Owner has given to each Recognized Interest Holder a copy of the Owner Notice with respect to the Event of Default, as defined hereafter in Section 13.1, upon which the proposed termination is based;
- (2) after the expiration of all applicable notice and grace periods set forth under the Lease or any Leasehold Mortgage with respect to the Event of Default (a “**Lease Default**”), Owner will have given written notice to each Recognized Interest Holder of the failure of Tenant to cure the Lease Default. The Holder Notice will be sent by certified mail, return receipt requested or by a nationally recognized commercial overnight delivery service to the address designated in writing to Owner by each Recognized Interest Holder (or any other address as may hereinafter be designated in writing to Owner by each Recognized Interest Holder); and
- (3) a reasonable period of time will have elapsed following the receipt of the Holder Notice, during which period any Recognized Interest Holder will have the right, but will not be obligated, to remedy the Lease Default, Owner agreeing to accept any remedy by any Recognized Interest Holder as if the same had been performed by Tenant.

As used herein, a reasonable period of time will be 60 days if the Lease Default can be remedied during the 60 day period; provided, however, if the Lease Default cannot be remedied during the 60 day period, then the period of time as is necessary to remedy the Lease Default (not to exceed one-hundred twenty (120) days), provided any Recognized Interest Holder has commenced to cure the Lease Default within the 60 day period and continues to diligently prosecute the same. Any default that, by its nature, is not capable of being cured by Recognized Interest Holder (including, but not limited to, any default that Recognized Interest Holder does not have the clear right and power to cure under the applicable Leasehold Mortgage and applicable) will be deemed cured whether or not the default is cured, but as to Recognized Interest Holder only and not as to Tenant. Further:

- (a) Owner will accept performance by any Recognized Interest Holder of any covenant, condition or agreement on Tenant’s part to be performed hereunder with the same force and effect as though performed by Tenant.
- (b) If the Recognized Interest Holder is a Mortgagee, then the time for the Recognized Interest Holder to cure any Lease Default by Tenant which reasonably requires that the Recognized Interest Holder be in possession of the Leasehold Mortgage Property to do so, will be deemed extended to include the period of time required by the Recognized Interest Holder to obtain the possession or obtain Tenant’s interest in the Leasehold Mortgage Property (by foreclosure or otherwise) with due diligence; provided, however, that the Recognized Interest Holder will have delivered to Owner its written commitment to cure outstanding Lease Defaults reasonably requiring possession of the Leasehold Mortgage Property and which are capable of being cured by the Recognized Interest Holder (which commitment may be revoked by Recognized Interest Holder by written notice to Owner); and further provided, however, that during the period all other obligations of Tenant under this Lease are being duly performed to the extent that the other obligations are capable of being performed by the Recognized Interest Holder, including but not limited the payment of rent and other monetary obligations due Owner.
- (c) The provisions of this Section 6.7 are for the benefit of each Recognized Interest Holder and may be relied upon and will be enforceable by each Recognized Interest Holder and their respective successors and assigns. Neither a Recognized Interest Holder nor any other

holder or owner of the indebtedness secured by a Leasehold Mortgage or otherwise will be liable upon the covenants, agreements or obligations of Tenant contained in this Lease, unless and until the Recognized Interest Holder or that holder or owner acquires the interest of Tenant, and then only to the extent set forth in this Section 6.7. Owner and Tenant agree to execute the documentation reasonably requested by a Recognized Interest Holder consistent with the terms and provisions of this Article 6.

- (d) Anything herein contained to the contrary notwithstanding, the provisions of this Section 6.7 will inure only to the benefit of all Recognized Interest Holders and their respective successors and assigns. If more than one the Mortgagee (one the Mortgagee being intended to include multiple mortgagees holding a single mortgage or deed of trust) will make written requests upon Owner for a new ground lease in accordance with the provisions of this Section, the new ground lease will be entered into pursuant to the request of the Recognized Interest Holder whose Leasehold Mortgage will be prior in lien thereto according to the records of Blaine County and thereupon the written requests for a new ground lease of each person junior in priority will be deemed to be void and of no force and effect.

6.8 **Other Miscellaneous Provisions Concerning Leasehold Mortgages**

- (a) At Tenant's request, Owner will execute a written agreement with a Recognized Interest Holder in which Owner agrees that it consents to the granting of the Sublease or Leasehold Mortgage and that Owner will not disturb the tenancy or rights of the Recognized Interest Holder (its successors or assigns and any subsequent purchaser) so long as the Recognized Interest Holder (its successors or assigns and subsequent purchaser) cures any existing defaults as required herein and commits no default beyond the applicable notice and curative periods hereunder and is otherwise in full compliance with the terms of this Lease. Additionally, Owner will execute the other documentation reasonably requested to confirm the rights of a Recognized Interest Holder hereunder; provided, under no circumstances will Owner be responsible for the payment of the debt secured by the Leasehold Mortgage, and in no event will Owner's fee simple estate in the Land, including Owner's reversionary interest in the Project be subject or subordinate to any Sublease or the lien of the Leasehold Mortgage. Should the Recognized Interest Holder elect not to cure, or be unable to cure, any Lease Default by Tenant, then Owner may pursue any and all legal remedies against Tenant under this Lease and applicable law; provided, however, as long as any Leasehold Mortgage remains in effect, ~~in no event will Owner have the right to exercise any remedy that would terminate this Lease or cause Owner to obtain its revisionary interest in the Project.~~
- (b) Owner agrees that it will promptly make the reasonable amendments or modifications of the Lease as are requested by any Recognized Interest Holder, provided that there will be no adverse change in any of the substantive rights, duties or obligations of Owner under this Lease, including the provisions of this Lease regulating the use and occupancy of the Project, and the rents that may be charged to Qualified Residents. The preceding sentence is effective regardless of the fact that the Recognized Interest Holder may make the request prior to the execution of the applicable Sublease or Leasehold Mortgage; in that event, said amendments or modifications to the Lease will become effective as of the execution of the Sublease or Leasehold Mortgage.

ARTICLE 7 TAXES

From and after the Commencement Date and continuing thereafter during the Term, Tenant will pay or cause to be paid all real and personal property taxes, general and special assessments, and all other charges, assessments and taxes of every description, levied on or assessed against the Land, the Project and other improvements located on the Land. Tenant will make all payments directly to the appropriate charging or taxing authority before delinquency. If, however, the law expressly permits the payment of any or all of the above items in installments (whether or not interest accrues on the unpaid balance), Tenant may, at Tenant's election, utilize the permitted installment method, but will pay each installment before delinquency. All payments of taxes or assessments will be prorated for the year in which this Lease commences and for the year in which the Lease terminates. Tenant will have the right to contest or review by legal proceedings, as permitted under applicable law, any assessed valuation, real estate tax, or assessment; provided that, unless Tenant has paid the tax or assessment under protest, Tenant will furnish to Owner (i) proof reasonably satisfactory to Owner that the protest or contest may be maintained without payment under protest, and (ii) a surety bond or other security reasonably satisfactory to Owner securing the payment of the contested item or items and all interest, penalty and cost in connection therewith upon the final determination of the contest or review. Any amount already paid by Tenant and subsequently recovered by Owner or Tenant as the result of the contest or review will be for the account of Tenant.

Owner understands that Tenant's ability to achieve the affordability contemplated by this Lease depends, in part, on the exemption of the Land, the Project and other improvements located on the Land from property taxes. In the event Land, the Project and other improvements located on the Land are subject to property taxation, despite Tenant's efforts to seek exemptions therefrom, and Tenant is required to pay such taxes, then Owner agrees that Tenant may increase the income limits and/or rents set forth in this Lease, to the extent allowed by applicable law, as reasonably necessary to generate additional income to pay such taxes, including reasonable reserves for such purposes required by any lender with respect to the Project and prudent industry practices.

ARTICLE 8 MAINTENANCE AND REPAIR

Tenant agrees that it will, at its own expense, maintain or cause to be maintained the entire Land, the Project and any other improvements and appurtenances thereto and every part thereof, in good order, condition and repair and in accordance with applicable law. Subject to the terms and conditions of any Leasehold Mortgage, in the event any repairs required to be made under the provisions of this Lease are not made within thirty (30) days after written notice from Owner to do so (provided, however, the 30-day period will be extended if the repairs reasonably require more than 30 days to complete, and Tenant is making completion efforts with reasonable diligence), then Owner may, at its option, enter upon the Land and repair the same, and the cost and expense of the repairs, with interest at the applicable legal rate will be due and paid by Tenant to Owner upon demand. Nothing herein will require Tenant to make capital repairs or replacements of any systems or equipment in the Project during the last three (3) years of the Lease; provided that, without such capital replacements, the Project meets the applicable occupancy standards without such capital replacement and failure to make such capital repairs will not damage or harm the Project.

ARTICLE 9 MECHANICS' LIENS

Tenant will not suffer, create or permit any mechanic's liens or other liens to be filed against the fee interest of Owner in the Land or Project by reason of any work, labor, services or materials supplied or claimed to have been supplied to Tenant or anyone holding the Land or any part thereof through or under Tenant. If any mechanic's or laborer's liens or materialman's lien will be recorded against the Land or the Project, then within sixty (60) days after notice of the filing thereof, or fifteen (15) days after Tenant is served with

a complaint to foreclose said lien or Owner advises Tenant in writing that Owner has been served with the complaint, whichever is earlier, Tenant will use commercially reasonable efforts to cause the lien to be removed, or will transfer the lien to bond for the benefit of Owner pursuant to applicable law. If Tenant in good faith desires to contest the lien, Tenant will be privileged to do so, but in that case Tenant agrees to, defend, indemnify and save Owner harmless from all liability for damages, including attorneys' fees and costs, occasioned thereby and will, in the event of a judgment of foreclosure upon any mechanic's, laborer's or materialman's lien, cause the same to be discharged and removed prior to the execution of the judgment.

ARTICLE 10 CONDEMNATION

[Drafting Note: Subject to review and comment by prospective project lenders and their legal counsel.]

10.1 **Interests of Parties on Condemnation.** If the Land or any part thereof will be taken for public purpose by condemnation as a result of any action or proceeding in eminent domain, or will be transferred in lieu of condemnation to any authority entitled to exercise the power of eminent domain, the interests of Owner, Tenant and any Recognized Interest Holder in the award or consideration for the transfer, and the allocation of the award and the other effect of the taking or transfer upon this Lease, will be as provided by this Article 10.

10.2 **Total Taking.** If the entire Land is taken, then (a) the right of Tenant and each Subtenant to possess the Land under this Lease will terminate on the date title to the Land vests in the condemning authority; and (b) this Lease will terminate after Tenant and each Recognized Interest Holder has received all amounts that it may be entitled to receive with respect to the taking.

10.3 **Partial Taking.**

(a) In the event of taking or transfer of only a part of the Land, leaving the remainder of the Land in a location, form, shape or reduced size as to be not effectively and practicably usable in the good faith opinion of Tenant (and each Subtenant, if any) for the operation thereon of the Project, taking into consideration the effect, if any, of the taking on the availability of parking proximately located to the Project, and if Owner and any Recognized Interest Holder agrees with the determination of the Tenant (and each Subtenant, if any), which consent will not be unreasonably withheld, this Lease and all right, title and interest thereunder may be terminated by Tenant (and each Subtenant, if any) giving, within sixty (60) days of the occurrence of the event, thirty (30) days' notice to Owner and any Recognized Interest Holder of Tenant's (and each Subtenant's, if any) election to terminate.

(b) In the event of a taking of only a part of the Land leaving the remainder of the Land in a location, form, shape or reduced size as to be used effectively and practicably in the good faith opinion of Tenant (and each Subtenant, if any) for the purpose of operation of the Project therein, and if Owner and any Recognized Interest Holder agrees with the determination of Tenant (and each Subtenant, if any), which consent will not be unreasonably withheld, this Lease will terminate only as to the portion of the Land so taken or transferred as of the date title to the portion vests in the condemning authority, and will continue in full force and effect as to the portion of the Land not so taken or transferred. If title and possession of a portion of the Land is taken under the power of eminent domain, and the Lease continues as to the portion remaining, all compensation and damages ("**Compensation**") payable to Tenant (or the applicable Subtenant, if any) by reason of any improvements so taken will be available to be used, to the extent reasonably needed,

by Tenant (or the applicable Subtenant, if any) in replacing any improvements so taken with improvements of the same type as the remaining portion of the Land.

- 10.4 **Allocation of Award.** Any Compensation awarded or payable because of the taking of all or any portion of the Land by eminent domain will be awarded in accordance with the values of the respective interests in the Land and all improvements thereon immediately prior to the taking. The value of Owner's interest in the Land immediately prior to a taking will include the then value of its interest in the Land prior to the Expiration Date of this Lease, together with the value of its reversionary interest in the Land and Project after the Expiration Date. The value of Tenant's interest in the Land immediately prior to a taking will include the then value of its interest in the Land and Project for the remainder of the Term. The values will be those determined in the proceeding relating to the taking or, if no separate determination of the values is made in the proceeding, those determined by agreement between Owner, Tenant and any affected Recognized Interest Holders. If the agreement cannot be reached, the values will be determined by an appraiser or appraisers appointed in the manner by agreement of the parties to the dispute, or if no agreement is reached within a reasonable period of time, then an appraiser or appraisers appointed by an arbitrator appointed under Idaho Uniform Arbitration Act. In the event of separate awards, then each party may retain the separate awards made to each and any of them. To the extent any outstanding amount under any Leasehold Mortgagee exists, then the outstanding balance of the Leasehold Mortgage will be satisfied first from Tenant's award or share of the award, and if the share is insufficient, then Tenant will pay the balance from its own resources.
- 10.5 **Voluntary Conveyance.** Any voluntary conveyance by Owner under threat of a taking under the power of eminent domain in lieu of formal proceedings will be deemed a taking within the meaning of this Article 10.
- 10.6 **No Interest in Land.** Tenant acknowledges that Tenant has no interest in the Land other than Tenant's interest in this Lease, and in the event of any taking of Owner's interest in the Land, Tenant agrees that Tenant will not be entitled to any part of Owner's interest in the Land, other than Tenant's interest in this Lease.

ARTICLE 11 INSURANCE AND INDEMNIFICATION

- 11.1 **Comprehensive Liability Insurance.** Tenant will, at its cost and expense, at all times during the Term, maintain in force, for the joint benefit of Owner, Tenant, and all Recognized Interest Holders, a commercial general liability insurance policy or its equivalent issued by a carrier licensed to do business the State of Idaho with a Best's Insurance Guide Rating of A+, by the terms of which Owner, Tenant, and all Recognized Interest Holders, are named as insureds or additional insureds, as the case may be, and are indemnified against liability for damage or injury to the Land or person (including death) of any person entering upon or using the Land or the Project. The insurance policy or policies will be maintained on the minimum basis of \$2,000,000.00 for damage to property and for bodily injury or death as to any person, and \$2,000,000.00 as to any one accident. Owner reserves the right to require reasonable increases in the limits of coverage from time to time during the Term; and the requested increase will be deemed reasonable if consistent with commercially reasonable practices for similar projects in the same geographic area. The insurance policy or policies will be stated to be primary and noncontributing with any insurance which may be carried by Owner. Evidence of said insurance will be delivered to Owner on the Commencement Date, and evidence of renewal will be delivered to Owner not less than fifteen (15) days prior to the renewal date of any insurance policies during the Term. In the event Tenant fails to timely pay any premium when due, Owner will be authorized, but not obligated, to do so, and may charge all costs and

expenses thereof, including the premium and interest at the maximum rate allowed by law, to Tenant, to be paid by Tenant.

- 11.2 **Fire and Extended Coverage Property Insurance.** Tenant will, at its cost and expense and at all times during the Term, maintain in force, for the joint benefit of Owner, Tenant and all Recognized Interest Holders, a policy of insurance against loss or damage to the Project by fire and lightning, and the other perils as are covered under a “Cause of Loss-Special Form” policy or equivalent together with the broadest form of the “extended coverage” or “all risk” endorsements, or equivalent, available in Idaho including damage by wind storm, hurricane, explosion, smoke, sprinkler leakage, vandalism, malicious mischief and any other risks as are normally covered by the endorsements. Owner will be named as an additional insured on the policy of insurance, and any Recognized Interest Holder will be named as required by the Sublease or Leasehold Mortgage, and subject to terms of the Sublease or Leasehold Mortgage any insurance proceeds will be applied in the manner as set forth in this Lease. The insurance will be carried and maintained to the extent of full (actual) replacement cost of the Project; provided however, that during the period of construction, Tenant will provide or cause to be provided in lieu thereof builders’ risk or similar type of insurance to the full replacement costs thereof. The insurance policy or policies will be stated to be primary and noncontributing with any insurance which may be carried by Owner. Evidence of said insurance will be delivered to Owner on the Commencement Date. Evidence of renewal will be delivered to Owner not less than fifteen (15) days prior to the renewal date of any insurance policies during the Term. In the event Tenant fails to timely pay any premium when due, Owner will be authorized, but not obligated, to do so, and may charge all costs and expenses thereof, including the premium and interest at Owner’s Interest Rate, to Tenant, to be paid by Tenant as additional rent hereunder. Owner will have no obligation to obtain insurance for the benefit of Tenant.
- 11.3 **Evidence of Insurance.** Evidence of the required liability insurance will be delivered to Owner on the Commencement Date. Evidence of the required property insurance will be delivered to Owner prior to construction of the Project. Evidence of renewal will be delivered to Owner not less than fifteen (15) days prior to the renewal date of any insurance policies during the Term. In the event Tenant fails to timely pay any premium when due, Owner will be authorized, but not obligated, to do so, and may charge all costs and expenses thereof, including the premium and interest at Owner’s Interest Rate, to Tenant, to be paid by Tenant as additional rent hereunder. Owner will have no obligation to obtain insurance for the benefit of Tenant.
- 11.4 **Waiver of Subrogation.** Owner and Tenant and all parties claiming under them mutually release and discharge each other from all claims and liabilities arising from or caused by any casualty or hazard covered or required hereunder to be covered in whole or in part by the casualty and liability insurance to be carried on the Project, the Land or in connection with any improvements on or activities conducted on the Land and the Project, and waive any right of subrogation which might otherwise exist in or accrue to any person on account thereof, and evidence the waiver by endorsement to the required insurance policies, provided that the release will not operate in any case where the effect is to invalidate or substantially increase the cost of the insurance coverage (provided that in the case of increased cost, the other party will have the right, within thirty (30) days following written notice, to pay the increased cost, thereby keeping the release and waiver in full force and effect).
- 11.5 **Indemnification.** Tenant (and each Subtenant, but only with respect to the Subleased Property) hereby agrees to indemnify, defend and save Owner harmless from and against any third-party claims, losses, damages and expense (including attorneys’ fees and costs through litigation and all appeals) in connection with the loss of life, personal injury and damage to property caused by (a)

any occurrence in, upon, at or about the Land or Project; (b) the occupancy, use, construction upon and maintenance of the Land and Project by Tenant (or the applicable Subtenant), and its guests and invitees, and any party acting by, through or under any of them; and (c) any wrongful or negligent act or failure to act by Tenant (or the applicable Subtenant) or its employees, agents or contractors. Nothing contained herein will be construed to make Tenant or any Subtenant liable for any injury or loss caused by the negligence, gross negligence or willful misconduct of Owner or any agent or employee of Owner.

ARTICLE 12 DAMAGE AND DESTRUCTION

[Drafting Note: Subject to review and comment by prospective project lenders and their legal counsel.]

- 12.1 **Tenant's Duty to Restore Property.** If any buildings or improvements now or hereafter on the Land are damaged and/or destroyed in whole or in part by fire, theft, the elements, or any other cause, this Lease will continue in full force and effect, and Tenant, at its sole cost and expense, will have the right to repair and restore the damaged or destroyed Project in any manner permitted by this Lease or any Leasehold Mortgage. The work of repair and restoration will be commenced by Tenant as soon as reasonably possible, with due consideration given to, among other things, clearing of damaged portions of the Land and site preparation, adjustment of insurance claims, redesign, rebidding and repermitting, obtaining a new loan or loans for construction or repair. Tenant will proceed diligently to commence repairs and restoration. Once construction has commenced, Tenant will proceed diligently thereafter to complete the construction or repair, subject to reasonable delays due to force majeure events or events beyond the reasonable control of Tenant. Tenant will not be responsible for delays caused by force majeure events or for reasons beyond the reasonable control of Tenant.
- 12.2 **Option to Terminate Lease for Destruction.** Notwithstanding Section 12.1 above, and subject to the terms and conditions of any Leasehold Mortgage, if the Project is damaged or destroyed by fire, theft or any other casualty, then Tenant will have the option of terminating this Lease by at least sixty (60) days' prior written notice of Tenant's intent to do so, If Tenant elects to terminate this Lease, then Tenant will also be required to remove, at Tenant's own expense, all debris and remains of the damaged portion of the improvements (but not any undamaged portion of the improvements) from the Land.

ARTICLE 13 DEFAULTS AND REMEDIES

- 13.1 **Defaults.** Each of the following events will constitute an "Event of Default":
- 13.1.1 Tenant's abandonment of the Land, or the improvements now or hereafter constructed thereon, where the abandonment continues for a period of sixty (60) days after notice thereof by Owner to Tenant;
- 13.1.2 Tenant's failure to proceed with construction of the improvements as required by this Lease and the DDA, or the substantial suspension of such construction, for a period of sixty (60) days after written notice from the Owner (excluding any failure to proceed or suspension that is reasonably necessary to address casualty events or force majeure events);
- 13.1.3 Tenant's transfer or Tenant's ~~sufferance any~~ involuntary transfer of the Project or any part thereof in violation of this Lease;

- 13.1.4 Any violation of the Affordable Workforce Housing Requirements or use restrictions set forth in this Lease; provided, however, as to any violations of the use restrictions by any Subtenant, tenant or occupant of the Project, then Tenant's only obligation is to take reasonable action to stop the violation by the Subtenant, tenant or occupant promptly after receipt of written notice from Owner specifying the violation of the use restriction. The reasonable action may include legal or equitable actions to enforce the use restrictions against the Subtenant, tenant or occupant; provided, however, Tenant will not be obligated to pursue the termination of any Sublease or the eviction of the Qualified Resident if, in Tenant's reasonable judgement, the termination or eviction is inconsistent with other applicable law.
- 13.1.5 Tenant's failure to pay any monetary obligations of any nature whatsoever required to be paid by Tenant under this Lease when due and payable;
- 13.1.6 Tenant's failure to observe or perform any other material covenants, conditions or agreements under this Lease.
- 13.2 **Notice and Right to Cure.** As to any Event of Default occurring under this Lease, Tenant will have thirty (30) days after written notice is given by Owner specifying the nature of the default to cure the default; provided, however, that if after exercise of due diligence and its best efforts to cure the non-monetary default Tenant is unable to do so within the thirty (30) day period, then the curing period will be extended for the reasonable time as may be reasonably approved by Owner for curing the default, so long as Tenant continues to diligently prosecute to completion the curing of the default.
- 13.3 **Remedies.** If any default by Tenant will continue uncured upon expiration of the applicable curing period, then subject to the rights of any Mortgagee or Subtenant under this Lease, Owner may, at Owner's election, terminate this Lease by notice to Tenant. All Tenant's rights in the Land, the Project and in all improvements will terminate upon termination of this Lease. Promptly after any termination, Tenant will surrender and vacate the Land and the Project, and Owner may re-enter and take possession of the Land and the Project, subject to (a) any Subleases where the Subtenant is not in default beyond any applicable cure period; and (b) any leases authorized pursuant to Article 5, all of which will remain in full force and effect; Termination under this paragraph will not relieve Tenant from the payment of any sum then due to Owner, or from any claim for damages previously accrued, or then accruing, against Tenant. Owner will utilize commercially reasonable efforts to mitigate damages in case an Event of Default will occur.

ARTICLE 14 SURRENDER AND REMOVAL

Upon any termination of the Term, Tenant will surrender possession of the Land and all improvements constructed and installed thereon. Tenant may remove, or cause to be removed, all personal property, trade fixtures and equipment of Tenant, other than permanent fixtures, from the Land within thirty (30) days after the date of any termination of this Lease; thereafter all personal property, trade fixtures and equipment not removed will belong to Owner without the payment of any consideration.

ARTICLE 15 HAZARDOUS MATERIALS

- 15.1 **Definition. "Hazardous Materials"** means any material, substance or waste that is or has the characteristic of being hazardous, toxic, ignitable, reactive or corrosive, including, without limitation, petroleum, PCBs, asbestos, materials known to cause cancer or reproductive problems and those materials, substances and/or wastes, including infectious waste, medical waste, and

potentially infectious biomedical waste, which are or later become regulated by any local governmental authority, the State of Idaho or the United States Government, including substances defined as “hazardous substances,” “hazardous materials,” “toxic substances” or “hazardous wastes” in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.; all corresponding and related State of Idaho and local statutes, ordinances and regulations, including without limitation any dealing with underground storage tanks; and in any other environmental law, regulation or ordinance now existing or hereinafter enacted (collectively, “**Hazardous Materials Laws**”).

- 15.2 **Use of Property by Tenant.** Tenant (and each Subtenant, but only with respect to the Subleased Property) hereby agrees that it and its employees, representatives, agents, contractors, subcontractors, tenants, subtenants and any other occupants of the Land (for purpose of this Section 15.2, referred to collectively herein as “**Occupants**”) will not use, generate, manufacture, process, store or dispose of, on, under or about the Land except in compliance with applicable Hazardous Materials Laws, e.g., Occupants of the Project will have the right to use and store reasonable quantities of Hazardous Materials at the Project used by Tenant as cleaning and office supplies.
- 15.3 **Indemnification by Tenant.** Tenant (and each Subtenant, but only with respect to its Subleased Property) will indemnify, defend and hold Owner harmless from any claims, damages, losses or expenses (including reasonable attorneys’ fees and costs through litigation and all appeals) resulting from death of or injury to any person, or damage to any property, or government mandated remediation plans, arising from or by (a) Tenant’s (or Subtenant’s, as applicable) failure to comply with any Hazardous Materials Laws with respect to the Land, or (b) a breach of any covenant, warranty or representation of Tenant (or Subtenant, as applicable) under this Article 15. The foregoing indemnification by Tenant and each Subtenant will not extend to Hazardous Materials on, in or about the Land prior to prior to the Commencement Date.

ARTICLE 16 REPRESENTATIONS AND WARRANTIES

- 16.1 **By Owner.** Owner makes the following representations and warranties to Tenant: (a) Owner is duly organized and existing under the laws of its state of origin and has all requisite legal power and authority to execute, deliver and perform this Lease; (b) the execution, delivery and performance by Owner of this Lease have been duly authorized by all requisite entity action of Owner and there is no provision in its charter documents requiring further consent by any other person or entity; (c) this Lease constitutes the legal, valid and binding obligation of Owner, enforceable against Owner in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, reorganization, moratorium or similar laws affecting or limiting creditors’ rights generally or by equitable principles relating to enforceability; (d) Owner has fee title to the Land and there are no liens or encumbrances against the Land except as permitted under this Lease; and (e) Owner will not during the Term of the Lease cause or suffer any lien, claim or encumbrances to exist against the Land by or through Owner, except as permitted by this Lease; (f) as long as Tenant is not in material default of this Lease (beyond any applicable cure period), Tenant will quietly hold, occupy and enjoy the Land during the Term without hindrance of Owner or any person claiming by, through or under Owner; and (g) Owner will cooperate with Tenant as reasonably necessary for Tenant to enjoy the benefits of this Lease, including executing any applications, consents or other instruments that are required (by applicable law or otherwise) to be executed by

the fee simple owner of the Land, including any entitlement, subdivision or development applications.

- 16.2 **By Tenant.** Tenant makes the following representations and warranties to Owner: (a) Tenant is duly organized and existing under the laws of its state of origin and has all requisite legal power and authority to execute, deliver and perform this Lease; (b) the execution, delivery and performance by Tenant of this Lease have been duly authorized by all requisite entity action of Tenant and there is no provision in its charter documents requiring further consent by any other person or entity; (c) this Lease constitutes the legal, valid and binding obligation of Tenant, enforceable against Tenant in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, reorganization, moratorium or similar laws affecting or limiting creditors' rights generally or by equitable principles relating to enforceability; (d) Tenant has inspected the Land and accepts the Land in its as-is condition, except for Owner's representations, warranties and covenants under this Lease; and (e) Tenant will not during the Term of the Lease cause or suffer any lien, claim or encumbrances to exist against the Land by or through Tenant, except as permitted by this Lease.

ARTICLE 17 NOTICES

Unless otherwise specifically required by this Lease or applicable law, any notices, approvals, consents or other communications required or permitted by this Lease or by applicable law to be served on, given to, or delivered to any party to this Lease must be in writing and will be deemed duly served, given, delivered and received only when actually received by the receiving party (or delivery is refused by the receiving party). Delivery may be by any reasonable method. Each party agrees to give notice to the other parties of its address and any change of its address for the purpose of this section by giving written notice of the change to the other party in the manner herein provided. If any party fails to provide a current address for notices, then the other parties may serve notices to the then current address for the other party (or its registered agent) in the records of the Idaho Secretary of State or the records of the Blaine County Assessor. If Owner is the Ketchum Urban Renewal Agency or the City of Ketchum, then such Owner may update its notice address by public notice.

ARTICLE 18 GENERAL PROVISIONS

- 18.1 **Survival of Indemnities.** All representations, warranties and indemnities of Owner, Tenant and each Subtenant under this Lease will survive the expiration or sooner termination of this Lease.
- 18.2 **Unavoidable Delay; Force Majeure.** If either party will be delayed or prevented from the performance of any act required by this Lease by reason of acts of God, strikes, lockouts, labor troubles, pandemics, epidemics, inability to procure materials, restrictive governmental laws, or regulations or other cause, without fault and beyond the reasonable control of the party obligated, performance of the act will be excused for the period of the delay; and the period for the performance of any act will be extended for a period equivalent to the period of the delay.
- 18.3 **Interpretation.** Time is of the essence of any obligation where time is a factor. The use herein of any gender includes all other genders, and the use of the singular number includes the plural and vice-versa, whenever the context so requires. Captions in this Lease are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Lease or any of the terms hereof. The word "including" will be construed without limitation, as if the words "but not limited to" appear immediately after. The words shall, will and must have the same meaning, which is mandatory. This Lease will not be construed in favor of any party hereto, but to be construed fairly and broadly toward effectuating the purposes hereof. If any term, provision,

covenant or condition of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions will remain in full force and effect and will in no way be affected, impaired or invalidated. For purposes of this Lease, the parties to this Lease includes Owner and Tenant, and if applicable, any Subtenant in possession of a Subleased Property, but only with respect to the Subleased Property.

- 18.4 **Entire Agreement.** This Lease and the DDA contain the entire agreement between the parties regarding the subject matter hereof. Any other oral or written representations, agreements, understandings and/or statements will be of no force and effect.
- 18.5 **Waiver; Amendment.** No modification, waiver, amendment, discharge or change of this Lease will be valid unless the same is in writing and signed by the party against which the enforcement of the modification, waiver, amendment, discharge or change is or may be sought. Owner and Tenant agree that they will not amend this Lease with respect to any Subleased Property without the prior written consent of the Subtenant thereof.
- 18.6 **Attorney's Fees.** If either party retains an attorney to enforce or interpret this Lease, the prevailing party will be entitled to recover reasonable attorneys' fees and litigation costs incurred through litigation, bankruptcy proceedings and all appeals.
- 18.7 **Governing Law.** This Lease will be construed and enforced in accordance with the laws of the State of Idaho.
- 18.8 **Binding Effect.** This Lease will bind, and inure to the benefit of, the parties and their respective successors and permitted assigns.
- 18.9 **Assignment.** Tenant may not sublease, assign or otherwise convey any of its interest in this Lease or the Leasehold Interest, other than as expressly permitted in this Lease, without the prior written consent of Owner, which consent Owner will not unreasonably withhold, condition or delay provided that the subtenant or assignee thereof agrees in writing to be bound by the terms of this Lease with respect to the interest subleased or assigned. Unless otherwise set forth in Owner's consent or other instrument executed by Owner, no sublease, assignment or other conveyance or transfer of Tenant's interest in this Lease or the Leasehold Interest will release Tenant from its obligations under this Lease, and Tenant will remain fully liable for all obligations of Tenant under this Lease.
- 18.10 **Estoppel Certificates.** Either party will execute, acknowledge and deliver to the other party, within twenty (20) days after the request by the other party, a statement in writing certifying, if it is the case, that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified); the date of commencement of this Lease; the dates for which the rent and other charges have been paid; any alleged defaults and claims against the other party; and providing any other information as may be reasonably requested.
- 18.11 **Waiver of Trial by Jury.** EXCEPT AS OTHERWISE PROVIDED BY LAW, OWNER AND TENANT MUTUALLY, EXPRESSLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY FOR ANY PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, OR ANY CONDUCT OR COURSE OF DEALING OF THE PARTIES, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PERSONS. THIS WAIVER IS A MATERIAL INDUCEMENT TO OWNER TO ACCEPT DELIVERY OF THIS LEASE.

18.12 **Property Managers.** All duties and obligations of Tenant under this Lease may be performed by any property manager(s) retained by Tenant.

[end of text; counterpart signature pages follows]

COUNTERPART SIGNATURE PAGE

DATED effective as of the Effective Date.

Owner: The Urban Renewal Agency of the City of Ketchum, also known as the KETCHUM URBAN RENEWAL AGENCY, an independent public body, corporate and politic, organized pursuant to the Idaho Urban Renewal Law, title 50, chapter 20, Idaho Code, as amended

By: _____
Susan Scovell, Chair

STATE OF IDAHO)
) ss.
County of Blaine)

This record was signed before me on _____ by Susan Scovell as Chair and of the Urban Renewal Agency of the City of Ketchum, also known as the KETCHUM URBAN RENEWAL AGENCY

Notary Signature

COUNTERPART SIGNATURE PAGE

DATED effective as of the Effective Date.

Tenant: [FIRST + WASHINGTON PROPERTIES LLC], an Idaho limited liability company

By: [First + Washington Holdings LLC], an Idaho limited liability company, its sole member

By: Wood River Community Housing Trust, Inc., an Idaho nonprofit corporation, its sole member

By: _____
Steven M. Shafran
President

STATE OF IDAHO)
) ss.
County of Blaine)

This record was signed before me on _____ by Steven M. Shafran as President of Wood River Community Housing Trust, Inc., who is acting as the sole member of [First + Washington Holdings LLC], who is acting as the sole member of [First + Washington Properties LLC].

Notary Signature

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

Lots 5, 6, 7 and 8 in Block 19, of the VILLAGE OF KETCHUM, as shown on the certified copy of the official map thereof, recorded as Instrument No. 302967, records of Blaine County, Idaho.

EXHIBIT B
CONCEPT PLANS FOR PROJECT

[to be incorporated prior to execution]

EXHIBIT C
PROJECT PREFERENCE POLICY

~~[4872-7331-8812, v. 14892-7308-1498, v. 14872-8503-5418, v. 1](#)~~

Agency:

Urban Renewal Agency of the city of Ketchum,
a public body, corporate and politic

By: Susan Scovell
Its: Chair

Date _____

DEVELOPER:

[FIRST + WASHINGTON PROPERTIES LLC], an Idaho
limited liability company

By: [First + Washington Holdings LLC], an Idaho
limited liability company, its sole member

By: Wood River Community Housing Trust, Inc.,
an Idaho nonprofit corporation, its sole
member

By: _____
Steven M. Shafran
President

Attachment C

PROJECT PREFERENCE POLICY

First + Washington

January 11, 2024

Effective as of the date first set forth above (“**Effective Date**”), this Project Preference Policy for First + Washington (this “**Policy**”) is adopted by the Urban Renewal Agency of the City of Ketchum, also known as the Ketchum Urban Renewal Agency, an independent public body, corporate and politic, organized pursuant to the Idaho Urban Renewal Law, title 50, chapter 20, Idaho Code, as amended (“**Owner**”) and approved by and [First + Washington Properties LLC], an Idaho limited liability company (“**Tenant**”) in accordance with Section 5.6 (Project Preference Policy) of the Ground Lease for First + Washington between Owner and Tenant dated [Lease Date] (the “**Lease**”). Any capital terms not defined in this Policy, but defined in the Lease, will have the meaning set forth in the Lease.

Qualified Resident Eligibility

For a prospective resident to be eligible to be a Qualified Resident in the Project, the prospective resident must meet each of the following criteria. Each person over the age of eighteen (18) who will occupy the Affordable Workforce Housing Unit must qualify as a Qualified Resident.

1. The person must be a legal resident of the United States.
2. The person must intend to occupy the Affordable Workforce Housing Unit as his or her primary residence, and after first occupancy, the person must actually and continuously occupy the Affordable Workforce Housing Unit as his or her primary residence for at least ten (10) months of each calendar year.
3. The person must not have any ownership interest in any residential dwelling. If the person acquires any ownership interest in any dwelling (or completes the construction of any dwelling) during the term of the occupancy of any Affordable Workforce Housing Unit, then the person must notify Tenant within five (5) days. Thereafter, Tenant will have the option to terminate such person’s occupancy of Affordable Workforce Housing Unit at anytime upon sixty (60) days prior written notice.
4. The total gross income of all Qualified Residents who occupy an Affordable Workforce Housing Unit must, at first occupancy, have a family income of not less than eighty percent (80%) of AMI and not more than one hundred fifty-five percent (155%) of AMI.

Target AMI Preferences

The Project will have the following Target AMI Preferences.

Low Range: Approximately thirty-two percent (32%) of the Affordable Workforce Housing Units are to be available to a preference for Qualified Residents who, at first occupancy, **have** collectively have a family income of eighty percent (80%) to one hundred percent (100%) of AMI;

Middle Range: Approximately thirty percent (30%) of the Affordable Workforce Housing Units are to be available to a preference for Qualified Residents who, at first occupancy, collectively have a family income of one hundred percent (100%) to one hundred twenty percent (120%) of AMI.

High Range: Approximately thirty-eight percent (38%) of the Affordable Workforce Housing Units are to be available to a preference for Qualified Residents who, at first occupancy, collectively have a family income of one hundred twenty percent (120%) to one hundred fifty-five percent (155%) of AMI.

The Affordable Workforce Housing Units must be available in accordance with the above Target AMI Preference allocation. The Affordable Workforce Housing Units that are available for a particular Target AMI Preference range must first be offered to prospective Qualified Residents in the Target AMI Preference range who are then ready, willing and able to lease the unit when it becomes available to lease. If no prospective Qualified Resident in the applicable Target AMI Preference range is then readily, willing and able to lease an applicable unit when it becomes available to lease, Tenant may lease the unit to a Qualified Resident in any Target AMI Preference range.

Average AMI Target

Tenant will endeavor to have the average AMI at first occupancy of all Qualified Residents in the Project (“**Average AMI**”) to be not less than one hundred ten percent (110%) of AMI and not more than one hundred twenty-seven percent (127%) of AMI (the “**Target AMI Range**”). If the Average AMI is not within the Target AMI Range, then Tenant will notify Owner thereof in Tenant’s annual reports required under this Policy. In such event, Owner and Tenant will confer within a reasonable time to evaluate the potential causes for the deviation, and the potential solutions, if any, for bringing the Average AMI into the Target AMI Range over time. Owner and Tenant acknowledge that a potential solution may involve modifying the AMI allocation mix and/or the Target AMI Range to reflect actual or expected demand for Affordable Workforce Housing Units. The Target AMI Range is a target only, and there is no breach of this Policy if the Average AMI is outside of the Target AMI Range.

If the Average AMI is not within the Target AMI Range, then Tenant ~~shall~~ may, after the application of any other applicable preferences, give preferences to potential Qualified Tenants who would bring the Average AMI into, or closer to, the Target AMI Range.

Local Preference

All Affordable Workforce Housing Units shall be leased to Qualified Residents employed by Qualified Employers, in some manner, as set forth in the priorities listed below. If more than one prospective Qualified Resident (or households hereof) is eligible for the same Affordable Workforce Housing Unit and are ready, willing and able to lease the unit when it becomes available to lease, then Tenant will give a preference to such Qualified Residents in accordance with the following priority (to the extent applicable and practical). If prospective Qualified Residents (or households thereof) are of equal priority, then Tenant will offer the Affordable Workforce Housing Unit to such Qualified Residents of equal priority as Tenant elects, in Tenant’s discretion.

Priority 1: At least one Qualified Resident must be a current full-time employee of one or more employers with a physical place of employment located in the City of Ketchum or within Ketchum’s Area of City Impact, where the Qualified Resident’s primary place of employment for each such employer is located in the City of Ketchum or within Ketchum’s Area of Impact.

- Priority 2: At least one Qualified Resident must be a current full-time employee of one or more employers with a physical place of employment located in Blaine County, Idaho, where the Qualified Resident’s primary place of employment for each such employer is located in Blaine County, Idaho.
- Priority 3: At least one Qualified Resident must be a current employee of one or more public entities with a physical place of employment located in Blaine County, Idaho, where the Qualified Resident’s primary place of employment for each such employer is located in Blaine County, Idaho; and provided that the employee must be employed by such employer for a minimum of 1,000 hours per calendar year or regularly employed by such employer for a minimum of 20 hours per week; provided, however, if the Qualified Resident is disabled, then the Qualified Resident will be considered to be employed to the extent that the disability prevents employment (i.e., a person with a disability that limits employment beyond 10 hours per week will be deemed to be employed for 10 hours per week).
- Priority 4: Any Qualified Resident, who may be selected in an order of priority as determined by Tenant in accordance with Tenant’s then current policies and practices.

~~For the Local Preference, a person will be deemed to be a “current” employee of a Qualified Employer if the person’s disability then prevents that person from current employment with a Qualified Employer;.~~

Current Full Time Employee.

A “current full-time employee” is a person who meets the criteria below:

- (a) The person is physically working for a Qualified Employer, which is herein defined as an employer with a geographical location as specified in Priorities 1-4 above, or the person has accepted an offer of employment with a Qualified Employer and is expected to start employment with the Qualified Employer within thirty (30) days of occupancy of the Affordable Workforce Housing Unit and will meet the criteria in (b).
- (b) The person, on average, provides at least thirty-five (35) hours of compensated work per week to the Qualified Employer. More than one part-time employment will be collectively considered to be full-time employment if the average number of hours of compensated work for all employers combined is at least thirty-five (35) hours per week. If a resident is disabled, then the resident will be considered to be employed to the extent that the disability prevents employment (i.e., a person with a disability that limits employment beyond 20 hours per week will be deemed to be employed for 15 hours per week). Further, a person employed by a public, charter or private school that is a Qualified Employer will be deemed to be a current full-time employee if the employee provides at least thirty-five (35) hours of compensated work during the academic term of such Qualified Employer.

Changes in Family Income

For this Policy, the family income of Qualified Residents isare measured at the Qualified Resident’s first occupancy of an Affordable Workforce Housing Unit. The family income of such Qualified Residents may change during the term of ~~the~~ their occupancy of the Affordable Housing Unit, however, no change in such family income will change their status as Qualified Residents. Tenant may adopt such policies as Tenant deems appropriate, in consultation with and approval by Owner, in which case such approval will not be unreasonably withheld, to allow, condition, limit or prohibit the renewal of any lease for an Affordable

Workforce Housing Unit if the family income of such Qualified Residents is then less than eighty percent (80%) of AMI or more than one hundred fifty-five percent (155%) of AMI.

Resident Nomination Agreement Preferences

In the event that Tenant enters into a resident nomination agreement with a governmental employer, nonprofit employer or other qualified entity (a “**Resident Nomination Agreement**”), then any person nominated under such Resident Nomination Agreement must be a Qualified Resident and will comply with the Local Preference priorities as outlined herein, but the nomination of a Qualified Resident pursuant thereto is not subject to the preferences identified in this Policy. No more than fifty percent (50%) of the total number of Affordable Workforce Housing Units in the Project shall be occupied by Qualified Residents who were nominated pursuant to a Resident Nomination Agreement. In addition, Tenant will not enter into more than thirty percent (30%) of its allowable Resident Nomination Agreements with respect to the Project with any one, single governmental employer, nonprofit employer, or other qualified entity, without Owner’s consent.

No Discrimination

There shall be no discrimination against, or segregation of, any person or group of persons on account of disability, race, color, creed, religion, sex, sexual orientation, gender identity/expression, marital status, ancestry, or national origin in the sublease, transfer, use, occupancy, tenure, or enjoyment of Land or Project, nor shall the Tenant or any person claiming under or through the Tenant establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of subtenants, sublessees, or vendees of the Land or Project.

Annual Reports

After occupancy of the Project, Tenant will provide Owner with a written report (in any form reasonably requested by Owner) by March 1 of each calendar year that provides reasonable evidence that the Affordable Workforce Housing Units have been leased (or made available for lease) in compliance with the Affordable Workforce Housing Requirement (as applicable) during the prior calendar year.

Compliance

Tenant will use commercially reasonable efforts to grant preferences in accordance with this Policy. Tenant will not be in breach of this Policy unless Tenant fails to substantially comply with terms of this Policy and fails to take commercially reasonable efforts to cure the substantial noncompliance within thirty (30) days after receipt of a notice from Owner specifying the substantial noncompliance. If the nature of the substantial noncompliance is that it reasonably requires longer than thirty (30) days to cure, then Tenant will have a reasonable period to cure as long as Tenant commences to cure within the 30-day period and continues with commercially reasonable efforts until the noncompliance is cured.

Owner is the only beneficiary of this Policy. If any person believes that Tenant has not complied with the terms of this Policy, then such person may notify Owner thereof.

Miscellaneous

1. Nothing in this Policy will require Tenant to lease any Affordable Workforce Housing Unit to a resident that does not meet Tenant’s then-current resident criteria for the Project (other than limited income as permitted herein).

- |
2. Nothing in this Policy limits Tenant’s right to enforce the terms of any lease or other agreement with a resident (or any the occupant) in the Project.
 3. If more than one Qualified Resident will occupy an Affordable Workforce Housing Unit, then Tenant will have the option to treat each Qualified Resident as an individual family unit (e.g., a ‘roommate’ circumstance).

[end of text; signature page follows]

DRAFT

COUNTERPART SIGNATURE PAGE

DATED effective as of the Effective Date.

Owner: The Urban Renewal Agency of the City of Ketchum, also known as the KETCHUM URBAN RENEWAL AGENCY, an independent public body, corporate and politic, organized pursuant to the Idaho Urban Renewal Law, title 50, chapter 20, Idaho Code, as amended

By: _____
Susan Scovell, Chair

Tenant: [FIRST + WASHINGTON PROPERTIES LLC], an Idaho limited liability company

By: [First + Washington Holdings LLC], an Idaho limited liability company, its sole member

By: Wood River Community Housing Trust, Inc., an Idaho nonprofit corporation, its sole member

By: _____
Steven M. Shafran
President

4854-7383-2092, v. 1



Ketchum Urban Renewal Agency

P.O. Box 2315 | 191 5th Street | Ketchum, ID 83340

January 16, 2024

Chair and Commissioners
Ketchum Urban Renewal Agency
Ketchum, Idaho

RECOMMENDATION TO APPROVE THIRD AMENDMENT TO AGREEMENT TO NEGOTIATE EXCLUSIVELY 50082 AND ADOPT RESOLUTION 24-URA01

Introduction/History

In January 2023 the KURA entered into an Agreement to Negotiate Exclusively (ANE) with Wood River Community Housing Trust Inc, and DeChase Development Services LLC. The ANE contained specific deadlines for completion of specific tasks. The original ANE dates were extended in May 2023. Per the terms of the extension, the Development and Disposition Agreement (DDA) was to be completed by September 24, 2023.

Due to the complexity of the issues, the Board approved a second and third extension to the ANE requiring completion of the DDA and Ground Lease by January 22, 2024.

The draft agreements have been presented to the board along with new information and documents and additional time is necessary for board review and consideration. A fourth extension is proposed moving the completion and approval dates for the agreement until March 22, 2024.

Financial Requirement/Impact

There is no financial impact resulting from the recommended action.

Recommendation and Motion

Staff recommends the following motion:

“I move to approve the Fourth Amendment to ANE 50082 and Adopt Resolution 24-URA01.”

Attachment: A: Resolution 24-URA01
B: Fourth Amendment to Agreement to Negotiate 50082

Attachment A

BY THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF KETCHUM, IDAHO:

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF KETCHUM, IDAHO, APPROVING A FOURTH AMENDMENT TO AGREEMENT TO NEGOTIATE EXCLUSIVELY BETWEEN THE URBAN RENEWAL AGENCY OF THE CITY OF KETCHUM AND THE WOOD RIVER COMMUNITY HOUSING TRUST, INC. AND 1ST AND WASHINGTON DEVELOPMENT LLC; AND AUTHORIZING THE CHAIR AND SECRETARY, RESPECTIVELY, TO EXECUTE AND ATTEST SAID FOURTH AMENDMENT TO AGREEMENT TO NEGOTIATE EXCLUSIVELY SUBJECT TO CERTAIN CONDITIONS; AUTHORIZING THE CHAIR AND SECRETARY TO EXECUTE ALL NECESSARY DOCUMENTS REQUIRED TO IMPLEMENT THE FOURTH AMENDMENT TO AGREEMENT TO NEGOTIATE EXCLUSIVELY AND TO MAKE ANY NECESSARY TECHNICAL CHANGES TO THE FOURTH AMENDMENT TO AGREEMENT TO NEGOTIATE EXCLUSIVELY; AND PROVIDING AN EFFECTIVE DATE.

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

WHEREAS, the 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; and

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 “2010 Plan”); and

WHEREAS, in order to achieve the objectives of the 2010 Plan, the Agency is authorized to acquire real property for the revitalization of areas within the 2010 Plan boundaries; and,

WHEREAS, the Agency owns certain real property addressed as 211 E. 1st Avenue, Ketchum (Parcel RPK00000190070), and real property unaddressed as Lot 5, Block 19 (Parcel RPK0000019005B), and Lot 6, Block 19 (Parcel RPK0000019006B) (the “Site”); and

WHEREAS, the Agency and Wood River Community Housing Trust, Inc. an Idaho nonprofit corporation (“Trust”) and 1st and Washington Development LLC, an Idaho limited

liability company (“1st and Washington”) (with Trust and 1st and Washington herein collectively referred to as the “Developer”), entered into the Agreement to Negotiate Exclusively (“ANE”) on January 27, 2023, for the purpose of analyzing and assessing a development opportunity for the Site; and

WHEREAS, the ANE contemplated a negotiation period in which the Agency and the Developer were to negotiate the terms of the Disposition and Development Agreement (“DDA”) and long-term ground lease (“Ground Lease”), as well as certain timelines for both Parties to provide certain information and data to the other Party; and

WHEREAS, pursuant to Section 102 of the ANE, the Parties have the ability to extend the ANE for a period of time to continue negotiations; and

WHEREAS, the Parties extended the negotiation period of the ANE pursuant to the First Amendment to Agreement to Negotiate Exclusively (“First Amendment”), approved by Resolution No. 23-URA03 and executed on May 15, 2023, to allow for the negotiation, finalization, and execution of a DDA and Ground Lease as well as extending certain timelines for the Parties to provide additional information and data required by the ANE; and

WHEREAS, the Parties extended the negotiation period of the ANE pursuant to the Second Amendment to Agreement to Negotiate Exclusively (“Second Amendment”), approved by Resolution No. 23-URA05 and executed on September 21, 2023, to allow for the negotiation, finalization, and execution of a DDA and Ground Lease; and

WHEREAS, the Parties extended the negotiation period of the ANE pursuant to the Third Amendment to Agreement to Negotiate Exclusively (“Third Amendment”), approved by Resolution No. 23-URA08 and executed on November 13, 2023, to allow for the negotiation, finalization, and execution of a DDA and Ground Lease; and

WHEREAS, the Parties desire to continue to negotiate in good faith to develop the DDA and Ground Lease and require additional time to finalize specific terms and conditions within the DDA. The Parties wish to extend the ANE in order to allow for an extension of the negotiation timeframe for execution of the DDA and Gound Lease; and

WHEREAS, the Board of Commissioners of the Agency find it in the best public interest to approve the Fourth Amendment to ANE and authorize the Chair and Secretary to execute and attest the Fourth Amendment to ANE, subject to certain conditions, and to execute all necessary documents to implement the transaction, 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 statements are true and correct.

Section 2: That the Fourth Amendment to ANE, attached hereto as Exhibit A, is

hereby incorporated herein and made a part hereof by reference and is hereby approved and accepted as form recognizing technical changes or corrections, which may be required prior to execution of the Fourth Amendment to ANE.

Section 3: That the Chair of the Agency is hereby authorized to sign and enter into the Fourth Amendment to ANE and, further, is hereby authorized to execute all necessary documents required to implement the actions contemplated by the Fourth Amendment to ANE, subject to representations by the Agency staff and legal counsel that all conditions precedent to, and any necessary technical changes to, the Fourth Amendment to ANE are consistent with the provisions of the Agreement and the comments and discussion received at the January 16, 2024, Agency Board meeting, including any necessary substantive changes discussed and approved at the Agency Board meeting.

Section 4: That this Resolution shall be in full force and effect immediately upon its adoption and approval.

PASSED by the Urban Renewal Agency of Ketchum, Idaho on January 16, 2024. Signed by the Chair of the Board of Commissioners and attested by the Secretary to the Board of Commissioners on January 16, 2024.

URBAN RENEWAL AGENCY OF KETCHUM

By _____
Susan Scovell, Chair

ATTEST:

By _____
Secretary

EXHIBIT A

FOURTH AMENDMENT TO AGREEMENT TO NEGOTIATE EXCLUSIVELY

4873-6085-5708, v. 1

Attachment B

FOURTH AMENDMENT
to
AGREEMENT TO NEGOTIATE EXCLUSIVELY
by and between
THE URBAN RENEWAL AGENCY OF THE CITY OF KETCHUM
and
WOOD RIVER COMMUNITY HOUSING TRUST, INC. and
1ST AND WASHINGTON DEVELOPMENT LLC

THIS FOURTH AMENDMENT TO AGREEMENT TO NEGOTIATE EXCLUSIVELY (this “Fourth Amendment”) is entered into by and between the Urban Renewal Agency of the city of Ketchum, also known as the Ketchum Urban Renewal Agency, an independent public body, corporate and politic (the “Agency”), organized pursuant to the Idaho Urban Renewal Law, title 50, chapter 20, Idaho Code, as amended (the “Law”), and undertaking projects under the authority of the Law and the Local Economic Development Act, title 50, chapter 29, Idaho Code, as amended (the “Act”), and Wood River Community Housing Trust, Inc. an Idaho nonprofit corporation (“Trust”) and 1st and Washington Development LLC, an Idaho limited liability company (“1st and Washington”) (with Trust and 1st and Washington herein collectively referred to as the “Developer”), or its assigns as provided for herein, collectively referred to as the “Parties” and each individually as “Party,” on the terms and provisions set forth below.

RECITALS

WHEREAS, the Agency owns certain real property addressed as 211 E. 1st Avenue, Ketchum (Parcel RPK00000190070), and real property unaddressed as Lot 5, Block 19 (Parcel RPK0000019005B), and Lot 6, Block 19 (Parcel RPK0000019006B) (the “Site”); and

WHEREAS, the Agency and the Developer entered into the Agreement to Negotiate Exclusively (“ANE”) on January 27, 2023, for the purpose of analyzing and assessing a development opportunity for the Site, see Exhibit A attached hereto; and

WHEREAS, the ANE contemplated a negotiation period in which the Agency and the Developer were to negotiate the terms of the Disposition and Development Agreement (“DDA”) and long-term ground lease (“Ground Lease”), as well as certain timelines for both Parties to provide certain information and data to the other Party; and

WHEREAS, pursuant to Section 102 of the ANE, the Parties have the ability to extend the ANE for a period of time to continue negotiations; and

WHEREAS, the Parties extended the negotiation period of the ANE pursuant to the First Amendment to Agreement to Negotiate Exclusively (“First Amendment”), approved by Resolution No. 23-URA03 and executed on May 15, 2023, see Exhibit B attached hereto, to allow for the negotiation, finalization, and execution of a DDA and Ground Lease as well as extending certain timelines for the Parties to provide additional information and data required by the ANE; and

WHEREAS, the Parties extended the negotiation period of the ANE pursuant to the Second Amendment to Agreement to Negotiate Exclusively (“Second Amendment”), approved by Resolution No. 23-URA05 and executed on September 21 2023, see Exhibit C attached hereto, to allow for the negotiation, finalization, and execution of a DDA and Ground Lease; and

WHEREAS, the Parties extended the negotiation period of the ANE pursuant to the Third Amendment to Agreement to Negotiate Exclusively (“Third Amendment”), approved by Resolution No. 23-URA08 and executed on November 13, 2023, see Exhibit D attached hereto, to allow for the negotiation, finalization, and execution of a DDA and Ground Lease; and

WHEREAS, the Parties desire to continue to negotiate in good faith to develop the DDA and Ground Lease and require additional time to finalize specific terms and conditions within the DDA. The Parties wish to extend the ANE in order to allow for an extension of the negotiation timeframe for execution of the DDA and Gound Lease.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the sufficiency of which is agreed and acknowledged, the Agency and the Developer agree the foregoing recitals are not mere recitations but are covenants of the Parties, binding upon them as may be appropriate and a portion of the consideration for the agreements contained herein, and hereby further agree as follows:

A. PURPOSE OF SECOND AMENDMENT. Pursuant to Section 102, Negotiation Period of the ANE, the ANE was to terminate if the Parties had not reached an agreeable DDA and Ground Lease related to the Site within one hundred and eighty (180) days from the Effective Date. The Effective Date of the ANE is January 27, 2023, making the original Termination Date for the Negotiation Period, July 26, 2023. The Parties initially extended the negotiation period for an additional sixty (60) days, pursuant to the First Amendment providing the new Negotiation Period date of September 24, 2023. The Parties then extended the negotiation period for an additional sixty (60) days, pursuant to the Second Amendment providing the new Negotiation Period date of November 23, 2023. Most recently, the Parties extended the negotiation period for an additional sixty (60) days, pursuant to the Third Amendment providing the new Nogitation Period date of January 22, 2024. The negotiation of the Affordable Workforce Housing Project has been delayed and both Parties wish to extend the terms of the ANE to allow for the negotiation and finalization of an acceptable DDA and Ground Lease.

B. NEGOTIATION PERIOD. Section 102 of the ANE specified that the Negotiation Period for which the Developer and the Agency were to negotiate a DDA and Ground Lease was one hundred and eighty days (180) days after execution of the ANE. Section 102 allows the Agency, in its discretion, to extend the ANE for an additional period of time. Both Parties believe it necessary to extend the ANE a fourth time to allow for the development of the Affordable Workforce Housing Project’s specifics and execution of an agreed upon DDA and Ground Lease. Therefore, based on the terms and conditions outlined in this Fourth Amendment, the Agency and the Developer agree to extend the ANE for an additional sixty (60) days after the Effective Date of the Fourth Amendment. The extension of an additional sixty (60) days after the Effective Date of the Fourth Amendment, will extend the Negotiation Period to March 22, 2024.

C. EXECUTION OF A DDA AND/OR GROUND LEASE. Based on the terms of the ANE, the First Amendment, the Second Amendment, the Third Amendment, and this Fourth Amendment the negotiation and execution of a DDA and/or Ground Lease related to the Site must occur prior to March 22, 2024. Should execution of a DDA and/or Ground Lease between the Agency and the Developer not occur on or before March 22, 2024, the Agency shall have no further obligations related to the ANE, the First Amendment, the Second Amendment, the Third Amendment, or this Fourth Amendment and the Deposit shall be returned to Developer, minus any funds spent by the Agency to obtain the Reuse Appraisal, if applicable, as contemplated in Section 103 and 102 of the ANE. If the ANE expires, the Agency will then pursue other options for development of the Site.

D. EXHIBIT C TO ANE. The Schedule of Performance, Exhibit C to the ANE and the First Amendment, Second Amendment, and Third Amendment is hereby superseded and replaced by the attached updated Exhibit C – Schedule of Performance. All other Exhibits to the ANE and First, Second, and Third Amendment remain in full force and effect.

E. ALL OTHER TERMS TO REMAIN. All other terms and conditions of the ANE and First, Second, and Third Amendment, not otherwise amended as provided herein this Fourth Amendment, shall remain in full force and effect and shall be binding upon the Parties as if set forth in full herein. Capitalized terms used but not defined in this Fourth Amendment shall have the same meanings ascribed to such capitalized terms in the ANE and First, Second, and Third Amendment.

[signatures on following page]

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment on the dates set forth below.

_____, 2024

AGENCY

THE URBAN RENEWAL AGENCY OF
THE CITY OF KETCHUM, also known as
KETCHUM URBAN RENEWAL AGENCY

Susan Scovell, Chair

_____, 2024

TRUST

Wood River Community Housing Trust, Inc.
an Idaho nonprofit corporation

By: _____
Name: _____

_____, 2024

1st and Washington Development LLC

an Idaho limited liability company

By: _____
J. Dean Papé, Manager

EXHIBIT A TO THE FOURTH AMENDMENT
EXECUTED AGREEMENT TO NEGOTIATE EXCLUSIVELY

EXHIBIT B TO THE FOURTH AMENDMENT
EXECUTED FIRST AMENDMENT

EXHIBIT C TO THE FOURTH AMENDMENT

EXECUTED SECOND AMENDMENT

EXHIBIT D TO THE FOURTH AMENDMENT
EXECUTED THIRD AMENDMENT

EXHIBIT C TO THE ORIGINAL ANE
Schedule of Performance

Task	Completion Date	Comments	Section Reference
Effective Date	Date Agreement signed by all Parties (last date signed)		000/102
Negotiation Period	Commences on the Effective Date and shall terminate one hundred eighty (180) days thereafter As extended, March 22, 2024	Agency may extend the Negotiation Period an additional sixty (60) days without payment by Developer If Developer requests extension, an extension fee of \$5,000 may be required First Amendment extends Negotiation Period sixty (60) days Second Amendment extends Negotiation Period sixty (60) days Third Amendment extends Negotiation Period sixty (60) days Fourth Amendment extends Negotiation Period sixty (60) days	102
Deposit	Within fifteen (15) days of the Effective Date	\$10,000	103
Environmental Reports	Within thirty (30) days of the submission of Deposit by Developer, Agency to provide any reports to Developer		205
Financing	07/30/2023	First Amendment extends deadline - Developer to provide Agency on or before 07/30/2023, with timeline and process to obtain bonding and utilization of IHFA programs	807
Community Outreach			804
Preliminary Parking Data	June 30, 2023	First Amendment extends to June 30, 2023	809
Reuse	Must be completed prior to		300

Appraisal	closing on DDA		
Design Development Plan	Developer to provide Design Development Plan Per DDA		201
Termination Date/Deadline for Developer to execute a mutually approved DDA	<p>One hundred eighty (180) days after the Effective Date.</p> <p>As extended by First Amendment, September 24, 2023</p> <p>Extended by Second Amendment, November 23, 2023</p> <p>Extended by Third Amendment January 22, 2024.</p> <p>Extended by Fourth Amendment, March 22, 2024</p>	<p>Unless extension provided</p> <p>First Amendment extends Negotiation Period sixty (60) days</p> <p>Second Amendment extends Negotiation Period sixty (60) days</p> <p>Third Amendment extends Negotiation Period (60) days</p> <p>Amendment extends Negotiation Period (60) days</p>	102