

**MINUTES OF THE SPECIAL MEETING OF THE
HAILEY CITY COUNCIL
HELD MONDAY, FEBRUARY 7, 2004
IN THE HAILEY TOWN CENTER MEETING ROOM**

The special meeting of the Hailey City Council was called to order at 7:35 a.m. by Martha Burke. Present were Council members Don Keirn and Carol Brown. Staff present included City Attorney Ned Williamson, and Planning Director Kathy Grotto who took minutes outside the executive session. Rick Davis and Mayor Susan McBryant were absent because they had recused themselves from the meeting.

EXECUTIVE SESSION

Burke moved that the council go into executive session to discuss pending litigation and land acquisition. Brown seconded; a roll call vote showed Brown, Keirn, and Burke in favor. The council went into executive session at 7:35 a.m to discuss pending litigation and land acquisition.

Brown moved to go out of executive session, and Keirn seconded. A roll call vote showed Burke, Brown, and Keirn in favor. The council went out of executive session at 7:58 p.m.

MATTERS FOLLOWING EXECUTIVE SESSION

City Attorney Ned Williamson said he had prepared several documents pertaining to settling the Roundup litigation, which is set to begin trial tomorrow. A Settlement Agreement would provide payment to Judy Castle, the Roundup plaintiff, through the Rinker Trust, a party which was interested in purchasing and holding title to the Roundup property. A second agreement would provide parameters by which Hailey would extend sewer services to Rinker's Peregrine Ranch property, offering the developer that right in exchange for his purchase of the Castle property, the subject of the lawsuit. He said should the council and all parties sign the agreements, payment by wire, would be applied to a closing before Friday, February 11, 2005. In addition, he had prepared a Memorandum of Understanding for ongoing maintenance responsibilities of the extended sewer system. The Peregrine Ranch Homeowners Association or a sewer district would be the contracting party with Hailey.

He asked the council to execute both sewer services agreements, and he would control one of the two documents, whichever the Rinker attorneys would agree to. The Memorandum of Understanding is an exhibit to the Sewer Services Agreement. The council could also execute the Roundup Settlement Agreement, and authorize the attorneys in the matter to execute as well.

Burke said she had reviewed the written agreements, and they are what was presented to the council during negotiations.

Williamson noted that the mayor had recused herself from discussions involving the Rinker request, and Davis has recused himself from the Castle lawsuit issues, both due to conflicts of interest.

Brown said the agreement will serve to protect our underground water supply, which expert opinion shown to be highly vulnerable to contamination from independent septic systems to the north of our wells.

Keirn said the agreements require Rinker to pay their share of city sewage treatment. The taxpayers benefited, especially if the 50% chance that we would have not prevailed in the lawsuit and would have been responsible for a \$2 million judgment.

Brown said we are resolving long-standing litigation, and dealing with our goal of extending sewer for protection of water supply.

Williamson said the settlement agreement will go to escrow until final signatures have been obtained.

Brown moved to authorize signature of the Roundup Settlement Agreement to resolve long-standing litigation, authorizing Martha Burke, Ned Williamson, and Kurt Naylor to sign appropriate documents. Keirn seconded; the motion carried unanimously.

Brown moved to approve and sign the Peregrine Sewer Services Agreement, authorizing signature of two drafts, and finalizing only one, whichever is signed by Rinker. Keirn seconded; the motion carried unanimously.

Brown moved to authorize signature of the Memorandum of Understanding addressing the operation and maintenance of a Peregrine Sewer District. Keirn seconded; the motion carried unanimously.

The council members then executed the documents, and Burke noted that a press release had been prepared by Williamson. She said the council is grateful to Williamson for working out details of a clean resolution to a lawsuit. Williamson thanked the Rinker Trust for his assistance in this matter, and thanked Dave Anderson of Sprenger Grubb Associates. Burke added that if there had been any way to conduct this business more publicly, the council would have, but because of the lawsuit, the matter was discussed largely in executive session.

There being no further business, Burke adjourned the meeting at 8:20 a.m.

Susan McBryant, Mayor

Heather Dawson, City Clerk