


Recording Requested by and  
When Recorded Return to:

Edward A. Lawson, Esq.  
Lawson & Laski, PLLC  
P.O. Box 3310  
Ketchum, Idaho 83340

**Instrument # 549262**

HAILEY, BLAINE, IDAHO  
2007-07-03 01:26:00 No. of Pages: 7  
Recorded for : LAWSON & LASKI, PLLC  
JOLYNN DRAGE Fee: 21.00  
Ex-Officio Recorder Deputy   
Index to: AGREEMENT/CORRECTION

(Space Above Line For Recorder's Use)

### DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT is made and entered into this 11<sup>th</sup> day of June, 2007, by and between the CITY OF HAILEY, IDAHO, a municipal corporation ("City") and Lido Equities Group-Idaho, LLC, a limited liability company ("Lido").

### RECITALS

- A. City is a municipal corporation possessing all the powers granted to municipalities under the applicable provisions of the Idaho Code, including, without limitation, all powers under the Local Land Use Planning Act, as set forth in Idaho Code § 67-5501, et seq.
- B. Lido is the owner of record of certain real estate lots more particularly described as Lots 1-14, and Parcel EE in Block 85 of Woodside Subdivision Final Plat No. 24, according to the plat thereof recorded as Instrument No. 152519, records of Blaine County, Idaho, and Lot 1 in Block 67 of Woodside Subdivision Final Plat No. 18, according to the official plat thereof recorded as Instrument No. 152513, records of Blaine County, Idaho (collectively the "**Property**").
- C. Lido has applied to City for an amendment to the official zoning map to rezone the Property from the General Residential (GR) and Business (B) zoning districts to Limited Business (LB) zoning district, with certain restrictions on the uses allowed.
- D. Lido proposes that the Property be developed pursuant to and in accordance with the City's Comprehensive Plan, Zoning Ordinance and Subdivision Ordinance, and in accordance with the terms and conditions of this Agreement.
- E. The requested zoning satisfies the requirements set forth in the City's Zoning Ordinance for rezone, and the use of a development agreement will assure compliance with the conditions of rezone approval.
- F. Pursuant to § 67-6511A, Idaho Code, and to Article XIV of the City's Zoning Ordinance, the City has the authority to rezone the Property and to enter into this Agreement.

G. The City's Planning & Zoning Commission and City Council have held public hearings as prescribed by law with respect to the rezoning of the Property and this Agreement.

H. All public hearings have been, or will be, conducted pursuant to notice as required by law, and all other action required to be held or taken prior to the adoption and execution of this Agreement has been or will be held or taken or held and taken. Nothing herein shall be construed to obligate City to approve the rezone of the Property.

I. The parties enter into this Development Agreement for the express purpose of setting forth their obligations each to the other in the event that such rezone is approved by City. It is specifically understood, acknowledged and agreed, that each of the obligations hereinafter set forth shall not mature or be legally enforceable until such time as the rezone of the Property has been approved by City in form and content acceptable to Lido.

J. It is the intent and desire of the parties hereto that the development and the proposed use of the Property proceed as provided herein, subject to the terms and conditions of this Agreement.

K. The parties enter into this Agreement with mutual consideration as reflected in the covenants, duties and obligations herein set forth.

#### AGREEMENT

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

1. LB Zoning with Restricted Use. The zoning classification for the Property shall be Limited Business (LB), and shall be restricted to development for the following uses: (i) residential, (ii) home occupation and (iii) day care homes and facilities. The maximum height of any structure on the Property shall be thirty-five (35) feet.

2. Conditions. Lido and City are mutually bound by, and shall comply with all of the conditions contained in the final decision and findings of fact of the City and this Agreement.

3. Remedies. In the event Lido, its successors and assigns, subsequent owners of the Property or any other person or entity acquiring an interest in the Property, fails to faithfully comply with all of the terms and conditions included in this Agreement in connection with a portion of the Property, this Agreement may be enforced by an appropriate action at law or in equity to secure the performance of the covenants, agreements, conditions and obligations contained herein, and may include an action for

specific performance, breach of contract, reformation and/or rescission. All remedies shall be cumulative.

4. Force Majeure. If either party hereto is delayed in the performance of any of its obligations hereunder because of inclement weather, labor dispute or strike, civil strife, reasons beyond such parties control, acts of God, actions by the State of Idaho or any of its agencies, or political subdivisions, the time for performance shall be extended for the same time as lost by the cause herein set forth.

5. Police Power. Nothing contained herein is intended to limit the police power of City or its discretion of review of subsequent applications regarding development of the Property. This Agreement shall not be construed to modify or waive any law, ordinance, rule, or regulation, including, without limitation, applicable building codes, fire codes, the City Zoning Ordinance, or the City Subdivision Ordinance.

6. Amendment. Upon final action to rezone the Property consistent with the terms hereof, this Development Agreement shall constitute a mutual commitment of the parties in accordance with Idaho Code § 67-6511A and applicable ordinances of the City. This Development Agreement may be revised, amended or canceled in whole or in part, only by means of a written instrument executed by both parties hereto. City and Lido agree to cooperate with each other in adopting any amendment which may reasonably be requested. Such cooperation shall be extended by City so long as the proposed amendment does not in the opinion of City, defeat the purposes of this Development Agreement.

7. Attorney's Fees. In the event either party hereto is required to retain counsel to enforce a provision of this Development Agreement, the prevailing party shall be entitled to recover from the other party all reasonable costs and attorney's fees incurred therein, including costs and/or attorney's fees on appeal.

8. Notices. All notices required or provided for under this Development Agreement shall be in writing and deemed deliberate upon delivery in person, or upon mailing by certified mail, postage pre-paid. Notices shall be addressed as follows:

City of Hailey  
Attention: Planning & Zoning Administrator  
P.O. Box 945  
Hailey, Idaho 83333

Lido Equities Group-Idaho, LLC  
218 No. Canon Drive  
Suite C  
Beverly Hills, California 90210

A party may change the address to which further notices are to be sent by notice in writing to the other party, and thereafter notices shall be addressed and transmitted to the new address.

9. Effectiveness Upon Execution. This Development Agreement shall become effective only upon adoption of the Ordinance(s) accomplishing the rezones described herein.

10. Relationship of Parties. It is understood that the contractual relationship between City and Lido is such that Lido is not the agent, partner or joint venturer of City. Lido hereby guarantees actual development and performance in accordance with the terms and conditions set forth in this Development Agreement.

11. Successors and Assigns. This Development Agreement shall inure to the benefit of, and be binding upon, City and Lido and their respective heirs, successors and assigns. This Development Agreement, and all conditions set forth herein, shall be and are hereby declared to be a covenant running with the land with regard to the Property or any portion thereof.

12. Recordation. This Agreement shall be recorded with the Blaine County Recorder by the City.

13. Partial Invalidity. In this Development Agreement, or portion thereof, shall be determined by any court of competent jurisdiction to be invalid, void or otherwise unenforceable, the remaining provisions of this Development Agreement, or parts thereof, shall remain in full force and effect and shall in no way shall be affected, impaired or invalidated as a result thereof. It is agreed and understood by the parties hereto 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 portion thereof.

14. Entire Agreement. This Development Agreement constitutes the full and complete agreement and understanding between the parties hereto. No representations or warranties by either party shall be binding unless contained in this Development Agreement, or subsequent written amendments thereto.

15. Authority to Execute. Each of the entities executing this Development Agreement represent and warrant that such executing party has the lawful authority and authorization to execute this Development Agreement, as well as all deeds, easements, liens and other documents required hereunder, for and on behalf of the party executing this Development Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Development Agreement on the day and year first above written.

CITY OF HAILEY, IDAHO, a municipal corporation

By *Susan McBryant*  
Susan McBryant  
Mayor

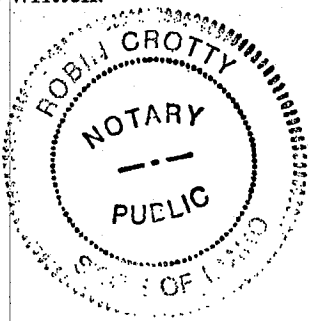
LIDO EQUITIES GROUP-IDAHO, LLC,  
An Idaho limited liability company

By *J. Edward Smith*  
J. Edward Smith  
Manager

STATE OF IDAHO )  
                                ) ss.  
County of Blaine )

On this 11<sup>th</sup> day of June, 2007, before me, a Notary Public in and for said State, personally appeared SUSAN McBYRANT, known or identified to me to be the Mayor of the City of Hailey, and the Mayor who subscribed said City name to the foregoing instrument, and acknowledged to me that she executed the same.

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



*Robbi Crotty*  
Notary Public for Idaho  
Residing at: Hailey City Hall  
My commission expires: 7/29/08

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2007, before me, a Notary Public in and for said State, personally appeared J. Edward Smith known or identified to me to be the managing member of the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company and acknowledged to me that such limited liability company 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.

*See*

\_\_\_\_\_  
Notary Public for Idaho  
Residing at: \_\_\_\_\_  
My commission expires: \_\_\_\_\_

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of Los Angeles } ss.

On JUNE 27, 2007 before me, CARMEN T. BLANDINO, Notary Public  
in and for said <sup>Date</sup> ~~State~~, <sup>Name and Title of Officer (e.g., "Jane Doe, Notary Public")</sup>  
personally appeared J. Edward Smith  
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Carmen Blandino  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: Development AGREEMENT

Document Date: 06/11/07 Number of Pages: 6

Signer(s) Other Than Named Above: Susan McBRYANT

**Capacity(ies) Claimed by Signer**

Signer's Name: J. Edward Smith

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: MANAGING MEMBER

Signer Is Representing: LIDO EQUITIES Group-Idaho, LLC

