

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

**James P. Speck, Esq.
SPECK & AANESTAD
A Professional Corporation
Post Office Box 987
Ketchum, Idaho 83340**

(Space above line for Recorder's use)

**FIRST AMENDMENT TO ANNEXATION, SERVICES
AND DEVELOPMENT AGREEMENT**

THIS FIRST AMENDMENT ("First Amendment") is dated this ____ day of _____, 2007 by and between the CITY OF HAILEY, IDAHO, a municipal corporation (the "City") and OLD CUTTERS, INC., an Idaho corporation ("OCI," and together with the City, the "Parties")

RECITALS

A. The City and OCI entered into that certain Annexation, Services and Development Agreement Old Cutters Planned Unit Development (the "Agreement") dated April 10, 2006 and recorded April 27, 2006 as Instrument No. 534733, records of Blaine County, Idaho.

B. OCI is required by the terms of paragraph 4 of Agreement to pay to the City certain annexation fees in installments.

C. The fixed deadlines for the annexation fee installment payments set forth in paragraphs 4.b, 4.c, 4.d and 4.e of the Agreement were originally set to be well after the then projected dates for completing the percentages of lot sales designated therein. The demand for residential real estate within the City has dropped significantly since then such that it is extremely unlikely the percentages of lot sales will be met by those deadlines.

D. The annexation fee installment payments are to be adjusted pursuant to paragraph 4.f of the Agreement to protect the City against inflation reducing the present value of the future payments, so eliminating the fixed payment deadlines will not result in financial harm to the City.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, promises, agreements, terms and conditions set forth herein, the parties covenant and agree as follows:

1. The Recitals set forth above are an integral part of this Agreement and are fully incorporated herein by this reference.

2. Paragraph 4.b of the Agreement shall be amended to read as follows:

The sum of Eight Hundred Seventy-five Thousand One Hundred Twenty-five Dollars (\$875,125) shall be due when thirty-five percent (35%) of the Market Rate Lots are sold. The term "Market Rate Lots"

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for the purposes of the installment payments in this paragraph and paragraphs 4.c, 4.d and 4.e, below, shall mean only the one hundred eight (108) market rate single family and duplex lots. The four (4) townhouse lots, three (3) community housing duplex lots and Lot 73 are not included in this calculation.

3. Paragraph 4.c of the Agreement shall be amended to read as follows:

The sum of Eight Hundred Seventy-five Thousand One Hundred Twenty-five Dollars (\$875,125) shall be due when fifty-five percent (55%) of the Market Rate Lots are sold.

4. Paragraph 4.d of the Agreement shall be amended to read as follows:

The sum of Eight Hundred Seventy-five Thousand One Hundred Twenty-five Dollars (\$875,125) shall be due when seventy percent (70%) of the Market Rate Lots are sold.

5. Paragraph 4.e of the Agreement shall be amended to read as follows:

The sum of Eight Hundred Seventy-five Thousand One Hundred Twenty-five Dollars (\$875,125) shall be due when eighty-five percent (85%) of the Market Rate Lots are sold.

6. Each of the persons executing this First Amendment represents and warrants that he has the lawful authority and authorization to execute this First Amendment, as well as all deeds, easements, liens and other documents required hereunder, for and on behalf of the entity executing this First Amendment.

7. All other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this First Amendment the day and year written herein.

DATED this _____ day of _____, 2008.

CITY OF HAILEY

By: _____
Richard Davis, Mayor

ATTEST:

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Hailey City Clerk

OLD CUTTERS, INC.

By: _____
John Campbell, President

STATE OF IDAHO)
: ss.
County of Blaine)

On this ____ day of _____, 2008, before me the undersigned Notary Public in and for said State, personally appeared RICHARD DAVIS, known or identified to me to be the Mayor of Hailey and the person whose name is subscribed to the within instrument, and acknowledged that he executed the same on behalf of the City of Hailey.

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

Notary Public for Idaho
Residing at : _____
Comm. Expires: _____

STATE OF IDAHO)
: ss.
County of Blaine)

On this ____ day of _____, 2008 before me the undersigned Notary Public in and for said State, personally appeared JOHN CAMPBELL, known or identified to me to be the president of Old Cutters, Inc., and the person who executed the foregoing instrument on behalf of said company and acknowledged to me he executed the same on behalf of said company.

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

Notary Public for Idaho
Residing at : _____
Comm. Expires: _____

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AGENDA ITEM SUMMARY

DATE: 7/28/08 **DEPARTMENT:** Engr **DEPT. HEAD SIGNATURE:** [Signature]

SUBJECT: Authorize the expenditure of Capital Funds to provide curb, gutter, sidewalk and paving on 2nd Ave between Croy St and Bullion St.

AUTHORITY: ID Code _____ IAR _____ City Ordinance/Code _____
(IF APPLICABLE)

BACKGROUND/SUMMARY OF ALTERNATIVES CONSIDERED:

The Hailey Eye Center approval included providing additional parking spaces within 1200' of their new building. The location selected is on 2nd Ave between Croy & Bullion. With the plans in place it is an opportune time to complete this block and provide better drainage and improved parking spaces on the entire block. Estimates have been received from the contractors currently on location totaling ~ \$42,400. The work performed by the Hailey Eye Center is estimated at \$12,500.

Another example of where this combination of public and private funds has been used is the Judicial Building improvements along Croy St. Funds there are from Freshies and Tom Dabney as well as the City of Hailey and Blaine County. The estimated cost for that work is \$32,000 including engineering costs. The private funds will contribute approximately 33% of the total.

FISCAL IMPACT / PROJECT FINANCIAL ANALYSIS: Caselle # _____
Budget Line Item # _____ YTD Line Item Balance \$ _____
Estimated Hours Spent to Date: _____ Estimated Completion Date: _____
Staff Contact: Tom Hellen Phone # 788-9830 Ext 14
Comments: _____

ACKNOWLEDGEMENT BY OTHER AFFECTED CITY DEPARTMENTS: (IF APPLICABLE)
____ City Attorney ____ Clerk / Finance Director ____ Engineer ____ Building
____ Library ____ Planning ____ Fire Dept. _____
____ Safety Committee ____ P & Z Commission ____ Police _____
____ Streets ____ Public Works, Parks ____ Mayor _____

RECOMMENDATION FROM APPLICABLE DEPARTMENT HEAD:

ADMINISTRATIVE COMMENTS/APPROVAL:

City Administrator _____ Dept. Head Attend Meeting (circle one) Yes No

ACTION OF THE CITY COUNCIL:

Date _____

City Clerk _____

FOLLOW-UP:

*Ord./Res./Agmt./Order Originals: Record
Copies (all info.):
Instrument # _____

*Additional/Exceptional Originals to: _____
Copies (AIS only)

Draft 12-30-03