

PRESS RELEASE

October 27, 2014

The City of Hailey and Old Cutters, Inc. have reached a settlement of the lawsuit in federal court involving the 2006 annexation of the Cutters subdivision, as well as a dispute concerning the future payment of development impact fees and connection fees. In the lawsuit, Old Cutters challenged the legality of the annexation fee and the required provision of community housing. The lender for Old Cutters also challenged the priority of the liens in the case. The federal court ruled in favor of Old Cutters but against the bank. After the federal litigation, Old Cutters announced its intention to seek further compensation for future development impact fees and connection fees, which would currently be in the approximate amount of \$815,000. Due to Old Cutters' refusal to agree to a full release of claims between it and the City, the City appealed the federal court decision.

After the City appealed the decision, the parties continued their attempts to reach a full settlement of all claims and the parties were able to reach a full settlement of those claims. The parties have specifically agreed to a mutual release of all claims involving the prior annexation of the Cutters Subdivision and the future payment of development impact fees and connection fees. In exchange, the City of Hailey has agreed to dismiss its appeal of the federal court decision and to pay Old Cutters its attorney fees and costs incurred in the prior proceedings. The bank has also agreed to dismiss its appeal. In addition, Hailey has agreed to give Old Cutters a credit in the amount of \$105,000 towards future development impact fees.

By entering into this settlement, the City of Hailey and Old Cutters achieved a final settlement of all claims. With the full settlement of this case, the Cutters Subdivision can develop the subdivision without the stigma often attached to litigation. Both the City and Old Cutters look forward to working together in the future to enhance the great asset that is the Old Cutters Subdivision.

