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October 28, 2009

VIA EMAIL

Email: wlo@cox-internet.com

Ned Williamson, Esq.
Law Offices of Ned Williamson
115 S. 2nd Avenue
Hailey ID 83333

Re: Sweetwater PUD

Dear Ned:

In accordance with the direction of the Mayor at Monday evening's City Council meeting, this letter constitutes a written confirmation of the modification to the proposal to modify the Sweetwater PUD Agreement submitted in a letter to the City from J. Kevin Adams dated September 29, 2009 as it relates to Community Housing. In the September 29, 2009 letter, Adams proposed that Sweetwater would waive all claims for the return of the River Street property and the City waive all future payments for community housing as well as other affordable housing restrictions (i.e. deed restrictions) applicable to the Project.

At Monday's meeting, on behalf of Sweetwater, I offered that Sweetwater would waive all claims relating to the constitutionality of the City's community housing ordinances as well as any claim for the return of the River Street Property if the City agreed to the other conditions outlined in Mr. Adams' letter and the following:

The PUD Agreement provided that Sweetwater would provide 40 workforce deed restricted units plus \$4 million in *in lieu* fees over the 4 phases of the Project. Sweetwater has already paid \$1,770,000 of the *in lieu* fees.

Because of the present economic conditions, Sweetwater believes that virtually all units in phase I will sell at workforce pricing level, and as such, the \$1,770,000 previously should be applied toward future (*ie* Phase II, III & IV) community housing payments.

30012-037

Public Works Memo

To: Mayor Rick Davis
City Council Members

CC: Beth Robrahn, Planning Director
Heather Dawson, City Administrator
Ned Williamson, City Attorney

From: Tom Hellen, Public Works Director/City Engineer

Date: November 9, 2009

Re: Fill in a Flood Plain

The question has been raised concerning City regulations on adding fill to property located in the floodplain. The following discussion will step through the steps necessary for a property owner to add fill to remove property from a flood plain. This process also goes through FEMA as a LOMR-F; Letter of Map Revision – Fill.

In reviewing the Flood Hazard Overlay District section of the zoning ordinance a fill request would go through the following steps. First it is noted that a fill request requires a Flood Hazard Development Permit.

4.10 FLOOD HAZARD OVERLAY DISTRICT (FH)

4.10.6.2 Floodplain Sub-District Use Regulations.

Uses in the Floodplain Sub-District are limited to the following:

b. Uses Requiring a Flood Hazard Development Permit.

4. **Fill deposited in accordance with the standards set forth herein.**

The standards for a Flood Hazard Development Permit for a subdivision require the application to go through the Commission and the Council for approval.

4.10.7 Flood Hazard Development Permit.

4.10.7.1 Procedure.

A Flood Hazard Development Permit shall be obtained before any site alteration, construction or development begins within or upon any area located within the Floodplain

Sub-District. All applications for a Flood Hazard Development Permit for a subdivision shall be evaluated and approved or denied by the Commission and Council.

Approval by both bodies would use the following criteria for evaluation and would be able to set conditions as further outlined in the ordinance.

4.10.7.2 Criteria for Evaluation. The Flood Hazard Development Permit Board, the Commission or the Council, as the case may be, shall evaluate and find adequate evidence to support each of the following criteria:

- m. ... Any Fill shall not exceed the Base Flood Elevation...
- n. Encroachments, including Fill, new construction, substantial improvements and other development shall require certification from a registered professional hydraulic engineer certifying that (a) such encroachments shall not result in any increase in flood levels during the occurrence of a Flood, and (b) the placement of an encroachment will result in no net loss in natural storage area within the Flood Hazard Overlay District.

4.10.7.3 Conditions.

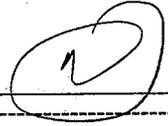
Upon consideration of the criteria in Section 4.10.7.2, above, the Flood Hazard Development Permit Board, the Commission or the Council, as the case may be, may attach such conditions to the permit, as deemed necessary to further the purposes of this District, including but not limited to:

- i. Issuance of all required and necessary Federal and State permits (e.g., 404 permits).
- j. Any other condition reasonably related to the issuance of a Flood Hazard Development Permit.

In summary, the allowance of fill in the flood plain conforms with FEMA rules and our intent with this review is to ensure that other property owners are not adversely affected by fill activities.

AGENDA ITEM SUMMARY

DATE: 10/26/2009 DEPARTMENT: Legal

DEPT. HEAD SIGNATURE: 

SUBJECT:

Sweetwater

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

BACKGROUND/SUMMARY OF ALTERNATIVES CONSIDERED:

See attached memo, letters and agreement.

FISCAL IMPACT / PROJECT FINANCIAL ANALYSIS: Case # _____
Budget Line Item # _____ YTD Line Item Balance \$ _____
Estimated Hours Spent to Date: _____ Estimated Completion Date: _____
Staff Contact: _____ Phone # _____
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:

Discuss offer from Sweetwater developer.

FOLLOW-UP REMARKS:

10/26 - Laski presented new information @ mtg. council asked to have the proposal put in writing & submitted to Halleys city attorney for review.
11/9 - new information presented to council in letter from Laski dated 10/28/09.

MEMORANDUM

TO: Mayor Rick Davis and Hailey City Council Members
FROM: Ned C. Williamson
DATE: October 26, 2009
RE: Sweetwater

I am enclosing copies of a letter dated September 29, 2009, from Kevin Adams, the representative of the owner of the Sweetwater development, a letter dated September 30, 2009, from Jim Laski, the attorney for the Sweetwater development and a copy of the Sweetwater Planned Unit Development Agreement ("Agreement"). As you can tell from the letters, the Sweetwater owner is seeking substantial modifications from the Agreement. In February of this year, the Council considered a similar request from the owner. The most recent offer differs from the earlier offer in the following material respects:

1. The owner initially sought an amendment to allow all the permitted uses in the LB zoning district. The present offer does not seek to expand the uses on the property.
2. The owner initially sought return of title to the River Street property. The present offer does not seek the return of the River Street property.
3. The owner initially sought a waiver of all park fees. The present offer suggests deferring the park fees until sale of a townhome unit. The fees would be paid at the rate of \$1000 per unit plus interest until the fees in the principal amount of \$390,000 plus interest is paid in full.

I initiated telephone communications with the Sweetwater representatives. After the first conversation, I was cautiously optimistic that perhaps some amendment to the Agreement could be arranged. Since that time, I have not heard any response from the owner, other than the offer dated September 29, 2009, is still the offer from the owner.

For the benefit of the Mayor and Council, I have expressed an interest to get the plats recorded so properties could legally be sold. To date, the owner has elected not to record the large block plat or the townhome plats because the owner must pay park fees at the time of recordation of a townhome plat. If the owner sought a plat for the constructed and completed townhomes, the owner would be required under the Agreement to pay \$49,000.

In my discussions with the Sweetwater representatives, I have also expressed a desire to have an understanding how that relief would create a successful project. Even though I have

Mayor Rick Davis
Hailey City Council Members
October 26, 2009
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received some information about the proposed financial package, I do not feel I have enough information to justify any particular financial relief for the developer.

In the discussions on Monday, there easily could come a time when we should go into executive session to discuss imminently likely litigation. If we get to that point, I will interrupt the discussion and recommend that we go into executive session. You may also want to go into executive session so I can explain my beliefs on the various claims which could be raised in litigation. For your information, I have asked that imminently likely litigation be placed on Monday's agenda as an executive session discussion.

For your information, I have been informed that a foreclosure sale for the undeveloped portion of the property is scheduled for the end of November. If you have any questions, please contact me in advance of Monday's meeting. Thank you.

SWEETWATER COMPANY, LLC
HAILEY, IDAHO

September 29, 2009

City of Hailey
115 Main Street South
Hailey, ID 83333

Re: Sweetwater Project

Dear Sirs:

We are finally ready to come back before the City of Hailey in hopes of working out the issues which must be resolved in order for Sweetwater to start moving again and to fulfill its potential as an asset for the City. When we approached the City of Hailey last year, we had already observed a softening in the Hailey real estate markets. Neither we nor the banks who provided construction and acquisition financing could have predicted the depth and duration of the recession. We could have thrown in the towel, but instead we have worked tirelessly to create a plan for the successful re-launching of the project. At the same time, we appreciate that the City of Hailey has not been spared from the ravaging consequences associated with the severe economic recession and we know that the City is hungry for revenues.

Before anything can be finalized with the banks, possible new investors and other creditors on the project, we need the City's concurrence with the following proposals. In submitting them to the City, we have sought to balance the City's need for revenue and Sweetwater's need to dramatically reduce cost in order to make the project feasible, all in light of current economic conditions.

1. Plats. Although the large block plat was finalized and circulated for signature, it has never been released by the City for recordation due to the unresolved issues that are discussed below. There are presently 49 completed units at Sweetwater, with 22 other units in various stages of construction. No completed unit can be sold until it is a legal lot which cannot occur until the plat is released and recorded.

We respectfully ask that the City (a) approve the modification of legal descriptions on the large block plats either prior to or after recording, as needed to adjust the phasing lines slightly; and (b) extend for a period of six (6) months from the full execution of any necessary amendment to the PUD Agreement the time for recording the large block plat and two (2) townhouse plats on Phase 1 which have already received preliminary approval. We do not think we will need this much time but we want to be sure we don't run out of time and have to come back to the City.

SWEETWATER COMPANY, LLC

City of Hailey
September 29, 2009
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2. Phasing. We respectfully ask that the City extend the time frames for all phases for at least ten (10) years. We have to be sure we don't run into any problems with the phasing once we are able to move forward with future phases.

3. Park Fees. We respectfully ask that the City defer payment of all park fees until the actual time of sale, rather than being due in a lump sum payment at the time of plat recordation.

4. Road/Landscape Bond. We respectfully ask that the City waive any bonding requirement where the future phase areas are concerned.

5. Traffic Signal. The traffic signal is functioning and serving the City's needs even though Sweetwater has no occupants. We respectfully request the City to unconditionally waive Sweetwater's obligation to fund the cost of the traffic signal, in whole or in part. In exchange, upon the City's request, Sweetwater will cooperate with the City in its efforts to obtain a refund from the State of Idaho.

6. Flood Plain. Sweetwater has incurred considerable legal and engineering expense to determine the best way to remove any undesirable flood zone classifications from portions of the project. We respectfully ask the City to permit Sweetwater to fill any portion of the property comprising the project necessary to remove it from the undesirable flood classification and to otherwise cooperate with Sweetwater to do so.

7. Community Housing. This has been perhaps the toughest issue to resolve, both for the City and for Sweetwater. From all that we have been told, courts within the State of Idaho have declared certain affordable housing ordinances and related deed restrictions to be unconstitutional and thus unenforceable. Even if no issue existed regarding these ordinances and deed restrictions, we believe that, in the current economic environment, combined with the greatly reduced price at which we envision the units will be marketed, the City's concerns for affordable housing would be adequately addressed if the City enters into an agreement with Sweetwater as follows:

(a) Sweetwater will unconditionally waive all claims for the return of the River Street which was contributed to the City in satisfaction of certain of its Community Housing requirements;

(b) The City will waive any future payments including those included in agreements between the City and Sweetwater in effect prior to this date.

SWEETWATER COMPANY, LLC

City of Hailey
September 29, 2009
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(c) The City will waive all other affordable housing restrictions and charges, thereby avoiding encumbrances on Sweetwater's property which could inhibit its marketability.

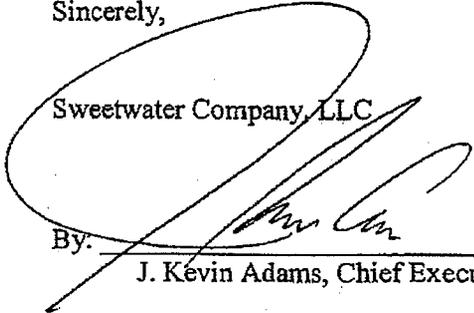
8. Permit and Related Fees. We respectfully ask that the City only charge the fees one time for identical buildings and then on a per building basis rather than on a per unit basis.

If the City approves our requests, we expect to re-launch before year end.

In summary, we want to be good neighbors and an asset to this community. We want to work closely with the City for the betterment of all of its citizens. We remain committed to the completion of this project, but need the City to promptly approve our requests. Thank you for your consideration.

Sincerely,

Sweetwater Company, LLC

By: 

J. Kevin Adams, Chief Executive Officer

LAWSON LASKI CLARK & POGUE, PLLC
ATTORNEYS AT LAW

James R. Laski
jrl@lawsonlaski.com

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September 30, 2009

VIA EMAIL

Email: wlo@cox-internet.com

Ned Williamson, Esq.
Law Offices of Ned Williamson
115 S. 2nd Avenue
Hailey ID 83333

Re: Sweetwater PUD

Dear Ned:

Enclosed is a letter to the Hailey City Council from Sweetwater Company outlining some requested changes to the PUD Agreement. I believe the requested changes would require amendments to the following sections of the PUD Agreement:

- Removal of Paragraphs 3(a), 3(b)(ii) and 3(b)(iii) regarding Community Housing.
- Revision of Paragraph 4 regarding Park Fees.
- Revision of Paragraph 5 and 7(g) regarding Traffic Signal.
- Revision of Paragraph 9 regarding Timing of Plats and Bonding.

Sweetwater would also request that the City waive all instances of default by Sweetwater through the date of any amendment of the PUD Agreement.

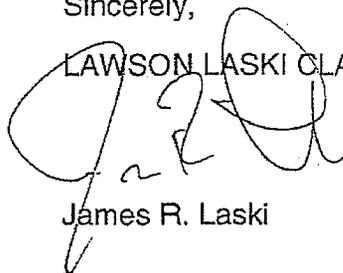
Given that a Trustee Sale relating to the underlying property has already been scheduled, I would request that this proposal be placed on the agenda for the October 12, 2009 City Council meeting.

Ned Williamson, Esq.
September 30, 2009
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If you have any questions or should need any additional information, please do not hesitate to contact me.

Sincerely,

LAWSON LASKI CLARK & POGUE, PLLC

A handwritten signature in black ink, appearing to read 'JRL', is written over the printed name 'James R. Laski'.

James R. Laski

JRL/dle
Enclosure

cc: Client

PLANNED UNIT DEVELOPMENT AGREEMENT

This Planned Unit Development Agreement ("Agreement") is entered into this 14th day of August, 2006, by and between the City of Hailey ("City"); Sweetwater Company, LLC, an Idaho limited liability ("Sweetwater Company"), and 474 Club, LLC, a Tennessee limited liability company ("474" and, collectively with Sweetwater Company, "Sweetwater").

Recitals. This Agreement is made in contemplation of the following facts and purposes:

A. City is a municipal corporation possessing all the powers granted to municipalities under the applicable provisions of Idaho Code, including, without limitation, all powers under the Local Land Use Planning Act, as set forth in Idaho Code §§67-6501, *et seq.*

B. 474 is the owner of the Property as defined below. Sweetwater Company is the developer of the Project, as defined below, and will acquire from 474 all or portions of the Property from time to time as the Project progresses.

C. Sweetwater is desirous of developing a multiple use 421 residential unit project and related improvements ("Project" or "Development"), all as set forth in that certain Planned Unit Development Application, certified as complete on January 23, 2006 ("PUD Application") and which said PUD Application has been formally filed with City.

D. The property ("Property") upon which the Project is to be constructed is legally described as set forth on **Exhibit "A"** attached hereto and incorporated herein by this reference, and is presently zoned "Limited Business" and is subject to City's Land Use Ordinances and Zoning Regulations, and is also subject to a Development Agreement entered into on January 10, 2005 by and between the City and Sprenger, Grubb & Associates, Inc. ("SGA") recorded in the records of Blaine County Idaho as Instrument No. 515668 (the "SGA Development Agreement").

E. The City's Planning and Zoning Commission and City Council have held the required public hearings, accompanied with proper notice, with respect to the PUD Application.

F. City approved the PUD Application on July 31, 2006, and adopted Findings of Fact and Conclusions of Law ("Decision") on August 14, 2006 which are incorporated into this Agreement by this reference.

G. In order to ensure that the proposed Project is constructed consistent with City's applicable ordinances and regulations, City and Sweetwater deem it in their mutual interest to enter into an agreement with regard to the manner and timing of construction, Sweetwater's maintenance and management thereof, construction and landscaping of the Property and other factors affecting the general health, safety and welfare of the citizens of City and users of the Property.

Instrument # 542953

HAILEY, BLAINE, IDAHO

2006-12-15 11:34:00 No. of Pages: 25

Recorded for : CITY OF HAILEY

MARSHA RIEMANN

Fee: 75.00

Ex-Officio Recorder Deputy

Index to: AGREEMENTCORRECTION

PLANNED UNIT DEVELOPMENT AGREEMENT - 1

H. The Property shall be developed in accordance with City's Comprehensive Plan, Zoning Ordinances, City's Standards and other applicable City ordinances and the terms and conditions of this Agreement.

I. City and Sweetwater desire that construction of the Project proceed as approved by City's City Council as set forth in the Decision adopted by the City Council.

NOW, THEREFORE, IN CONSIDERATION of the above recitals which are incorporated below, and of the mutual covenants and agreements herein contained and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Description and Location of Property.** The Property encompassed within the PUD Application is approximately 20 acres, zoned Limited Business, and has been approved by City for the purposes of this Agreement as a Planned Unit Development, subject to certain conditions contained herein and in the Decision.

2. **Construction of Project.** Sweetwater agrees to construct the Project in substantial and material conformance with this Agreement, the Decision, the PUD Application and the drawings and site plans submitted with the PUD Application (collectively the "Plans"), as such Plans may be modified or amended from time to time with City's approval. The Project shall include construction of the improvements depicted in the Plans.

3. **Community Housing.** As a condition to the PUD and Subdivision approvals contemplated herein, Sweetwater and City agree to the following terms and conditions regarding the provision of Community Housing. With respect to community housing, the parties agree to the following calculations:

- the base community housing obligation under the subdivision ordinance is 20% (Subdivision Ordinance §4.11.2);
- the base requirement may be reduced by 1% for every 10% of the total units within the development with a gross floor area of less than 1,000 square feet (Subdivision Ordinance §4.11.4.1.b);
- 16% of the units in the Development will have a gross floor area of less than 1,000 square feet;
- the community housing requirement applied to the Development is thus 19%, or a total of 80 units;
- Sweetwater is not utilizing a density increase for community housing as allowed in the subdivision ordinance (Subdivision Ordinance §4.11.6.2);
- 50% of the required community housing units may be provided with Alternative Deed Restrictions (Subdivision Ordinance §4.11.5.1.6);
- all or part of the community housing requirement may be met through the conveyance of land and/or the payment of funds to the City (Subdivision Ordinance §4.11.5).

In fulfillment of the community housing obligation associated with the Project, Sweetwater and the City agree as follows:

(a) On-Site Community Housing. Sweetwater shall include 40 units in the Development which shall be encumbered by deed restrictions in a format acceptable to the City which limits ownership to full time residents of Blaine County, Idaho, who do not own other real property either inside or outside of the State of Idaho. Such units shall be distributed equally among the phases of the Development and included in all buildings within the Development with the exception of duplexes and carriage houses. The locations of the Community Housing Units shall be approved by City as part of the subdivision platting process.

(b) Alternatives. The obligation to provide the balance of the community housing shall be fulfilled as follows:

(i) River Street Property. Sweetwater shall convey to City a parcel of land located at the north end of River Street valued at \$1,770,000. Said conveyance shall occur no later than the date the final Large Block Plat for the Development is signed by City. The terms and conditions of the conveyance are more particularly described in paragraph 11, below.

(ii) In Lieu Payment. Sweetwater shall make an in lieu payment to the City in the amount of Two Million Two Hundred and Thirty Thousand Dollars (\$2,230,000) payable as follows:

- a. \$1,115,000 due at the time of the issuance of the first building permit for a unit in Phase II of the Development;
- b. \$557,500, adjusted as set forth in subsection iii, below, due at the time of issuance of the first building permit for a unit in Phase III of the Development;
- c. \$557,500, adjusted as set forth in subsection iii, below, due at the time of issuance of the first building permit for a unit in Phase IV of the Development.

(iii) CPI Adjustment. For the purpose of determining the payments due under Paragraphs 3(b)(ii)(b) and (c), above, the amount due shall be adjusted on the basis of the change in the Consumer Price Index for All US Cities published by the United States Department of Labor ("Index") which is published for the month the Large Block Plat for the Development is recorded ("Beginning Index"). If the Index published the nearest the date of a payment ("Extension Index") has changed from the Beginning Index, the payment due shall be determined by multiplying the payment amount by a fraction, the numerator of which is the Extension Index and the denominator of which is the Beginning Index.

The foregoing land conveyance and payments shall be deemed final and conclusive as to the Community Housing requirements under the Subdivision Ordinance associated with developing the Property consistent with the PUD Application.

4. **Park Land Improvements.** Sweetwater, as the successor in interest to SGA, shall provide the following in full and complete satisfaction of the requirements set forth in Paragraph 3 of the SGA Development Agreement and the requirements of the Hailey Subdivision Ordinance: Payment of \$390,000, adjusted as set forth in the SGA Development Agreement, payable in increments of \$1,000 per unit on or before City's execution of the final plat creating such units until paid in full. Said payment shall constitute the entirety of the park land improvements required of the Project and all other park and open space associated with the Project shall be considered private.

5. **Traffic Mitigation.** Paragraph 4 of the SGA Development Agreement requires the developer of the Property to pay its proportionate share of the cost of a new traffic signal (including engineering) at the intersection of Countryside Boulevard and State Highway 75 based on the increase in vehicular traffic on Countryside Boulevard west of Shenandoah Drive at full build-out of the Property. Based on traffic analysis, the increase in traffic as a result of the Development will be less than 50%. City currently has dedicated funds of at least \$67,000 to be applied to the cost of signalization of the Highway 75 – Countryside Boulevard intersection, which money must be utilized for such purposes prior to November 1, 2007.

Notwithstanding the requirements of the SGA Development Agreement, Sweetwater shall coordinate with the Idaho Department of Transportation ("IDT") and install, as soon as practicable, but in no event later than September 1, 2007 (unless otherwise agreed by City after input from IDT), a traffic signal at the intersection of Highway 75 and Countryside Boulevard. Sweetwater shall pay all costs associated with installation of said signal, except that City shall contribute its dedicated funds to the cost of said installation and Sweetwater shall be entitled to utilize funds available from other public sources, if any, toward such costs. The foregoing designated improvement shall be deemed final and conclusive as to the traffic mitigation requirements with respect to development of the Property pursuant to the PUD approval and shall be in full satisfaction of the requirements under paragraph 4 of the SGA Development Agreement.

6. **PUD Waivers.** As part of the PUD approval process, the following waivers have been requested and granted:

(a) Townhouse sub-lot size allowed up to the multi-family density of 24 sub-lots per acre from 12 sub-lots per acre for townhomes. (Zoning Ordinance §4.5.5.a.1 and Subdivision Ordinance §4.11.6.2).

(b) Maximum building height increased to 37 feet from 35 feet for some townhouse structures as set forth in the approved Plans. (Zoning Ordinance §4.5.5.d).

(c) Minimum front yard setback reduced from 20 feet to 8 feet minimum for certain residential units, and to 1 ½ feet to 10 feet for portions of certain live/work units and the mixed use building as set forth in the approved Plans. (Zoning Ordinance §4.5.5.e).

(d) Minimum side yard setback reduced to 5 feet from 10 feet and minimum rear yard setback reduced to 3 feet from 10 feet along the PUE parcel B-1 as set forth in the approved Plans. (Zoning Ordinance §4.5.5.f)

(e) Minimum length for parking spaces reduced for approximately 19% of the required spaces, with a minimum dimension of 17 feet in length from 21 feet in length, as set forth on the approved Plans. (Zoning Ordinance §9.4.1).

(f) Lots permitted to have frontage on private alley easements so long as fire and emergency vehicle access requirements are met, as set forth on the approved Plans. (Subdivision Ordinance §4.5.5).

7. **PUD Amenities.** Pursuant to Article 10 of the Zoning Ordinance, Sweetwater shall provide, in addition to the items set forth in paragraphs 3 through 5, above, and at its sole expense, the following amenities as part of the Development:

(a) Active Recreation Facilities Appropriate for the Needs of the Development (Zoning Ordinance §10.3.8.b) including:

(i) A 1.6 acre park area including:

- open space for which will be open to the public and maintained by the Homeowners' Association ("Association") in accordance with paragraph 8, below;
- 5,200 square foot amenity building ("Amenity Building") with exercise rooms and fitness equipment, hobby and craft rooms, lounge and kitchen; and
- tot lot adjacent to the Amenity Building, which shall be open to the public and maintained by the Association in accordance with paragraph 8, below.

The above park, open space and Amenity Building shall remain dedicated for this purpose so long as the Property is developed and used in accordance with the PUD, unless otherwise approved by City. The improvements identified in this paragraph 7(a)(i) shall be completed as part of Phase I of the Development.

(ii) An off-site, detached from roadway, paved bike path connection from the existing Wood River Trail System (at the existing bridge at the northwest corner of the Development) to the northeast corner of the Development at Woodside Boulevard across from City owned Parcel O, as shown on the approved Plans. This bike path improvement shall include widening of the existing bridge, or replacing if required as a result of the Floodplain Amendments, and shall meet Blaine County Recreation District standards at the connection to

the Wood River Trail System and Hailey Parks and Lands standards in all other locations. This improvement shall be completed prior to the completion of Phase IV of the Development.

(b) Public Transit Facilities (Zoning Ordinance §10.3.8.c): three (3) weather protected transit stops, two of which are noted on the approved Plans, to be installed prior to the completion of the phase in which each stop is located. The third transit stop shall be in a location agreed upon between the Blaine County School District and the Developer and approved by the City, or in the event there is no agreement by the Blaine County School District and Developer, the third transit stop shall be in a location approved by the City. Said transit stops shall be open to the public and maintained by the Homeowner's Association in accordance with paragraph 8, below.

(c) Below Grade Parking (Zoning Ordinance §10.3.8.j): 100% percent of required parking stalls are located below grade or at basement levels of buildings; over 70% of all proposed parking stalls are located within structures, and all parking entries are oriented towards internal alleys so that they do not negatively affect the quality of the pedestrian environment. All proposed parking stalls shall remain dedicated for parking so long as the Property is developed and used in accordance with the PUD unless otherwise approved by City. Sweetwater shall implement appropriate restrictions on the use of parking stalls to preclude the storage of boats and/or recreational vehicles and shall provide notice to potential owners of units to which allocated parking spaces do not meet minimum length requirements in individual condominium or townhouse declarations.

(d) Promote Goals and Objectives of the Comprehensive Plan (Zoning Ordinance §10.3.8.l): The planning and architecture of the Development fulfills the goals established in the Comprehensive Plan, Part II, Section 13, Community Design, including, Policy 1 – site plan that reinforces the pedestrian qualities of the site and de-emphasizes the car; Policy 4 – promote human scale in the design of buildings and streets; Policy 5 – promote beautification through on-site landscaping; and Policies 6 and 7 – enhance and reinforce local characteristics and community identity.

(e) Floodplain Map Amendment (Zoning Ordinance §10.3.8.l): Sweetwater agrees to complete, at its own expense, a Flood Plain Study encompassing the Quigley Drainage and the Woodside area, with the goal of amending the present FEMA map to accurately identify areas in the Floodplain. Upon completion of the study, Sweetwater shall, at its sole expense, make application for all appropriate map amendments.

(f) Sustainable Development Practices (Zoning Ordinance §10.3.8.l): Sweetwater agrees to develop the Project in accordance with LEED-ND standards, as presently drafted.

(g) Traffic Signal (Zoning Ordinance §10.3.8.l): Sweetwater agrees to pay the cost of engineering and installation of a traffic signal at the intersection of Highway 75 and Countryside Boulevard in addition to those costs which it is required to pay under the SGA Development Agreement as set forth on paragraph 5, above.

8. Public Use and Maintenance of Certain Improvements. Sweetwater shall construct a park and tot lot as set forth in paragraph 7(a)(i), above, and transit facilities as identified in paragraph 7(b), above. Said transit facilities, park (excluding the Amenity Building) and tot lot shall be open to the public, who shall have an absolute right to enter upon and use them subject only to reasonable restrictions adopted by Sweetwater and/or the Association. Sweetwater and/or the Association shall maintain the park, tot lot and transit facilities, including the equipment and improvements contained therein, in good, safe and operational condition.

9. Phasing. Sweetwater shall develop the Project in four (4) phases over a period of five (5) years as set forth below:

Phase I	2006-2008	106 units	10 CH units
Phase II	2008-2009	106 units	10 CH units
Phase III	2009-2010	99 units	10 CH units
Phase IV	2010-2011	110 units	10 CH units

and in accordance with the Phasing Plan attached hereto as **Exhibit "B."** Exhibit "B" shows "Phase Infrastructure" for each phase and generally shows where the water and sewer mains, road improvements, curb, gutter and sidewalks within the public right-of-ways shall be constructed. In the event there is a discrepancy between Exhibit "B" and the language set forth below, the language of this Agreement shall control.

All roads, alleys and infrastructure necessary to serve a given phase shall be installed prior to the completion of that phase. Notwithstanding the foregoing, the following schedule for water, sewer, road improvements, curb, gutter and sidewalks within the public rights-of-way shall apply:

a. **Countryside Boulevard.**

In the fall of 2006: water and sewer mains installed between Woodside and Shenandoah and services stubbed to the edge of the right-of-way; and the current width of the road surface improved with a two inch overlay of asphalt between Woodside and Shenandoah.

In 2007 and prior to the completion of Phase I: sidewalks (7 feet wide) installed on the north side of the road between Woodside and Shenandoah.

Prior to the completion of Phase III: water and sewer mains installed between Shenandoah and Highway 75 and services stubbed to the edge of the right-of-way; sidewalks installed on the south side of the road and sidewalks (7 feet wide) installed on the remainder of the north side of the road between the bike path and Shenandoah; curbs and gutters installed on both sides of the road between Highway 75 and Woodside; and the entire road surface between curbs and gutters improved to a total three inch asphalt paving between Woodside and Highway 75.

b. **Mapleleaf Drive.**

In the fall of 2006: 40 foot asphalt aprons (1 ½ inch thick) installed at the intersections of Mapleleaf and Woodside and Mapleleaf and Shenandoah.

Prior to the completion of Phase I: water and sewer mains installed and services stubbed to the edge of the right-of-way; curb, gutter and sidewalks (both sides) installed; and the entire road surface between the curbs and gutters improved to a total of three inch asphalt paving.

c. **Shenandoah Drive.**

Prior to completion of Phase II: water and sewer mains installed and services stubbed to the edge of the right-of-way; sidewalks installed on the east side of the road between Heartland Way and Mapleleaf and between Outback Way and Silo Lane; and current width of the road surface improved with a two inch overlay of asphalt.

Prior to completion of Phase III: curb and gutter installed from Heartland to the south boundary of the Development, including the intersection at Heartland; sidewalk installed on west side of the road between Heartland and the south boundary of the Development and on the east side of the road between Heartland and Outback; and the entire road surface between the curbs and gutters improved to a total of three inch asphalt paving between Heartland and Silo Lane.

Prior to completion of Phase IV: curb and gutter installed from Heartland to the north boundary of the Development; sidewalk installed on the west side of the road between Heartland and Mapleleaf and on both sides of the road between Mapleleaf and the north boundary of the Development; and the entire road surface between the curbs and gutters improved to a total of three inch asphalt paving between Heartland and the north boundary of the Development.

d. **Woodside Boulevard.**

In 2007 and prior to completion of Phase I: water and sewer services stubbed to the edge of the right-of way between Countryside and the north boundary of the Development; right of way regraded from Countryside to the north boundary of the Development; sidewalk (7 foot) installed along the west side of the road between Countryside and Mapleleaf; the current width of the road surface improved with a two inch overlay of asphalt between the intersection of Countryside and Mapleleaf.

Prior to completion of Phase I: curb, gutter and remainder of sidewalk (7 foot) installed on the west side of the road from Countryside to the north

boundary of the Development; and the current road surface and the unpaved right-of-way between the current road surface and the curb and gutter improved to a total of three inch asphalt pavement between Countryside and the north boundary of the Development.

Prior to completion of Phase III: water and sewer services stubbed to the edge of the right-of-way and curb, gutter and sidewalk installed along the west side of the road between Countryside and the south boundary of the Development; right-of-way regraded from Countryside to the south boundary of the Development; and the current road surface and the unpaved right-of-way between the current road surface and the curb and gutter improved to a total of three inch asphalt pavement between Countryside and the south boundary of the Development.

All improvements within the public right-of-ways shall be constructed in accordance with City Standards in effect at the time of the improvement. All sidewalks, curb and gutter improvements shall be constructed of concrete. All roads shall be paved to any installed curb and gutter.

In the event commencement of the construction on the Project is delayed until spring of 2007, the timeframes set forth in subsections (a) through (d), above, shall be extended in a timeframe consistent with the actual delay in commencement of construction.

In the event any improvements referenced herein are not completed within the phase or timeframe set forth in this Agreement, unless the pertinent timeframe has been extended with the approval of City, City shall have the discretion to withhold the issuance of building permits for subsequent phases or require the posting of sufficient security to ensure the completion of such improvements prior to the issuance of such permits.

In the event Sweetwater fails to obtain building permits for the units in Phases II through IV, inclusive, on or before the dates set forth in this Paragraph 9, then City shall have the right, but not the obligation, to complete the final paving of all public roads within the Development that have been damaged as part of the construction of the Project ("Paving") and revegetation/seedling of the remainder of the Property with native drought resistant grasses ("Landscaping"), after first giving Sweetwater notice and a sixty (60) day period within which to complete such Paving and Landscaping. Landscaping shall also include sufficient irrigation for two growing seasons. At the time Sweetwater seeks a building permit for any improvement within Phase I, Sweetwater shall post sufficient security in the form of a cash deposit, a set aside agreement or a letter of credit, equivalent to 150% of an engineer's estimate for the complete performance of the Paving and the Landscaping of the remainder of the Property. The City shall retain such security until all Paving and Landscaping has been completed as set forth in this Agreement and in the Decision, at which time the City shall release such security. If the cost to complete the Paving and the Landscaping is greater than the amount of the security, Sweetwater agrees to reimburse the City within ten (10) days of demand by the City and hold harmless the City for any and all reasonable additional costs incurred by the City when completing the Paving and the Landscaping. Notwithstanding the foregoing, the security posted may be reduced on a

pro rata basis to reflect the partial completion of said Paving and Landscaping, such that the amount of the security shall at all times be equal to at least 150% of the cost to complete the remaining Paving and Landscaping.

Within each Block, separate individual townhouse plats may be recorded for groups of buildings and condominium plats may be recorded for individual buildings. Said plats may be recorded in an orderly and reasonable fashion in groupings to be approved by the City Planning Administrator, such approval not to be unreasonably withheld, so long as all essential services are available to a completed townhouse or condominium structure prior to the recording of a final plat encompassing that building, all infrastructure is completed in accordance with the schedule described herein and a certificate of occupancy has been issued for all the units within the plat encompassing such building, or sufficient security pledged to ensure completion of the same. Prior to the commencement of each phase, Sweetwater shall submit to the City Planning Administrator for approval a schedule for said phase showing proposed groupings of buildings within individual plats. In the event Sweetwater and the planning administrator cannot agree on such groupings, Sweetwater shall be entitled request relief from the City Council with respect to recording of plats within the phase. Notwithstanding the foregoing, the parties agree that reasonable changes may be made to such groupings as a result of unanticipated changes in construction schedules.

10. **Construction Management Plan.** All construction of the Project shall be completed in accordance with a Construction Management Plan to be prepared by Sweetwater and approved by the Planning Administrator, such approval not to be unreasonably withheld. The Construction Management Plan shall address, but not be limited to, staging, fencing, noise restrictions, fencing, weed and dust abatement, dog control, number and location of trailers and blue rooms, parking for construction workers and equipment, storage of materials, mud control and contact persons, and shall include language allowing for modification of the plan to address unforeseen issues.

11. **River Street Property.**

A. In accordance with paragraph 3(b)(i), above, Sweetwater covenants and agrees to convey title to Lot 2A of the Sutton Subdivision ("River Street Property") to the City pursuant to a warranty deed free and clear of all liens, encumbrances, and restrictions, exclusive of (i) property taxes for the current year which are not due and payable on or before the date of conveyance and (ii) all easements, restrictions, notes and other matters as may be shown on the official plats. The closing under this Agreement and the delivery of all executed instruments and documents contemplated herein shall take place on or before the date the final Large Block Plat for the Development is signed by the City (the "Closing Date"), at the offices of Sun Valley Title in Hailey (the "Closing Agent").

B. On or before the Closing Date, the parties hereto shall deposit with the Closing Agent the following instruments and documents, each duly executed, and, where appropriate, acknowledged:

1. Sweetwater shall deposit a fully executed warranty deed for the River Street Property;

2. The parties shall deposit a true and executed copy of this Agreement;

3. Each party shall deposit such closing escrow instructions, consistent with this Agreement, as may be required by the Closing Agent, if any, executed by Sweetwater, the City and Closing Agent, and

4. Each party shall deposit such other instruments and documents as are required to effect the agreements of the parties herein contained.

C. Before the Closing Date, each party shall deposit with the Closing Agent the following:

The amount of all title insurance premiums, closing costs and tax proration, as the same may be adjusted by Closing Agent's closing accounting reflecting the amount shown by the Closing Agent as necessary to pay both parties' portions of all title insurance premiums and closing costs incident to the closing. Each party shall pay its own tax proration up to the Closing Date.

D. When, on or before the Closing Date, the Closing Agent has received the above described instruments and documents and obtained the irrevocable commitment of the Closing Agent's underwriter to issue a policy of title insurance for the River Street Property, it shall proceed to close this transaction. The Closing Agent shall then deliver its closing accounting, showing the proration, applications and payments herein agreed to be made by the parties through the Closing Agent (the same having been submitted and approved by the parties prior to commencement of this closing process), and deliver the documents related to this transaction in its possession as follows:

1. To Sweetwater:

a. The closing accounting;

2. To Hailey:

a. The Owner's Policy of Title Insurance for the River Street Property with a coverage amount of \$1,770,000;

b. A copy of the deed to the River Street Property; and

c. The closing accounting.

E. In the event the Closing Agent is unable, for any reason, to close on the Closing Date, it shall immediately notify both parties by both (i) telephone and (ii) United States mail, postage prepaid, or fax of the reason. The party causing the delay shall have five (5) days from the date of the receipt of such notification in which to cure the defect or other concern, and the Closing Date shall be extended accordingly. If the defect or other concern is cured within such period or the party not causing the delay shall waive the same by written notice delivered to the other party and Closing Agent within such period, the Closing Agent shall proceed to close. Otherwise, upon receipt of its fees the Closing Agent shall return all funds and documents in its possession to the party depositing the same and the duties of the Closing Agent shall terminate. This return of the funds and documents by the Closing Agent under this Section shall not affect the obligations of the parties under this Agreement, and the party not in default shall have all rights and remedies for default as may be applicable.

F. Upon closing, the Closing Agent shall promptly record the deed to the River Street Property and cause to be issued a policy of title insurance for the River Street Property.

G. Title Insurance. Sweetwater shall convey and insure title to the River Street Property consistent with the Commitment for Title Insurance for the River Street Property, issued by Commonwealth Land Title Insurance Company dated August 11, 2006.

H. Costs. Sweetwater shall be responsible for the following costs and expenses in connection with the closing:

1. The costs of the recording of all Deeds;
2. All costs and expenses related to obtaining the removal of all exceptions to the title to the River Street Property which are not permitted exceptions;
3. The portion of property taxes and assessments on the River Street Property through the Closing Date; and
4. The standard coverage premium payable for the Owner's Policy of Title Insurance for the River Street Property.
5. Both parties shall equally share the fees of the Closing Agent required to accommodate the terms and provisions of closing under this Agreement. Taxes and assessments shall be prorated as of the Closing Date.

I. Possession. The City shall be entitled to possession of the River Street Property from and after the Closing Date.

12. General Requirements.

A. Property Maintenance. Sweetwater shall be responsible, at its sole expense, for all maintenance of the Property not sold to individual buyers, including maintaining all landscaping, irrigation systems, parking and drainage systems, and recreational facilities. This obligation shall include maintenance of landscaping, irrigation systems and transit facilities included in the City right-of way, as well as snow removal from sidewalks located within the City right-of-way; however this maintenance obligation specifically does not include maintenance and operating costs of lighting placed within the City right-of-way. Sweetwater may cause the Sweetwater Owner's Association to be formed to assume and perform the maintenance obligations hereunder. In the event that Sweetwater forms such an association and it assumes all or part of Sweetwater's obligations, Sweetwater shall be relieved of any obligation to City after the assumption and City shall look solely to the association for compliance with the obligations hereunder.

B. Police Powers. Except as otherwise provided, nothing contained herein is intended to limit the police powers of City. Except as provided herein, this Agreement shall not be construed to modify or waive any law, ordinance, rule, or regulations, including, without limitation, applicable building codes, fire codes, City's Zoning Ordinance, City's Subdivision Ordinance, and Planned Unit Development requirements for the Property.

C. Amendment. This Agreement may be revised, amended, or canceled in whole or in part, only by means of a written instrument executed by both parties hereto; provided, however, the following shall not require an application to amend this Agreement but shall otherwise be subject to all other applicable City ordinances: construction of Project and uses typically permitted in the Limited Business zone.

D. Specific Performance. In addition to all other remedies at law or in equity, this Agreement shall be enforceable by specific performance by either party hereto. All remedies shall be cumulative.

E. Attorney's Fees. In the event either party hereto is required to retain counsel to enforce a provision of this Agreement, or to recover damages resulting from a breach hereof, the prevailing party shall be entitled to recover from the other party all reasonable attorney's fees incurred, whether or not litigation is actually instituted or concluded, on appeal, or in bankruptcy.

F. Relationship of Parties. It is understood that the contractual relationship between City and Sweetwater is such that neither party is the agent, partner, or joint venture of the other party.

G. Successor and Assigns; Covenant Running With the Land. This Agreement shall inure to the benefit of City and Sweetwater and their respective heirs, successors and assigns. This Agreement, including all covenants, terms, and conditions set forth herein, shall be and is hereby declared a covenant running with the land with regard to the

Property or any portion thereof, and is binding on both parties to this Agreement as well as their respective heirs, successors and assigns.

H. No Waiver. In the event that City or Sweetwater, or its successors or assigns, do not strictly comply with any of the obligations and duties set forth herein, thereby causing a default under this Agreement, any forbearance of any kind that may be granted or allowed by Sweetwater, or its successors in interest, or City, to the other party under this Agreement shall not in any manner be deemed or construed as waiving or surrendering any of the conditions or covenants of this Agreement with regard to any subsequent default or breach.

I. Partial Invalidity. In the event any portion of this Agreement shall be determined by any court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions of this Agreement, or parts hereof, shall remain in full force and effect and shall in no way be affected, impaired or invalidated, it being understood that such remaining provisions shall be construed in a manner most closely approximating the intention of the parties with respect to the invalid, void, or unenforceable provision or part hereof.

J. Entire Agreement. This Agreement constitutes the full and complete agreement and understanding between the parties hereto. No representations or covenants made by either party shall be binding unless contained in this Agreement or subsequent written amendments hereto.

K. No Third Party Beneficiaries. This Agreement is not intended, nor shall it be deemed or construed, to create or confer any rights upon third parties.

L. Authority. Each of the persons executing this Agreement represents that they have lawful authority and authorization to execute this Agreement, as well as any other documents required hereunder, for and on behalf of the entity executing this Agreement.

M. Default. In the event City or Sweetwater, its successors and assigns, fail to faithfully comply with all the terms and conditions included in this Agreement it shall be in breach of this Agreement.

N. Notices. Any and all notices, demands, requests, and other communications required to be given hereunder by either of the parties hereto shall be in writing and be deemed properly served or delivered, if delivered by hand to the party to whose attention it is directed, or when sent, two (2) days after deposit in the U.S. mail, postage prepaid, or upon the sending of a facsimile, followed by a copy sent by U.S. mail as provided herein, addressed as follows:

To City:

The City of Hailey
c/o Director, Planning Department
115 Main Street South, Suite H

Hailey, Idaho 83333
208/788-4221 (telephone)
208/788-2924 (facsimile)

To Sweetwater:

Sweetwater Company, LLC
c/o 474 Club, LLC
100 Peabody Place, Suite 1200
Memphis, TN 38103

With a copy to:
Lawson & Laski, PLLC
Attn: James R. Laski
PO Box 3310
Ketchum, ID 83340

or at such other address, or facsimile number, or to such other party which any party entitled to receive notice hereunder designates to the other in writing as provided above.

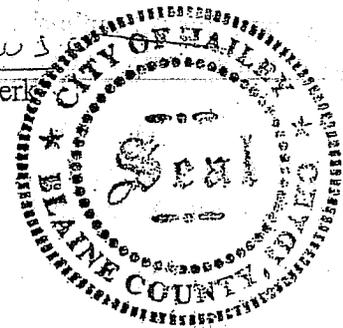
IN WITNESS WHEREOF, the parties, having been duly authorized, have hereunto caused this Agreement to be executed, on the day and year first above written, the same being done after public hearing, notice and statutory requirements having been fulfilled.

CITY OF HAILEY:

Attest:

By: Susan McBryant
Susan McBryant, Mayor

Heather Dawson
Heather Dawson, City Clerk



SWEETWATER COMPANY, LLC

474 CLUB, LLC

[Signature]
By: 474 Club, LLC
Its: sole member

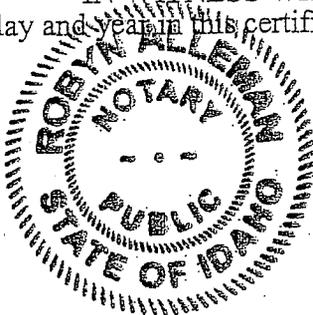
By: J. Kevin Adams
Its: CEO

[Signature]
By: J. Kevin Adams
Its: CEO

STATE OF IDAHO)
) ss.
County of Blaine)

On this 14 day of August, 2006, before me, a Notary Public in and for said State, personally appeared Susan McBryant, known or identified to me to be the Mayor of the City of Hailey, who executed the foregoing instrument, and acknowledged to me that she 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.

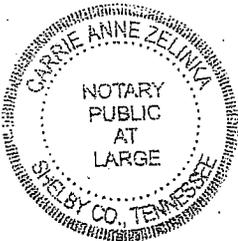


[Signature]
Notary Public for Idaho
Residing at Hailey, Idaho
My commission expires 12/2/08

STATE OF Tennessee)
) ss.
County of Shelby)

On this 14th day of August, 2006, before me, a Notary Public in and for said State, personally appeared J. Kevin Adams, known or identified to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that ~~he~~ executed the same on behalf of the said 474 Club, LLC for itself, and as sole member of Sweetwater Company, LLC.

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



My Comm. Exp. 09-19-2007

[Signature]
Notary Public for Tennessee
Residing at Memphis, Tennessee
My commission expires 9-19-07

EXHIBIT A

LEGAL DESCRIPTION

See Attached

SWEETWATER DESCRIPTION

Lots 1, 2, 3, 4, 5, & 6 & in Block 17 and Lots 1 & 2 and of Block 16 and Lots 1, 2, 3 & 4 in Block 19 and Lot 1 of Block 20 of WOODSIDE SUBDIVISION FINAL PLAT NO. 5, according to the official plat thereof, recorded as Instrument No. 150393, records of Blaine County, Idaho; and Parcels B2 & F1 of the PLAT OF PARCEL B1 AND B2, BLOCK 16 AND PARCEL F1, BLOCK 17, WOODSIDE SUBDIVISION NO. 5, according to the official plat thereof, recorded as Instrument No. 538208, records of Blaine County, Idaho; and Lot 1, North 70 feet of Lot 5 and Lot 6 in Block 22 of WOODSIDE SUBDIVISION FINAL PLAT NO. 6, according to the official plat thereof, recorded as Instrument No. 150394, records of Blaine County, Idaho; and Lots 1 through 52, inclusive in Block 83 and Parcel "FF" of WOODSIDE SUBDIVISION FINAL PLAT NO. 22, according to the official plat thereof, recorded as Instrument No. 152517, records of Blaine County, Idaho; and Tract A, formerly known as the Sprenger Parcel. Tract A is a:

A parcel of land thirty feet in width located within Woodside Subdivision No. 4, Township 2 North, Range 18E, Boise Meridian, City of Hailey, Blaine County, Idaho being particularly described as follows:

Commencing at the intersection of the centerline of Briarwood Drive and the intersection of Shenandoah Drive as shown on the plat of said Woodside Subdivision No. 4:

thence South $49^{\circ} 41' 40''$ West 54.14 feet to a point on the westerly right-of-way of said Shenandoah Drive, which is the TRUE POINT OF BEGINNING:

thence along the southerly right-of-way of Briarwood Drive 28.55 feet along a curve to the left with a central angle of $81^{\circ} 47' 12''$, a radius of 20.00 feet, and a chord length of 26.19 feet that bears North $28^{\circ} 51' 23''$ West:

thence along the southerly right-of-way of Briarwood Drive North $69^{\circ} 45' 00''$ West 254.83 feet:

thence along the southerly right-of-way of Briarwood Drive 77.92 feet along a curve to the right with a central angle of $11^{\circ} 44' 54''$, a radius of 380.00 feet, and a chord length of 77.78 feet that bears North $63^{\circ} 52' 35''$ West to the northwesternly corner of Lot 1, Block 16, Woodside Subdivision No. 5:

thence across Briarwood Drive 30.73 feet along a curve to the right with a central angle of $02^{\circ} 36' 29''$, a radius of 675.00 feet, and a chord length of 30.72 feet that bears North $20^{\circ} 03' 06''$ East to a point on the centerline of Briarwood Drive:

thence along the centerline of Briarwood Drive, 78.13 feet along a curve to the left with a central angle of $12^{\circ} 47' 24''$, a radius of 350.00 feet, and a chord length of 77.97 feet that bears South $63^{\circ} 21' 21''$ East:

thence along the centerline of Briarwood Drive South $69^{\circ}45'00''$ East 262.24 feet to a point on the westernly right-of-way of said Shenandoah Drive:

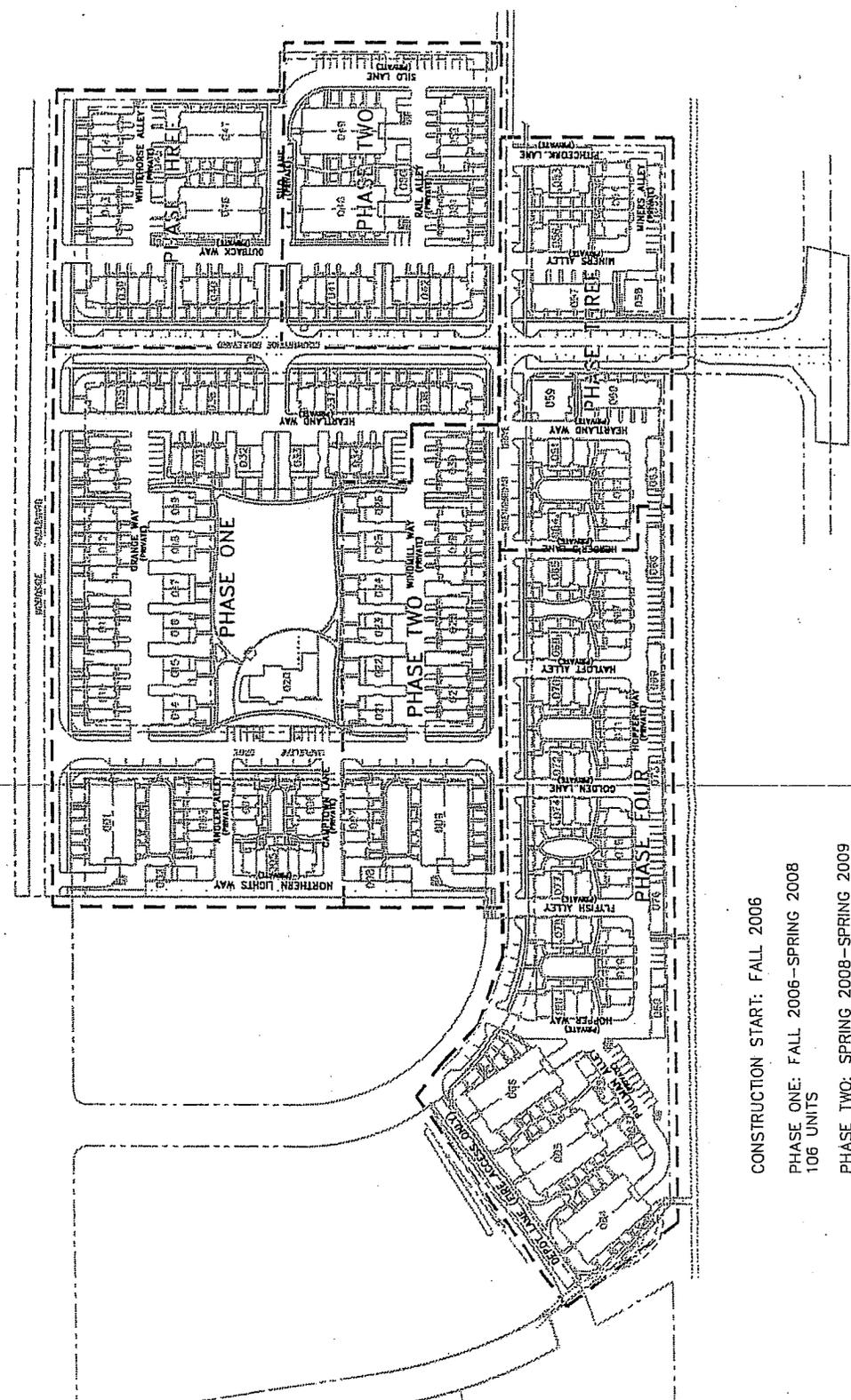
thence along the westernly right-of-way of said Shenandoah Drive 47.30 feet along a curve to the left with a central angle of $08^{\circ}12'48''$, a radius of 330.00 feet, and a chord length of 47.26 feet that bears South $16^{\circ}08'39''$ West to the TRUE POINT OF BEGINNING containing 0.24 acres, more or less.

EXHIBIT B

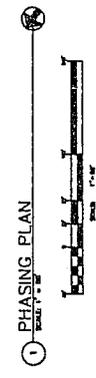
PHASING PLAN

See Attached

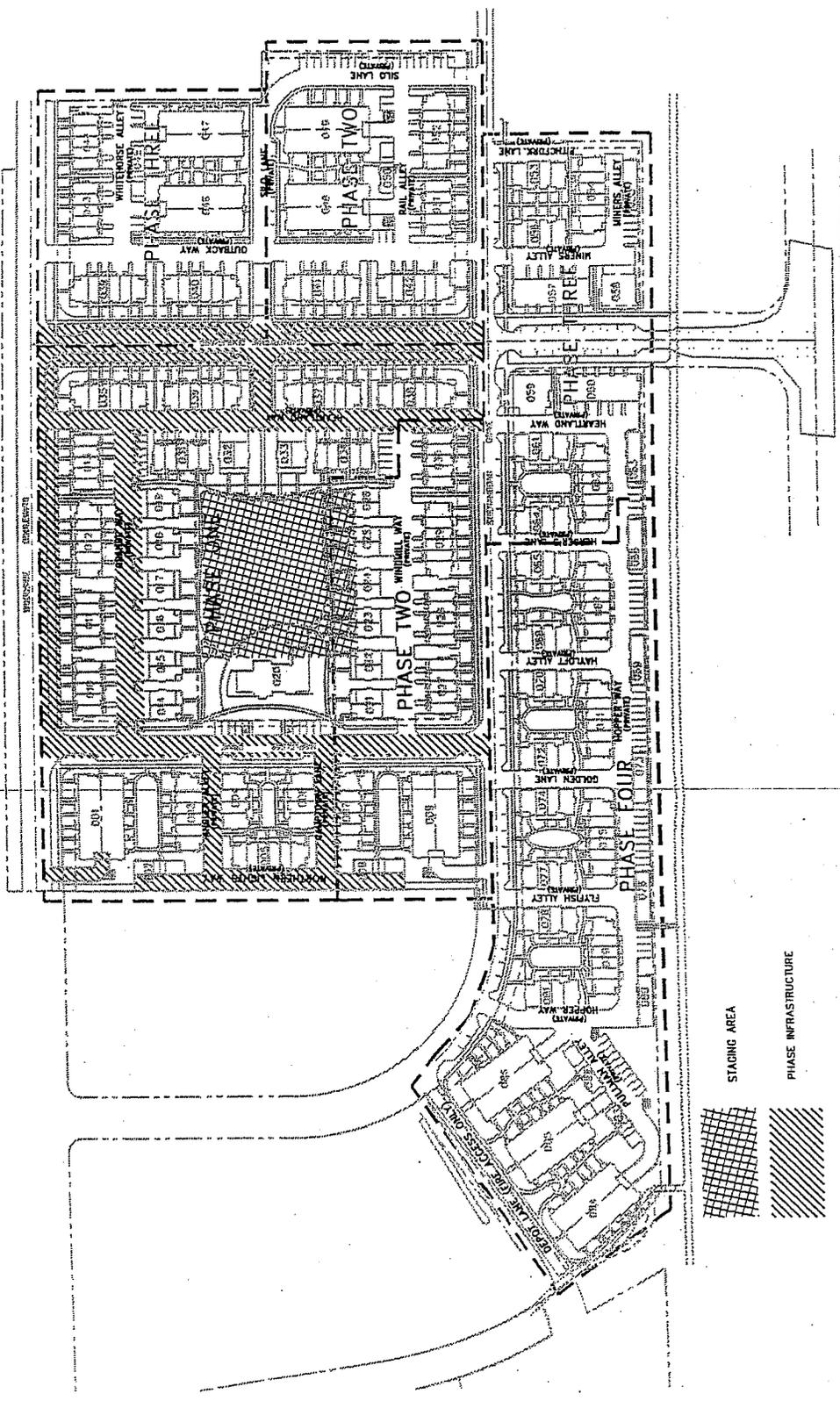
OVERVIEW



- CONSTRUCTION START: FALL 2006
- PHASE ONE: FALL 2006—SPRING 2008
106 UNITS
- PHASE TWO: SPRING 2008—SPRING 2009
106 UNITS
- PHASE THREE: SPRING 2009—SPRING 2010
99 UNITS
- PHASE FOUR: SPRING 2010—SPRING 2011
110 UNITS



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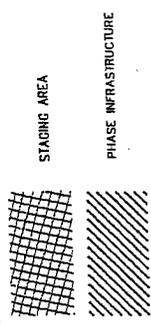


PHASE 1



CONSTRUCTION START:
 PHASE ONE: FALL 2006 - SPRING 2008
 106 UNITS

- NOTES:**
1. MAPLELEAF DRIVE WILL BE CONSTRUCTED TO ROAD BASE LEVEL AT THE BEGINNING OF PHASE ONE. THE SHENANDOAH AND WOODSIDE INTERSECTIONS, THE FINAL ASPHALT LAYER WILL BE PLACED AT END OF PHASE 1.
 2. SEWER WILL BE PLACED IN COUNTRYSIDE BLVD. IN PHASE 1 AND A 2" LAYER OF ASPHALT WILL BE PLACED TO MATCH THE EXISTING ASPHALT. THE SIDEWALK AND DRAINAGE ON THE NORTH SIDE OF COUNTRYSIDE BLVD. WILL BE COMPLETED IN PHASE 3. REMAINING IMPROVEMENTS TO COUNTRYSIDE BLVD. WILL BE COMPLETED IN PHASE 3.





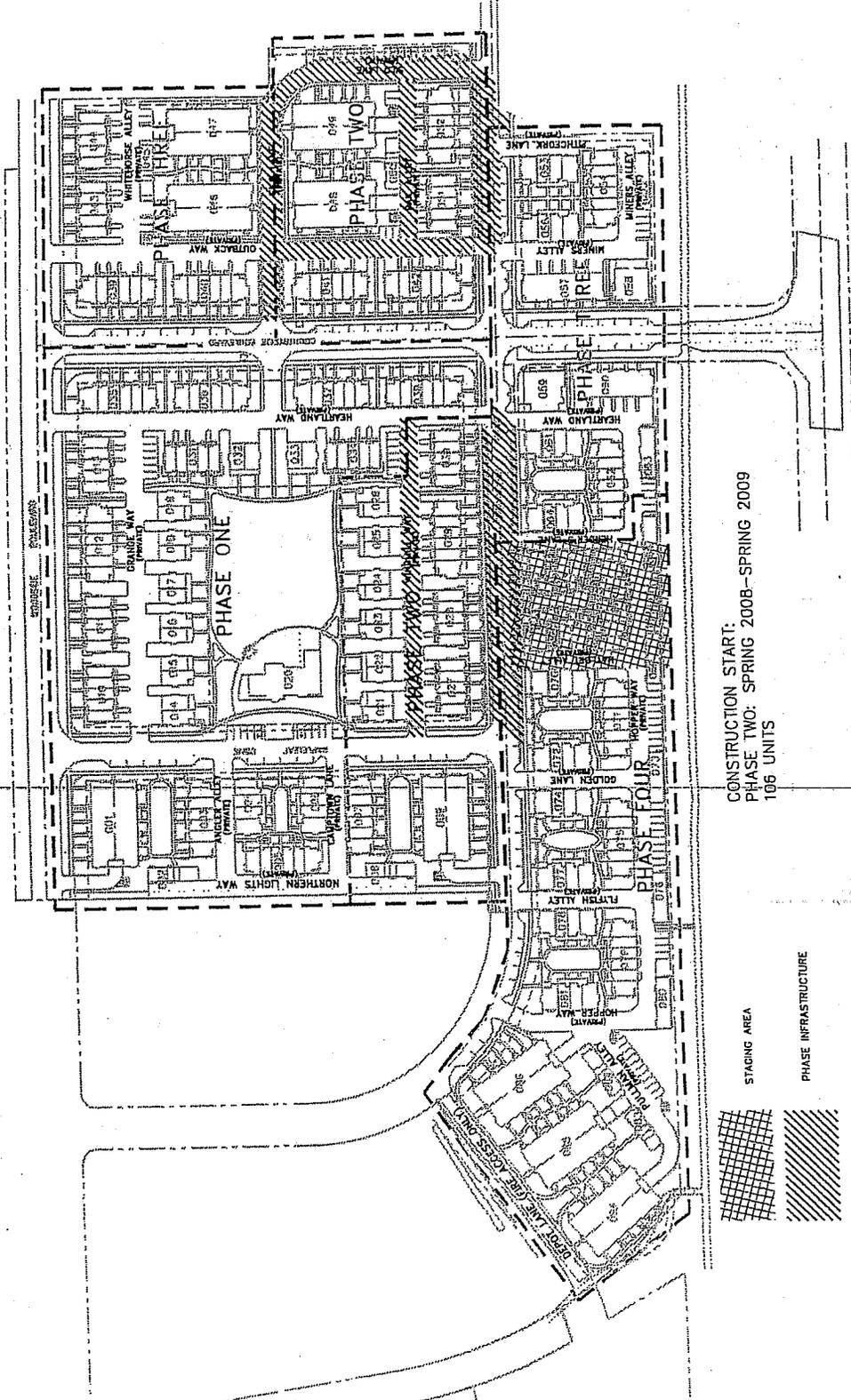
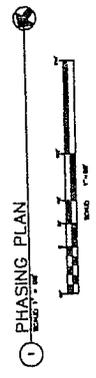
WESER GROUP, INC.
 427 Eastern Beach
 Suite 100
 2000 N. 10th St.
 Raleigh, NC 27601
 919.876.8800
 www.weser.com

SWHRTWATER
 Planned Unit Dev.
 Harley, Maine

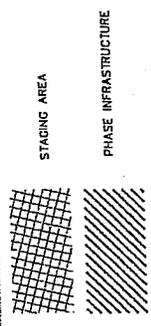
PHASE 2
 111 CHA, LLC
 126 S. Main Street, Suite A3
 Harley, ME 04111

1	Phase 1	1/1/08
2	Phase 2	1/1/08
3	Phase 3	1/1/08
4	Phase 4	1/1/08
5	Phase 5	1/1/08
6	Phase 6	1/1/08
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10	Phase 10	1/1/08
11	Phase 11	1/1/08
12	Phase 12	1/1/08
13	Phase 13	1/1/08
14	Phase 14	1/1/08
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19	Phase 19	1/1/08
20	Phase 20	1/1/08

PHASE 2



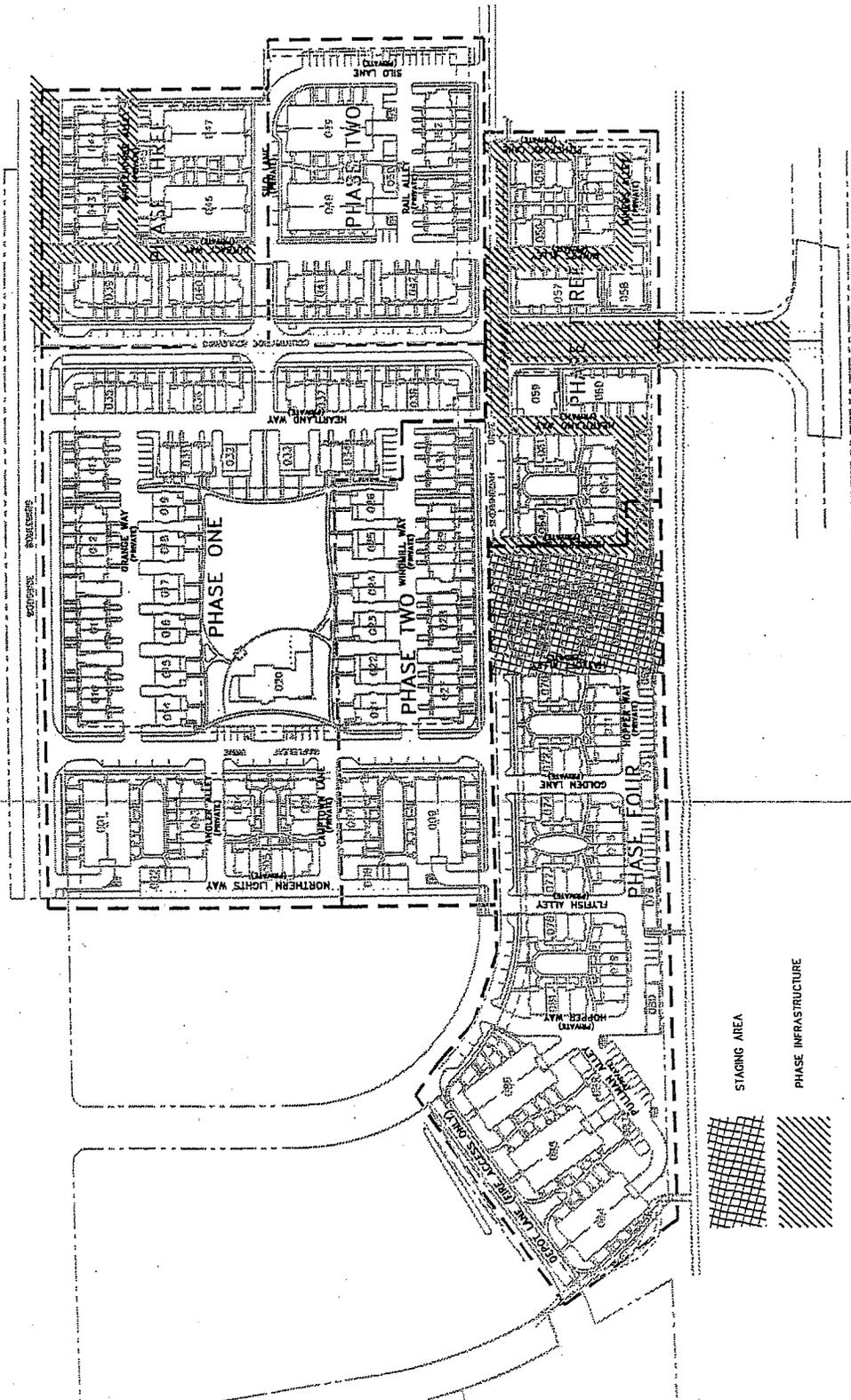
CONSTRUCTION START:
 PHASE TWO: SPRING 2008--SPRING 2009
 106 UNITS



NOTES:
 1. THE SIDEWALKS ON THE EAST SIDE OF SHENANDOAH AND A 2" LAYER OF ASPHALT WILL BE PLACED IN PHASE 2 BETWEEN HEARTLAND WAY AND MAPLE LEAF DR. AND BETWEEN OUTBACK WAY AND SILO LANE. THE REMAINING IMPROVEMENTS TO SHENANDOAH WILL OCCUR IN PHASE 4

PHASING PLAN
 A10.2

▲	10' x 10' Lot
▲	15' x 15' Lot
▲	20' x 20' Lot
▲	25' x 25' Lot
▲	30' x 30' Lot
▲	35' x 35' Lot
▲	40' x 40' Lot
▲	45' x 45' Lot
▲	50' x 50' Lot
▲	55' x 55' Lot
▲	60' x 60' Lot
▲	65' x 65' Lot
▲	70' x 70' Lot
▲	75' x 75' Lot
▲	80' x 80' Lot
▲	85' x 85' Lot
▲	90' x 90' Lot
▲	95' x 95' Lot
▲	100' x 100' Lot

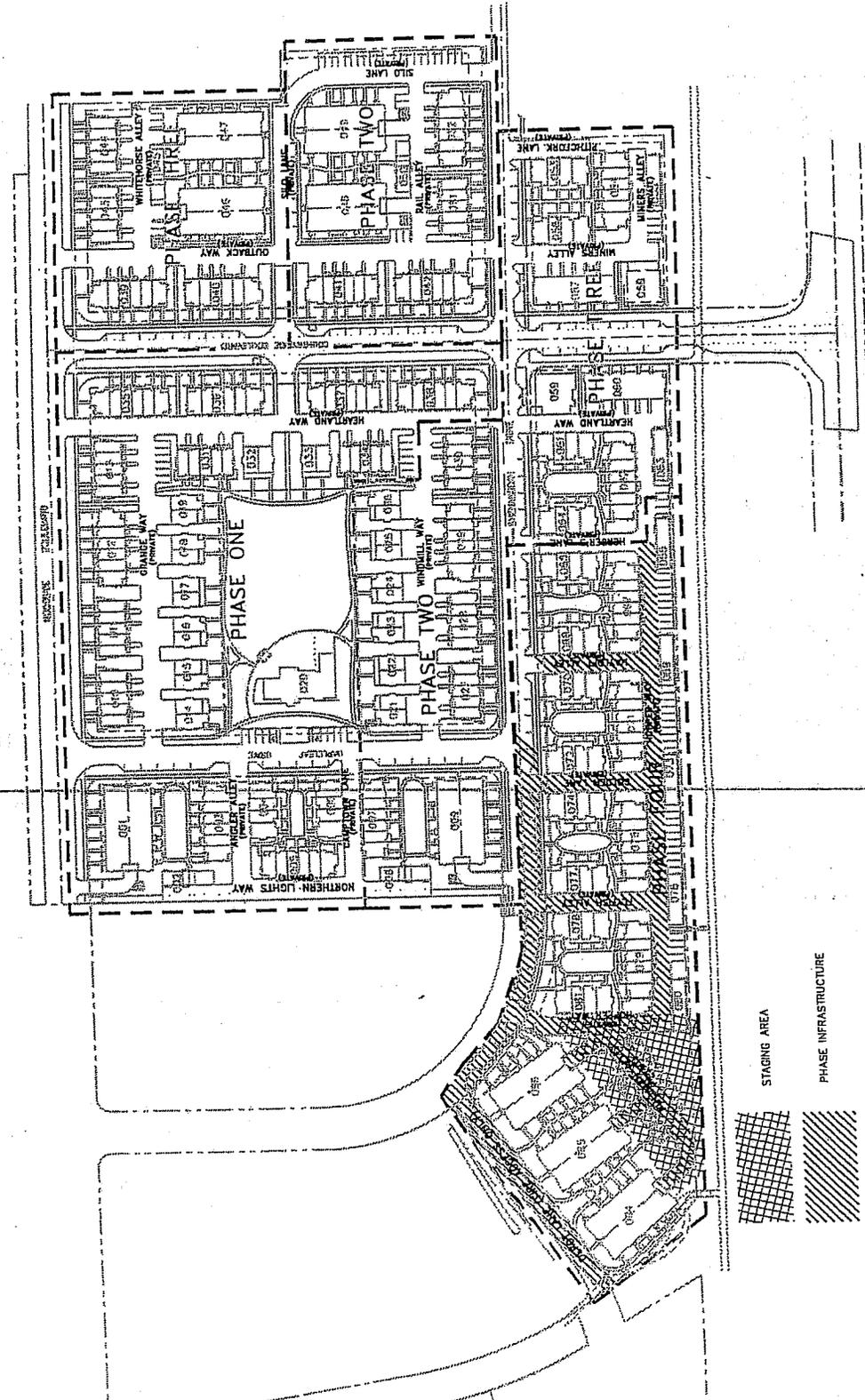


PHASE 3

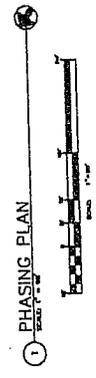


CONSTRUCTION START: SPRING 2009—SPRING 2010
 PHASE THREE: SPRING 2009—SPRING 2010
 99 UNITS

SYMBOL	DESCRIPTION
△	Proposed Structure
△	Existing Structure
△	Proposed Parking
△	Existing Parking
△	Proposed Driveway
△	Existing Driveway
△	Proposed Alley
△	Existing Alley
△	Proposed Lane
△	Existing Lane
△	Proposed Street
△	Existing Street
△	Proposed Sidewalk
△	Existing Sidewalk
△	Proposed Bicycle Lane
△	Existing Bicycle Lane
△	Proposed Utility
△	Existing Utility



PHASE 4



CONSTRUCTION START: SPRING 2010 - SPRING 2011
 PHASE FOUR: SPRING 2010 - SPRING 2011
 110 UNITS

Beth Robrahn

From: Carol Brown
Sent: Wednesday, October 21, 2009 7:22 PM
To: Beth Robrahn
Subject: FW: Sweetwater Article in Mountain Express

Beth, for the public record. Thanks, cb

Carol Brown - Hailey City Council (208) 788-4221
All messages sent and received from this mailbox are part of the public record

From: Jerry Kavka [gerald_kavka@msn.com]
Sent: Wednesday, October 21, 2009 9:57 AM
To: Carol Brown
Subject: Sweetwater Article in Mountain Express

Carol

The City of Hailey must not save the Sweetwater Developers from their own folly. Let the development go into foreclosure as doing otherwise sets a dangerous precedent. With the Old Cutter's solution this looks like a parade to the corporate welfare line.

Foreclosure is one of the ways that we will see the stock of affordable housing increase. At the proper price another developer or buyers of the units at auction will be all over these units.

Gerald Kavka

