



Ketchum Urban Renewal Agency

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

May 19, 2025

Chair and Commissioners
Ketchum Urban Renewal Agency
Ketchum, Idaho

RECOMMENDATION TO APPROVE RESOLUTION 25-URA03 AND AGREEMENT 50096 APPROVING MUTUAL TERMINATION AND RELEASE AGREEMENT BETWEEN KURA AND FIRST + WASHINGTON PROPERTIES LLC

Background

At the March 17, 2025 KURA meeting, the Board directed staff to prepare the documents to terminate the Development and Disposition Agreement between the KURA and First + Washington LLC for development of the workforce housing project.

Action

Staff requests the board approve Resolution 25-URA03 that approves Agreement 50096, Mutual Termination and Release Agreement for the First + Washington project. This action will terminate the Development and Disposition Agreement and any further actions with First + Washington LLC.

Recommendation and Motion

Staff recommends the following motion:

"I move to approve Resolution 25-URA03 approving Agreement 50096."

Attachment" Resolution 25-URA03 and Agreement 50096

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 THE MUTUAL TERMINATION AND RELEASE BY AND BETWEEN THE URBAN RENEWAL AGENCY OF THE CITY OF KETCHUM AND FIRST + WASHINGTON PROPERTIES LLC RELATED TO THE DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE FIRST AND WASHINGTON AFFORDABLE WORKFORCE HOUSING PROJECT; AUTHORIZING THE CHAIR AND SECRETARY, RESPECTIVELY, TO EXECUTE AND ATTEST SAID MUTUAL TERMINATION AND RELEASE AGREEMENT; AUTHORIZING THE CHAIR AND SECRETARY TO EXECUTE ALL NECESSARY DOCUMENTS REQUIRED TO IMPLEMENT THE MUTUAL TERMINATION AND RELEASE AGREEMENT AND TO MAKE ANY NECESSARY TECHNICAL CHANGES TO THE MUTUAL TERMINATION AND RELEASE AGREEMENT SUBJECT TO CERTAIN CONDITIONS, INCLUDING SUBSTANTIVE CHANGES; AND PROVIDING AN EFFECTIVE DATE OF THIS RESOLUTION.

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 Ketchum Urban Renewal Plan 2010 (the "2010 Plan"); and

WHEREAS, the 2010 Plan established the Revenue Allocation Area (the "Project Area"), which established an area for redevelopment and anticipated improvement projects; 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 Project Area 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”), generally described on **Exhibit A**; and

WHEREAS, in accordance with Idaho Code Section 50-2011 – Disposal of Property in Urban Renewal Area, the Agency issued a Request for Proposal (“RFP”) on May 26, 2022, seeking to initiate a redevelopment project to bring affordable workforce housing to the Project Area in compliance with the 2010 Plan through redevelopment of other properties in the vicinity; and

WHEREAS, 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, deadline; and

WHEREAS, the Agency Board appointed a review group to join Agency staff in analyzing the proposals, conducting interviews with each development team, and providing findings of fact and comments to Agency staff sufficient for the Agency Board to make a selection of the proposals; and

WHEREAS, the review group along with Agency staff did interview each development team and thereafter provided the preliminary recommendation of the Wood River Community Housing Trust Inc. (“WRCHT”) and deChase Miksis Development, otherwise known as deChase Development Services, LLC, or such successors and assigns (First + Washington Properties LLC (collectively referred to as “Developer”), for selection of its proposal (“Joint Proposal”); and

WHEREAS, at its regular public meeting of November 14, 2022, pursuant to Resolution No. 22-URA11, the Agency Board discussed the proposals and thereafter met with consensus regarding the proposed recommendation for development of the Site and selected Developer to begin negotiations; and

WHEREAS, 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 Site via a long-term ground lease, which would outline the terms and conditions of the Developer’s use and development of the Site. The Joint Proposal proposed a fifty (50) year ground lease; and

WHEREAS, 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; and

WHEREAS, on March 22, 2024, the Agency and Developer entered into the Disposition and Development Agreement (“DDA”) for the construction and operation of rent restricted residential dwelling units and associated common areas, amenities, and related parking, located on the Site, prioritized for individuals and families working in the Ketchum area (“Project”); and

WHEREAS, following the execution of the DDA between Agency and Developer, the Parties executed the Design Plans Funding and Reimbursement Agreement (“Design Reimbursement Agreement”), in which the Agency based on its commitment to providing the

Developer a construction ready Site for the Project, agreed to initially fund the design review plans and lot consolidation process necessary for receiving City Council and City Planning and Zoning Commission approval; and

WHEREAS, the Design Reimbursement Agreement contemplated that should the design review plans be approved by the City, the Developer would reimburse the Agency for the cost of the design review plans, and the ownership of the design review plans would be transferred to the Developer, for use in connection with the Project. In the alternative, if the design review plans were not approved, or the Project did not move forward, the Developer would not have an obligation to reimburse the Agency for the cost of the design review plans, and the ownership of such plans would remain with the Agency; and

WHEREAS, in addition, the Agency, in furtherance of its purpose as outlined in the 2010 Plan to create affordable workforce housing, agreed to help fund eligible aspects of the Project, in an amount not to exceed Eight Million Dollars (\$8,000,000.00), based on reimbursement of eligible infrastructure construction costs (“Funding Commitment”); and

WHEREAS, the Agency and the Developer continued to work together in good faith to perform under the terms of the DDA. However, due to several factors, including, but not limited to, challenging capital market conditions concerning financing underwriting and increasing interest rates, investor requirements, high construction costs, supply chain issues, and public input regarding the need for increased parking as part of the project, the Parties determined that Project is not economically feasible and cannot be constructed in a manner that accomplishes the public’s requests for additional public parking within the Project; and

WHEREAS, the Parties have agreed to negotiate the terms of a mutual release and termination of the DDA, as well as the Design Reimbursement Agreement and Funding Commitment based on the infeasibility of the Project as originally contemplated; and

WHEREAS, as such, the Parties have negotiated a Mutual Termination and Release Agreement (“Agreement”) to terminate the DDA, and to provide a mutual release as set forth in the Agreement; and

WHEREAS, Agency staff recommends approval of the Agreement by the Agency Board of Commissioners; and

WHEREAS, the Agency Board of Commissioners finds it in the best public interest to approve the Agreement and to authorize the Agency Chair to execute the Agreement, 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 Agreement, a copy of which is attached as Exhibit A, and incorporated herein and made a part hereof by reference, is hereby approved, recognizing any technical changes or corrections, which may be required prior to execution of the Agreement.

Section 3: That the Chair of the Agency is hereby authorized to sign and enter into the Agreement and, further, is hereby authorized to execute all necessary documents required to implement the actions contemplated by the Agreement, subject to representations by the Agency staff and legal counsel that all conditions precedent to, and any necessary technical changes to the Agreement are consistent with the provisions of the Agreement including the comments and discussion received, or any necessary substantive changes discussed and approved, at the May 19, 2025, 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 May 19, 2025. Signed by the Chair of the Board of Commissioners and attested by the Secretary to the Board of Commissioners on May 19, 2025.

URBAN RENEWAL AGENCY OF KETCHUM

By _____
Susan Scovell, Chair

ATTEST:

By _____
Secretary

EXHIBIT A

MUTUAL TERMINATION AND RELEASE AGREEMENT

4939-0546-6947, v. 3

50096
MUTUAL TERMINATION AND RELEASE AGREEMENT
by and between
KETCHUM URBAN RENEWAL AGENCY
and
FIRST + WASHINGTON PROPERTIES LLC

THIS MUTUAL TERMINATION AND RELEASE AGREEMENT (“Agreement”) is entered into by and between the Urban Renewal Agency of the city of Ketchum, aka the Ketchum Urban Renewal Agency, Idaho, a public body, corporate and politic, of the state of Idaho (“Agency”), organized and authorized to conduct business pursuant to the Idaho Urban Renewal Law of 1965, Chapter 20, Title 50, Idaho Code, as amended (the “Law”), and the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended, (the “Act”) and First + Washington Properties LLC, an Idaho limited liability company (“Developer”). Agency and Developer may be collectively referred to as the “Parties” and individually referred to as a “Party.” All capitalized terms not otherwise defined herein shall have those meanings set forth in the Disposition and Development Agreement (defined below), by and between the Agency and the Developer.

RECITALS

A. 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.

B. 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 Ketchum Urban Renewal Plan 2010 (the “2010 Plan”).

C. The 2010 Plan established the Revenue Allocation Area (the “Project Area”), which established an area for redevelopment and anticipated improvement projects.

D. 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 Project Area boundaries.

E. 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”), generally described on **Exhibit A**; and

F. In accordance with Idaho Code Section 50-2011 – Disposal of Property in Urban Renewal Area, the Agency issued a Request for Proposal (“RFP”) on May 26, 2022, seeking to initiate a redevelopment project to bring affordable workforce housing to the Project Area in compliance with the 2010 Plan.

G. 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, deadline.

H. The Agency Board appointed a review group to join Agency staff in analyzing the proposals, conducting interviews with each development team, and providing findings of fact and comments to Agency staff sufficient for the Agency Board to make a selection of the proposals.

I. The review group along with Agency staff did interview each development team and thereafter provided the preliminary recommendation of the Wood River Community Housing Trust Inc. (“WRCHT”) and deChase Miksis Development, otherwise known as deChase Development Services, LLC, or such successors and assigns (First + Washington Properties LLC (collectively referred to as “Developer”), for selection of its proposal (“Joint Proposal”).

J. At its regular public meeting of November 14, 2022, pursuant to Resolution No. 22-URA11, the Agency Board discussed the proposals and thereafter met with consensus regarding the proposed recommendation for development of the Site and selected Developer to begin negotiations.

K. 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 Site via a long-term ground lease, which would outline the terms and conditions of the Developer’s use and development of the Site. The Joint Proposal proposed a fifty (50) year ground lease.

L. 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.

M. On March 22, 2024, the Agency and Developer entered into the Disposition and Development Agreement (“DDA”) for the construction and operation of rent restricted residential dwelling units and associated common areas, amenities, and related parking, located on the Site, prioritized for individuals and families working in the Ketchum area (“Project”).

N. Following the execution of the DDA between Agency and Developer, the Parties executed the Design Plans Funding and Reimbursement Agreement (“Design Reimbursement Agreement”), in which the Agency, based on its commitment to providing the Developer a construction ready Site for the Project, agreed to initially fund the design review plans and lot consolidation process necessary for receiving City Council and City Planning and Zoning Commission approval.

O. The Design Reimbursement Agreement contemplated that should the design review plans be approved by the City, the Developer would reimburse the Agency for the cost of the design review plans, and the ownership of the design review plans would be transferred to the Developer, for use in connection with the Project. In the alternative, if the design review plans were not approved, or the project did not move forward, the Developer would not have an

obligation to reimburse the Agency for the cost of the design review plans, and the ownership of such plans would remain with the Agency.

P. In addition, the Agency, in furtherance of its purpose, as outlined in the 2010 Plan, to create affordable workforce housing, agreed to help fund eligible aspects of the Project, in an amount not to exceed Eight Million Dollars (\$8,000,000.00), based on reimbursement of eligible infrastructure construction costs ("Funding Commitment").

Q. The Agency and the Developer continued to work together in good faith to perform under the terms of the DDA. However, due to several factors, including, but not limited to, challenging capital market conditions concerning financing underwriting and increasing interest rates, investor requirements, high construction costs, supply chain issues, and public input regarding the need for increased parking as part of the project, the Parties determined that the Project is not economically feasible and cannot be constructed in a manner that accomplishes the public's requests for additional public parking within the Project.

R. The Parties have agreed to negotiate the terms of a mutual release and termination of the DDA, as well as the Design Reimbursement Agreement and Funding Commitment based on the infeasibility of the Project as originally contemplated.

S. As such, the Parties are entering into this Agreement to terminate the DDA, and any development interest in the Property, and to provide for a mutual release as set forth herein.

AGREEMENT

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/TERMINATION DATE. The effective date ("Effective Date" or "DDA Termination Date") of this Agreement shall be the date when this Agreement has been signed by the Parties (last date signed).

2. MUTUAL TERMINATION. The DDA is mutually terminated and of no further force or effect as of the Termination Date. The Parties shall not have any further rights against or liability to the other under the DDA.

3. DEPOSIT. The Ten Thousand Dollar (\$10,000) deposit (the "Deposit") previously deposited by the Developer under the ANE and transferred and assigned to the DDA will be retained by the Agency pursuant to Section 14.6 of the DDA.

4. DESIGN REIMBURSEMENT. The Agency shall discontinue any additional funding of the design plans or other aspects of Site preparation in furtherance of the Project. Pursuant to Section 4 of the Design Reimbursement Agreement, the Developer shall have no obligation to reimburse the Agency for the design plans developed to date. Likewise, the Agency

shall retain ownership of the design plans and Developer shall have no right to such design plans and Developer shall return all copies of said design plans to the Agency and is strictly prohibited from utilizing any aspects of the design plans.

5. AGENCY FUNDING. The Agency shall have no further obligation under its prior funding commitment as outlined in Resolution No. 24-URA-02. Pursuant to Resolution No. 24-URA-02, the Agency committed to funding up to Eight Million Dollars (\$8,000,000.00) toward eligible infrastructure costs for the construction of the Project. Based on the termination of the DDA, this funding commitment is also null and void.

6. COOPERATION. The Parties agree to cooperate fully and execute any and all supplementary documents and to take all additional actions which may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement, as well as any actions that may be necessary or appropriate to remove existing entitlements or encumbrances created by the Developer on the Site.

7. WAIVER. The Developer, on behalf of its respective agents, employees, officers, representatives, successors, assigns, affiliates (including any affiliated entities), and subsidiaries, and all other persons that can or may claim by or through the Developer, shall, and hereby do, waive and disclaim any and all past, present, and future claims, rights, or interest in the DDA. This includes, but is not limited to, a waiver and disclaimer of any and all (a) contractual rights under the DDA, and (b) equitable or legal rights under the DDA. The Agency, on behalf of its respective agents, employees, officers, commissioners, representatives, successors and assigns, and all other persons that can or may claim by or through the Agency, shall, and hereby do, waive and disclaim any and all past, present, and future claims, rights, or interest in the DDA. This includes, but is not limited to, a waiver and disclaimer of any and all (a) contractual rights under the DDA and (b) equitable or legal rights under the DDA.

8. FUTURE DEVELOPMENT OF PROPERTY. Under Idaho Code Section 50-2011 and the 2010 Plan, Agency retains its discretion and flexibility to dispose of the Property to (1) a private developer, or (2) a public entity in compliance with its statutory requirements under Idaho Code Sections 50-2011 and 50-2015, or (3) retention or disposition of the Property upon termination of the 2010 Plan and Project Area.

The Agency hereby agrees that, in the event the Agency decides to seek private development proposals for the Site, provided that the Developer meets statutory and proposal criteria, the Agency shall consider the Developer in its selection process and any such selection process will be completed in compliance with the Agency's statutory requirements, and the termination of the DDA will not be held against the Developer. This provision shall not be construed as a guarantee or endorsement in favor of the Developer.

9. MUTUAL RELEASE. For and in consideration of the mutual promises and consideration set forth in this Agreement, the sufficiency of which is hereby acknowledged, the Agency, the Developer, and its related entities, on behalf of themselves, and their past, present and future owners, commissioners, officers, principals, managers, directors, stockholders, members, attorneys, agents, representatives, employees, subsidiaries, affiliates, partners, predecessors and

successors in interest and assigns, investors, constituent entities, hereby releases the others and their past, present and future owners, commissioners, officers, principals, managers, directors, stockholders, members, attorneys, agents, representatives, employees, subsidiaries, affiliates, partners, predecessors and successors in interest and assigns, investors, constituent entities from any and all claims, demands, debts, duties, obligations, promises, liabilities, damages, accounts, payments, liens, acts, costs, expenses, sums of money, suits, actions and/or causes of action of any kind or nature whatsoever whether known or unknown, matured or unmatured, suspected or unsuspected, relating to the Project, including but not limited to those related to the DDA and the ANE, which the Agency, the Developer, and its related entities ever had, now or may have against the other, except as otherwise agreed to herein this Agreement. By virtue of this Agreement, the DDA and ANE shall be of no further force or effect and are deemed fully and finally terminated as of the Termination Date.

10. BINDING EFFECT. Each Party hereto understands and expressly agrees that this Agreement shall bind and benefit its respective heirs, subsidiaries, members, affiliates, officers, directors, commissioners, members, managers, partners, employees, agents, attorneys, representatives, predecessors, successors, and assigns.

11. AUTHORITY. The Parties represent and warrant to each other that the entities and individuals executing this Agreement are authorized and entitled to do so.

12. REVIEW OF AGREEMENT BY COUNSEL. Each Party hereto expressly declares that it has been supplied with and has read a copy of this Agreement. Each Party hereto further represents to the other that it has been given ample time and opportunity to seek the advice of counsel, consulted with its respective attorneys regarding the meaning of the terms and conditions contained herein, and fully understands the content and effect of this document. Each Party hereto approves and accepts the terms and provisions of this Agreement and agrees to be bound by the same. Accordingly, the words and phrases of this document and any ambiguity therein shall be construed in accordance with their ordinary and plain meaning, and not for or against any Party hereto.

13. ENTIRE AGREEMENT; MODIFICATION; SEVERABILITY. This document constitutes the final, complete, and exclusive statement of the terms of the Project and its associated agreements between the Parties hereto relating to the rights granted by the Project agreements and their obligations assumed thereunder. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty outside those expressly set forth in this Agreement. This Agreement may be supplemented, amended, or modified only by the mutual agreement of the Parties, in a writing signed by all the Parties. If a court or an arbitrator of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable, or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of them, shall not be affected.

14. ATTORNEY FEES. The Parties stipulate and agree that in any action or proceeding henceforth brought to enforce this Agreement or any of its terms, the prevailing party in that action or proceeding shall be entitled to reasonable attorney fees and costs incurred in

connection with that action or proceeding, in addition to any and all other relief to which the prevailing party may be entitled.

15. COUNTERPARTS. This Agreement may be executed in any number of counterparts, and all such counterparts together shall constitute one and the same instrument. Counterparts delivered by facsimile or other electronic means shall have the same effectiveness as ink-signed originals.

16. CHOICE OF LAW. This Agreement shall be governed by the laws of the State of Idaho, as it would apply to contracts negotiated, executed, delivered, and performed solely in such jurisdiction, excluding the laws regarding the principles of conflicts of laws, with venue in the courts of the Fifth Judicial District of Idaho.

17. INDEMNIFICATION. Developer covenants and agrees to indemnify, defend, and hold and save harmless the Agency and its respective commissioners, officers, agents, and employees from any and all liens, subrogation claims, demands, actions, causes of action, suits, or complaints that may be brought by any person, firm, corporation, estate, personal representative, executor, trustee or other entity against the Agency arising, arisen, to arise or which may arise out of or by reason of acts or omissions of the Developer or its affiliates by third parties contracted by the Developer or its affiliates, with respect to the Project and the DDA.

Notwithstanding the foregoing, the Developer shall have no obligation to indemnify, defend, and hold Agency and its respective commissioners, officers, agents, and employees harmless from and against any matters not related to acts or omissions of the Developer or its affiliates, with respect to the Project and the DDA or the termination of the DDA.

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

AGENCY:

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

By:
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

Its: President

EXHIBIT A
PROJECT SITE

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

4922-1659-7059, v. 4