



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: Staff Member/Dept:

Agenda Item:

Recommended Motion:

Reasons for Recommendation:

- The City of Ketchum has been the financial guarantor on the Silver Creek transitional housing facility since the lease was originally executed on November 30, 2023. The City negotiated more favorable terms on December 1, 2025. Given the recent decision on the BCHA contract, the attached lease assignment is clerical in nature and has no financial impact when compared to status quo operations.
- Following concern raised by a member of the public regarding the Letter of Credit section, the lease was pulled from the April 9 council agenda and revisited by legal counsel and adjusted accordingly.

Sustainability Impact:

Financial Impact:

Attachments:

1. Assignment and Assumption of Master Lease Agreement and Rental Agreements

ASSIGNMENT AND ASSUMPTION AND SECOND AMENDMENT OF MASTER LEASE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AND SECOND AMENDMENT OF MASTER LEASE AGREEMENT (“**Agreement**”) dated as of the Effective Date (defined below) is entered into by and between BLAINE COUNTY HOUSING AUTHORITY, an independent public body corporate and politic duly created by Blaine County, Idaho, and existing pursuant to the laws of the State of Idaho (“**Assignor**”) and CITY OF KETCHUM, a municipal corporation of the State of Idaho (“**City**” or “**Assignee**”).

RECITALS

A. Wood River LLC, a Washington limited liability company (“**Wood River**”) is the owner of that certain property located at 31 E. McKercher Blvd, Hailey, Idaho (the “**Property**”). Wood River as “**Lessor**” and Assignor, as “**Lessee**” entered into that certain Master Lease Agreement dated November 30, 2023 (the “**Original Master Lease**”), as amended by that certain First Amendment to Master Lease Agreement dated December 1, 2025 (the “**First Amendment**”, collectively with the Original Master Lease, the “**Master Lease**”), attached hereto as Exhibit A, wherein Assignor leases 100% of the Property from Wood River to manage and oversee the residential leasing operation at the Property pursuant to separate rental agreements (each, a “**Rental Agreement**”, and collectively, the “**Rental Agreements**”). Initially capitalized terms not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Lease; and

B. Assignor desires to assign the Master Lease and the Rental Agreements to Assignee, and Assignee desires to assume the Master Lease and Rental Agreements from Assignor (the “**Assignment and Assumption**”), subject to the terms and conditions set forth herein; and

C. Concurrent with the Assignment and Assumption, Wood River and City wish to amend the Master Lease as set forth below.

NOW, THEREFORE, in consideration of the promises and the mutual covenants herein contained, Assignor, Assignee and Wood River hereby agree as follows:

ASSIGNMENT AND ASSUMPTION

1. Assignment. As of the Effective Date, Assignor hereby assigns, transfers and conveys to Assignee, all right, title and interest of Assignor as Lessee under the Master Lease. Assignor shall remain liable for the performance of any obligation required to be performed by Lessee under the Master Lease or any Rental Agreement for all periods prior to the Effective Date. Nothing herein shall be construed to limit or affect any right or remedy of Wood River under the Master Lease arising from acts or omissions of Assignor prior to the Effective Date.

2. Assumption. As of the Effective Date, Assignee hereby accepts said assignment and assumes and agrees to keep, observe and perform all of the covenants, conditions, terms and provisions under the Master Lease or any Rental Agreement to be kept, observed and performed by the lessee therein from and after the Effective Date. For the avoidance of doubt, Wood River shall be entitled to enforce the Master Lease directly against Assignee from and after the Effective Date.

3. Release of Assignor. As of the Effective Date, Wood River hereby releases and discharges Assignor from any and all obligations and liabilities arising under the Master Lease or any Rental Agreement from and after the Effective Date. Nothing in this Section 3 shall limit or affect any obligation or liability of

Assignor arising prior to the Effective Date, including without limitation any payment or performance obligation accrued but not satisfied as of the Effective Date.

AMENDMENT OF MASTER LEASE

4. Letter of Credit. It is agreed and understood that the City executed that certain Irrevocable Standby Letter of Credit dated November 29, 2023 (the “**LOC**”) related to the Master Lease wherein Wood River is the beneficiary. Subject to the provisions below, Wood River and City agree that the LOC will terminate on the Effective Date.

5. No Pledge of Credit. As of the Effective Date, City represents and warrants to Wood River that the City Council has appropriated sufficient funds to satisfy all of the monetary obligations under the Master Lease through September 30, 2026, including, without limitation, the Rent and the then applicable Early Termination Payment (defined below). Effective on October 1, 2026 and each October 1 thereafter for the duration of the Term, City’s obligations to pay Rent, the then applicable Early Termination Payment and any other amounts due under the Master Lease are limited obligations of the City payable solely from funds lawfully appropriated by the City of Ketchum City Council (the “**City Council**”) for such purpose during each Fiscal Year (defined below) (collectively, the “**Applicable Master Lease Monetary Obligations**”). Nothing in the Master Lease shall be construed as a pledge of City's credit, taxing power, or general revenues, or as creating a debt or other financial obligation to extend such pledge that is in violation of applicable law; provided that City agrees to use good faith efforts to include the Applicable Master Lease Monetary Obligations in its annual fiscal year budget, which the City represents is October 1 – September 30 of each year (the “**Fiscal Year**”). Wood River acknowledges that the City is a municipal corporation and is assuming the Master Lease as Assignee in reliance on this limitation.

6. Termination Right. If the City Council fails to provide written notice to Wood River by August 1, 2026 and each August 1 thereafter for the duration of Term (the “**Annual Notice Deadline**”) that the Applicable Master Lease Monetary Obligations have been appropriated (the “**Appropriation Notice**”) for the immediately subsequent Fiscal Year, the Master Lease will terminate (a “**Non-Appropriation Termination**”), such termination to be effective on the last day of the then current Fiscal Year for which funds were appropriated (the “**Non-Appropriation Termination Effective Date**”). In the event of a Non-Appropriation Termination, City shall remain responsible to: (i) pay all Rent and other amounts accrued through the Non-Appropriation Termination Effective Date, and (ii) surrender the Premises in accordance with the Master Lease as of the Appropriation Termination Effective Date.

7. Termination Payment. In the event of a Non-Appropriation Termination, City will pay a termination fee equal to (i) \$500,000 through September 30, 2026, (ii) \$450,000 from October 1, 2026 through September 30, 2027, and (iii) \$350,000 from October 1, 2027 through the Expiration Date. (the “**Early Termination Payment**”), such payment to be made to Wood River within ten (10) business days following the Annual Notice Deadline. The parties agree that the Early Termination Payment shall not be considered a penalty but, rather, constitute liquidated damages, representing a reasonable pre-estimate of losses, including, without limitation, re-leasing costs, transition of management to a new operator, lost rental income, etc., which losses would be difficult to ascertain with certainty at the time of this Agreement.

MISCELLANEOUS

8. Severability. If any term or provision of this Agreement or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

9. Notice Address Update. Section 1(l) of the Master Lease is hereby amended to replace the Lessee's notice address in its entirety with the following: "City of Ketchum, P.O. Box 2315, Ketchum, ID 83340, Attn: City Administrator."
10. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which counterparts taken together shall constitute one and the same agreement.
11. Miscellaneous. This Agreement and the obligations of the parties set forth herein shall survive the Effective Date and shall not be merged therein, shall be binding upon and inure to the benefit of each party hereto, their respective legal representatives, successors and assigns and may not be modified or amended in any manner other than by a written agreement signed by the party to be charged therewith.
12. Attorneys' Fees. Should any party employ attorneys to enforce any of the provisions hereof, the non-prevailing party agrees to pay the prevailing party(ies) all reasonable costs, charges, and expenses, including reasonable attorneys' fees, expended or incurred by the prevailing party in connection therewith.
13. Wood River Consent. By signing below, and subject to the provisions of this Agreement, Wood River hereby consents to the assignment of the Master Lease to Assignee. Wood River's consent herein is a one-time consent and shall not be deemed a consent to any further or subsequent assignment, subletting, or transfer of the Master Lease or any interest therein. Wood River's consent shall not modify, diminish, or waive any right or remedy of Wood River under the Master Lease, including without limitation Wood River's (i) right to demand the Termination Payment under Section 7 of this Agreement, (ii) termination rights under Section 5 of the First Amendment, and (iii) all other rights reserved to Wood River under the Master Lease. Except as specifically set forth in this Agreement Wood River does not assume, and shall not be deemed to have assumed, any obligation of Assignor to Assignee by virtue of this consent or its execution of the Assignment and Assumption.

[Remainder of Page Intentionally Blank; Signature Page and Exhibits Follow]

IN WITNESS WHEREOF, the undersigned have executed this Assignment to be effective as the latest of the dates set forth below (the “**Effective Date**”).

ASSIGNOR:

BLAINE COUNTY HOUSING AUTHORITY

By: _____
Name: _____
Title: _____
Date: _____

ASSIGNEE:

CITY OF KETCHUM

By: _____
Name: _____
Title: _____
Date: _____

WOOD RIVER:

WOOD RIVER LLC,
a Washington limited liability company

By: BearRock Investments LLC,
a Washington limited liability company

Its: Member/Manager

By: _____
David Rothrock, Member/Manager
Date: _____

By: _____
Douglas Barrett, Member/Manager
Date: _____

EXHIBIT A
Master Lease
(separately provided to City)