

ATTACHMENT E: Correspondence from Helios Development LLC

- Letter requesting amendment of PUD and Development Agreement, July 25, 2011
- Handout at P&Z meeting, August 22, 2011
- Letter and second submittal, September 14, 2011
- Letter for November 7, Council meeting, October 27, 2011

ATTACHMENT 'E'

LAWSON LASKI CLARK & POGUE, PLLC
ATTORNEYS AT LAW

Edward A. Lawson
eal@lawsonlaski.com

675 SUN VALLEY ROAD, SUITE A
POST OFFICE BOX 3310
KETCHUM, IDAHO 83340
TELEPHONE: 208-725-0055
FACSIMILE: 208-725-0076
WWW.LAWSONLASKI.COM

July 25, 2011

Hand Delivered

Honorable Mayor and Councilpersons
City Of Ketchum
Post Office Box 2315
Ketchum, Idaho 83340

Re: Warm Springs Ranch Resort Request For Modification of Planned Unit
Development Approval and Amendment of Warm Springs Ranch Resort
Annexation and Development Agreement

Our File No. 10612-001

Dear Mayor and Councilpersons:

Helios Development LLC, a Delaware limited liability company ("Helios") hereby requests a modification of its Planned Unit Development approval by the City of Ketchum ("City") and another amendment of the Warm Springs Ranch Resort Annexation and Development Agreement made between Helios and the City to establish rights and obligations of the parties with regard to annexation and development of Helios' real property ("Property") commonly known as the Warm Springs Ranch.

Under separate cover, Helios will be submitting to the City a proposal for amending the Design Review Approval for the Property for concurrent consideration with the requested modifications to the Planned Unit Development approval. The scope of the Project has been reduced to enhance its feasibility. Specifically, the first phase will be reduced to approximately 285,000 square feet, comprised of 125,000 square feet for 116 hotel rooms, 71,275 feet of condominiums and 93,750 square feet of parking and garage. In addition, the hotel will be setback 80' from Warm Springs Road. The net result of the changes is to substantially reduce the perceived adverse impacts from the Project.

As an incident of the changes in the Planned Unit Development Approval, Helios is requesting modification of its Workforce Housing and Active Recreation obligations under the Warm Springs Ranch Resort Annexation and Development Agreement. Enclosed herewith for

Mayor and Councilpersons
July 25, 2011
Page 2

your consideration is a draft of a proposed Third Amendment of the Warm Springs Ranch Resort Annexation and Development Agreement.

We want to assure the City of our complete cooperation in its processing of this request. We look forward to working with the City, its Commission, staff and the entire community throughout the process.

Sincerely,

LAWSON LASKI CLARK & POGUE, PLLC

A handwritten signature in black ink, appearing to read 'E. Lawson', with a long horizontal flourish extending to the right.

Edward A. Lawson

Cc: client

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Edward A. Lawson
Lawson Laski Clark & Pogue, PLLC
Post Office Box 3310
Ketchum, Idaho 83340

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(Space Above Line For Recorder's Use)

THIRD AMENDMENT TO WARM SPRINGS RANCH RESORT ANNEXATION AND DEVELOPMENT AGREEMENT

This Third Amendment ("Third Amendment") is made as of _____, 2011 by and between the City of Ketchum, Idaho ("Ketchum"), a municipal corporation, and Helios Development, LLC, a Delaware limited liability company ("Owner", and together with Ketchum, the "Parties").

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

1.1 Ketchum and Owner are parties to a Warm Springs Ranch Resort Annexation and Development Agreement ("Agreement"), dated August 11, 2009, and recorded on August 13, 2009 in the records of Blaine County, Idaho as Instrument No. 570190, and first amended by instrument dated May 10, 2010 and recorded on June 2, 2010 as Instrument No. 577973, records of Blaine County, Idaho and next amended by instrument entitled Second Amendment, dated January 18, 2011, and recorded on March 7, 2011, as Instrument No 585686, records of Blaine County, Idaho, under and by virtue of which the Parties established certain rights and obligations with regard to the annexation of the real property commonly known as the Warm Springs Ranch Resort and more particularly described in Exhibit "A" of the Agreement.

1.2 The parties desire to amend and supplement the Agreement as hereinafter provided.

2. Amendments. In view of the foregoing, the Parties agree to amend and supplement the Agreement, as follows:

2.1 Section 13 (Workforce Housing) is deleted and the following is substituted therefore:

"If Owner applies for a building permit on or before June 1, 2014 to construct improvements as part of the Project, the Workforce Housing requirement under the City Code, is hereby unconditionally waived and Owner shall have no obligation to provide said Workforce Housing or any portion of it. If Owner does not apply for a building permit by the stated deadline then in lieu of the Workforce Housing requirement under the City Code, Owner shall establish a dedicated Workforce Housing fund ("Fund") with revenue derived from Owner's Gross Sales (as defined below). The amount of revenue would be one-half of

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one percent (0.50%) of Gross Sales until \$250,000 was paid to the Fund. "Gross Sales" means the gross selling price of all merchandise or services sold, or delivered, in the ordinary course of business at the hotel (not including any other place of business), whether for cash or on credit, except for the following: (i) the selling price of all merchandise returned by customers and accepted for full credit, or the amount of discounts, refunds, and allowances made on such merchandise, (ii) merchandise returned or transferred to another store owned by or affiliated with Owner, (iii) gift certificates, or similar vouchers, until such time as they shall have been converted into a sale by redemption, (iv) sales and use taxes, and other similar taxes now or in the future imposed on the sale of merchandise or services, and (v) sales of real property, fixtures, equipment, or personal property that are not merchandise sold in the ordinary course of business at the hotel.

Owner shall furnish to City a statement of Gross Sales within fifteen (15) days after the end of each calendar quarter, and an annual statement of Gross Sales within twenty (20) days after the end of each calendar year. Each statement shall be signed by Owner or its authorized representative. Owner shall keep full and accurate books of account, records, cash receipts, and other pertinent data showing its Gross Sales. City shall be entitled within one (1) year after expiration or termination of a statement period to inspect and audit all of Owner's books of account, records, cash receipts, and other pertinent data relating to Gross Sales, so City can ascertain Owner's Gross Sales. Owner shall cooperate fully with City in making the inspection. If the audit shows that there is a deficiency in the payment of any moneys to the Fund, the deficiency shall become immediately due and payable. The costs of the audit shall be paid by City unless the audit shows that Owner understated Gross Sales by more than five percent (5%), in which case Owner shall pay all costs of the audit. City shall keep any information gained from such statements, inspection, or audit confidential and shall not disclose it other than to carry out the purposes of this Agreement.

The Fund would be maintained by Owner in a segregated account ("Workforce Housing Account") and would be used solely to subsidize housing costs of eligible hotel employees (as defined below). "Eligible Employee" means _____. Upon presentation to Owner of a written application for housing assistance from an Eligible Employee Owner shall disburse from the Workforce Housing Account to the landlord, mortgagee or third party providing housing to the Eligible Employee up to \$, or % of said Eligible Employee's housing costs."

2.2 The second sentence of Section 16 (Active Recreation) and all of Section 16.1 (Local Golf Program) are deleted and the following is substituted therefore:

"Owner shall construct a golf practice facility as depicted on the plan attached hereto as Exhibit " ____". The golf practice facility shall be open to the public and shall include a "Locals Golf Program" consisting of the following:

2.3 Section 16.2 (Recreation Contribution) is deleted in its entirety and the following substituted therefore:

“Owner shall construct two tennis courts in the first phase of the Project and one additional tennis court in each of the subsequent two phases of the Project. The tennis courts shall be constructed in the locations depicted on the plan attached hereto as Exhibit “__”.

3. Construction. This Third Amendment and the Agreement constitute one agreement between the Parties. In the event of any inconsistency between this Third Amendment and the Agreement the terms of this Third Amendment shall govern. All capitalized terms in the Agreement shall have the meaning in the Agreement when used in this Third Amendment, unless otherwise defined herein.

4. Ratification. The Agreement, as amended and supplemented by this Third Amendment, is hereby ratified and affirmed.

This Third Amendment is executed by the Parties as of the date first above written.

Helios Development, LLC, a Delaware limited liability company
By: Zon Development, LLC, a Delaware limited liability company, its managing member

City of Ketchum, Idaho, a municipal corporation

By: _____
Anton P. Vonk, Manager

By: _____
Randy Hall, Mayor

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STATE OF IDAHO,)
) ss.
County of Blaine)

On this ____ day of _____, 2011, before me, a Notary Public in and for said State, personally appeared Randy Hall, Mayor of the City of Ketchum, Idaho, known or identified to me to be the person whose name is subscribed to the within instrument as the Mayor of the City of Ketchum, Idaho, and acknowledged to me that he executed the same as Mayor of the City of Ketchum, Idaho.

Notary Public for Idaho
Residing at _____
Commission expires _____

State of _____)
) ss.
County of _____)

On this ____ day of _____, 2011, before me, a Notary Public in and for said State, personally appeared Anton P. Vonk, known or identified to me to be the Manager of Zon Development, LLC, a limited liability company and the managing member of Helios Development, LLC, a limited liability company, the member or one of the members who subscribed said limited liability company name to the foregoing instrument, and acknowledged to me that such limited liability company executed the same in the name of Helios Development, LLC.

Notary Public for _____
Residing at _____
My Commission expires _____

EXHIBIT "A"

received 8/22/11

Warm Springs Ranch

The latest schematic of the project has eliminated nearly 250,000 square feet and contemplates 3 phases. The project will generate more than \$42 million dollars of revenue to the city, including local option tax, property tax, transfer tax, impact fees, real estate commissions and generate over 120+ jobs.

Phase 1 - comprised of over 300,000 square feet of space including public area (Bar, restaurant, ballroom, board room, living room, kids game room), 120 guest rooms, 31 residences, spa and treatment rooms, swimming pool and jacuzzi, tennis courts, Dave Pelz short game school, trails, fishing facility and stream restoration. Several brands have expressed interest in the project including St. Regis and Ritz Carlton.

Phase 2 - Up to 59 creek side residences.

Phase 3 - Up to 15 ranch homes.

starwood

Hotels and
Resorts

July 20, 2011

Via Email – mbarnard@bluhotelinvestors.com

Michael A. Barnard
Principal
Blu Hotel Investors, LP
215 Hot Springs Rd
Santa Barbara, CA 93108

Re: Proposed St. Regis Sun Valley Resort

Dear Mr. Barnard:

Thank you for speaking with us regarding the Warm Springs Ranch development in Sun Valley, ID (the “Hotel”), and your interest in the possibility of having Starwood Hotels & Resorts Worldwide, Inc. or any of its affiliates (collectively, “Starwood”) manage the Hotel as a St. Regis. Based on our understanding of the market and your description of the Hotel project, we are pleased to express our significant interest in further evaluating this opportunity. We believe St. Regis, which has an unmatched reputation for luxury around the world, compliments the Sun Valley market and would benefit from Starwood’s powerful global systems and dynamic management team. In addition, Starwood has a strong portfolio of assets in ski-country such as Aspen, Deer Valley, Vail / Beaver Creek, Mammoth, Whistler, Steamboat Springs and Mont-Tremblant, and is focused on growing this platform in markets such as Sun Valley.

A few of the reasons why we believe St. Regis and Starwood are ideal for the Sun Valley market and the Warm Springs Ranch development site include the following:

- 1. Starwood is the Leading Luxury and Lifestyle Branding Company:** With over 1,000 hotels across nine distinct brands, Starwood is the leading lifestyle branding company that continues to redefine the hotel space. Starwood has reshaped the public perception of the hotel experience with its emphasis on innovation, design, and brand differentiation and are focused on creating hotels that are complimentary to their respective markets.
- 2. The Strength of the St. Regis Brand:** St. Regis established the luxury segment with the opening of The St. Regis New York. Today its rich heritage, loyal following and sought-after properties around the world have made it one of the

fastest growing luxury brands. St. Regis' unique brand positioning delivered through meaningful guest experiences, high-demand partnerships and distinct design have resulted in strong guest loyalty and market-leading performance.

3. **The Power of Starwood's Systems and Programs:** The St. Regis Sun Valley Resort will be backed by the power of Starwood's industry leading booking channels that drive customers to the destination. This includes the world-class Starwood Sales Organization, regionally-based Field Marketing team, award-winning branded web sites, TeamHOT our unique cross-selling program that encourages property-based sales teams to refer business to other Starwood hotels, and Customer Contact Centers.
4. **The Strongest Loyalty Program in the Industry – Starwood Preferred Guest:** Driving transient business to The St. Regis Sun Valley Resort is instrumental to the overall success of the property, and Starwood believes that Starwood Preferred Guest (SPG) will be a major contributor. SPG has been the industry's most honored loyalty program for nine years running. SPG's existing customer base of more than 13 million active members drives success at locations such as Aspen, Deer Valley, Vail / Beaver Creek, Mammoth, Whistler, Steamboat Springs, and Mont-Tremblant.

We look forward to continuing our conversations about this opportunity with you. Please note that this letter is only an expression of our interest to further evaluate this opportunity and does not create any legally binding obligation on Starwood. You should not rely on this letter, or any further discussions regarding this potential transaction as an agreement, offer or commitment by Starwood to enter into any transaction with respect to the Hotel.

Thank you again for working with us on this project, and look forward to the potential opportunity to bring Starwood to the Sun Valley market.

Sincerely,

Mark Keiser
Vice President, Development

cc: Charlotte DeHaven

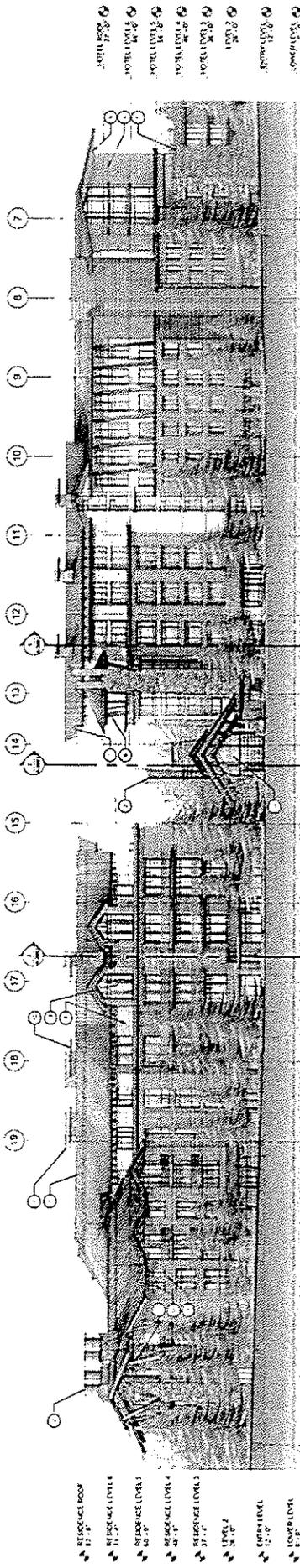


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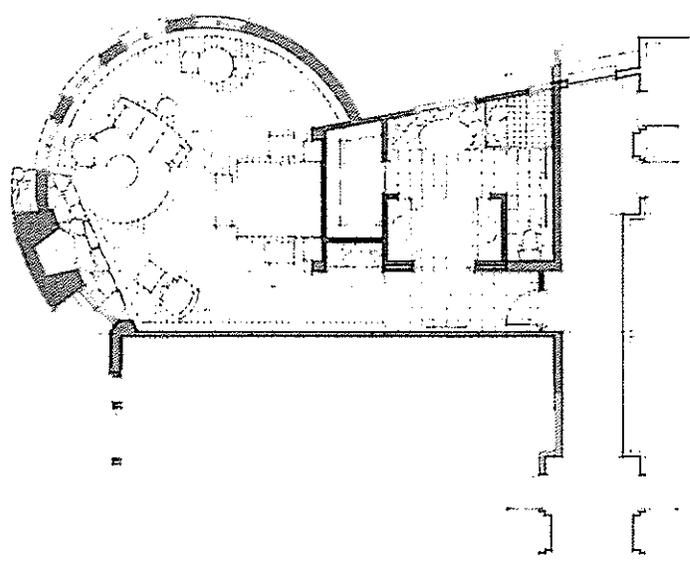
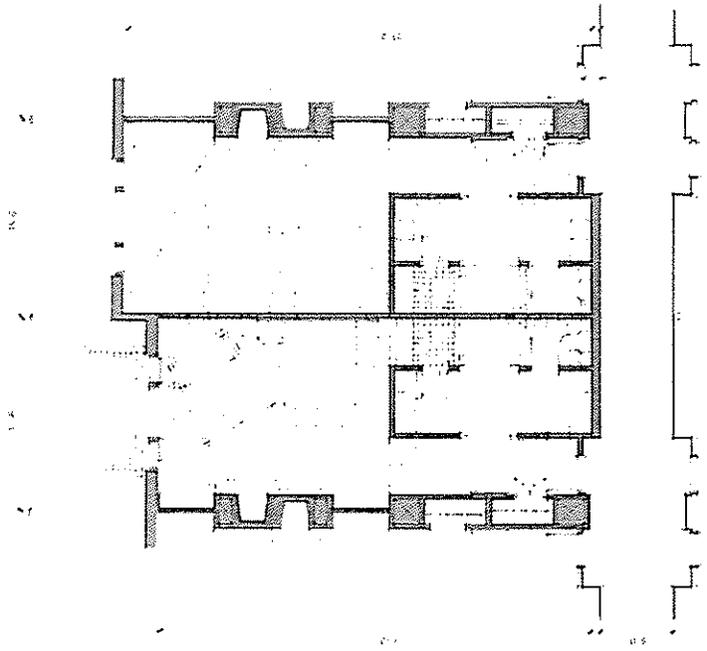


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WARM SPRINGS RANCH RESORT
WARM SPRINGS RANCH RESORT

received
9/14/11

LAWSON LASKI CLARK & POGUE, PLLC
ATTORNEYS AT LAW

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eal@lawsonlaski.com

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September 14, 2011

By Hand

Ms. Rebecca Bundy
City Of Ketchum
POB 2315
Ketchum, Idaho 83340

Re: Warm Springs Ranch Resort
Our File No. 10612-001

Dear Rebecca:

Enclosed with this letter are seven copies of a proposed Third Amendment to the Warm Springs Ranch Resort Development Agreement redlined to show the changes made to the prior draft addressing the Commissions' request for additional information regarding the golf and tennis facilities. In addition, we are enclosing seven full size and seven reductions of Allen + Philp's drawings depicting the proposed changes to the master development plan.

As you are aware Helios has been working closely with Dave Pelz to develop the golf practice facility. The effort has generated a concept for a "Dave Pelz Final 40" school which will focus on the challenges facing a golfer from 40 yards in to the hole. The facility will include 10-12 greens with related bunkers and rough areas from which to instruct and practice the shots a golfer must know to successfully meet the shot challenges from 40 yards in. A concept drawing showing the current thinking behind the school is included with this letter.

Hopefully, the Commission will find the enclosed responsive to its request and enable it to make a recommendation to the Council at the conclusion of its next meeting. In the meantime, if you have any questions or concerns please feel free to contact either Mike Barnard or me.

Sincerely,

Ms. Rebecca Bundy
September 14, 2011
Page 2

LAWSON LASKI CLARK & POGUE, PLLC

A handwritten signature in black ink, appearing to read "E. Lawson", with a horizontal line extending to the right.

Edward A. Lawson

Cc: M. Barnard
M. Philp, AIA
S. Buxton, Esq.

DRAFT

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO: Edward A. Lawson Lawson Laski Clark & Pogue, PLLC Post Office Box 3310 Ketchum, Idaho 83340	
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(Space Above Line For Recorder's Use)

THIRD AMENDMENT TO WARM SPRINGS RANCH RESORT ANNEXATION AND DEVELOPMENT AGREEMENT

This Third Amendment ("Third Amendment") is made as of _____, 2011 by and between the City of Ketchum, Idaho ("Ketchum"), a municipal corporation, and Helios Development, LLC, a Delaware limited liability company ("Owner", and together with Ketchum, the "Parties").

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

1.1 Ketchum and Owner are parties to a Warm Springs Ranch Resort Annexation and Development Agreement ("Agreement"), dated August 11, 2009, and recorded on August 13, 2009 in the records of Blaine County, Idaho as Instrument No. 570190, and first amended by instrument dated May 10, 2010 and recorded on June 2, 2010 as Instrument No. 577973, records of Blaine County, Idaho and next amended by instrument entitled Second Amendment, dated January 18, 2011, and recorded on March 7, 2011, as Instrument No 585686, records of Blaine County, Idaho, under and by virtue of which the Parties established certain rights and obligations with regard to the annexation of the real property commonly known as the Warm Springs Ranch Resort and more particularly described in Exhibit "A" of the Agreement.

1.2 The parties desire to amend and supplement the Agreement as hereinafter provided.

2. Amendments. In view of the foregoing, the Parties agree to amend and supplement the Agreement, as follows:

2.1 Section 13 (Workforce Housing) is deleted and the following is substituted therefore:

"If Owner applies for a building permit on or before June 1, 2014 to construct improvements as part of the Project, the Workforce Housing requirement under the City Code, is hereby unconditionally waived and Owner shall have no obligation to provide said Workforce Housing or any portion of it. If Owner does not apply for a building permit by the stated deadline then in lieu of the Workforce Housing requirement under the City Code, Owner shall establish a dedicated Workforce Housing fund ("Fund") with revenue derived from Owner's Gross Sales (as defined below). The amount of revenue would be one-half of

one percent (0.50%) of Gross Sales until \$250,000 was paid to the Fund. "Gross Sales" means the gross selling price of all merchandise or services sold, or delivered, in the ordinary course of business at the hotel (not including any other place of business), whether for cash or on credit, except for the following: (i) the selling price of all merchandise returned by customers and accepted for full credit, or the amount of discounts, refunds, and allowances made on such merchandise, (ii) merchandise returned or transferred to another store owned by or affiliated with Owner, (iii) gift certificates, or similar vouchers, until such time as they shall have been converted into a sale by redemption, (iv) sales and use taxes, and other similar taxes now or in the future imposed on the sale of merchandise or services, and (v) sales of real property, fixtures, equipment, or personal property that are not merchandise sold in the ordinary course of business at the hotel.

Owner shall furnish to City a statement of Gross Sales within fifteen (15) days after the end of each calendar quarter, and an annual statement of Gross Sales within twenty (20) days after the end of each calendar year. Each statement shall be signed by Owner or its authorized representative. Owner shall keep full and accurate books of account, records, cash receipts, and other pertinent data showing its Gross Sales. City shall be entitled within one (1) year after expiration or termination of a statement period to inspect and audit all of Owner's books of account, records, cash receipts, and other pertinent data relating to Gross Sales, so City can ascertain Owner's Gross Sales. Owner shall cooperate fully with City in making the inspection. If the audit shows that there is a deficiency in the payment of any moneys to the Fund, the deficiency shall become immediately due and payable. The costs of the audit shall be paid by City unless the audit shows that Owner understated Gross Sales by more than five percent (5%), in which case Owner shall pay all costs of the audit. City shall keep any information gained from such statements, inspection, or audit confidential and shall not disclose it other than to carry out the purposes of this Agreement.

The Fund would be maintained by Owner in a segregated account ("Workforce Housing Account") and would be used solely to subsidize housing costs of eligible hotel employees (as defined below). "Eligible Employee" means _____. Upon presentation to Owner of a written application for housing assistance from an Eligible Employee Owner shall disburse from the Workforce Housing Account to the landlord, mortgagee or third party providing housing to the Eligible Employee up to \$, or % of said Eligible Employee's housing costs."

2.2 The second sentence of Section 16 (Active Recreation) and all of Section 16.1 (Local Golf Program) are deleted and the following is substituted therefore:

"Owner shall construct a golf practice facility as depicted on the plan attached hereto as Exhibit " __". The golf practice facility shall be open to the public and shall include a "Locals Golf Program" consisting of the following:

(i) the golf course will have "locals" pricing of no less than 20% off the regular resort rate; (ii) the peak hours for the golf course will be 8:00-10:00 a.m. and 4:00-6:00 p.m., and the peak golf season will be from June 20 to Labor Day (shoulder season will be from

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opening day to June 20 and Labor Day to closing day); (iii) one tee time is considered a group of no more than four (4) golfers, and the pro shop will reserve the right to pair local golfers to create more efficient tee times; (iv) tee times for Locals will be published seasonally in the local newspaper and made available on-line; and (v) walkers will be permitted. The Locals Golf Program may include one or more of the following special events or programs: junior golf play days; ladies golf play days; Warm Springs Championship tournament; 9, Wine and Dine; and charity tournaments. As used in this Agreement, "Locals" means: (i) full-time Ketchum residents; (ii) persons employed full time in Ketchum; or (iii) persons owning a business operated in Ketchum not created for the purpose of obtaining status as a "Local".

16.1.1 Weekday Rules for Peak Season. Locals will be allowed to have access to the golf practice facility, or portions thereof, every day during the week. Local access will be limited to two (2) tee times back to back per hour during the peak hours of every day of the week. For the remainder of the day, locals will be allowed up to three (3) tee times per hour. Locals may call the day before, after 5:30 p.m., and if tee times are open, they will be allowed to occupy up to three (3) tee times during peak hours and up to four (4) tee times during non-peak hours.

16.1.2 Weekend Rules for Peak Season. Locals will be allowed to have access to the golf practice facility both days of the weekend. Local access will be limited to two (2) tee times per hour during the peak hours of Saturday and Sunday. During non-peak hours, locals will be allowed up to three (3) tee times per hour. Locals may call the day before, after 5:30 p.m., and if tee times are open, they will be allowed to occupy up to three (3) tee times during peak hours and four (4) tee times during non-peak hours.

16.1.3 Weekday and Weekend Rules for Shoulder Seasons. Locals will be allowed three (3) tee times per hour during peak hours. During non-peak hours, locals will be allowed up to five (5) tee times per hour. Locals may call the day before, after 5:30 p.m., and if tee times are open, they will be allowed to occupy up to four (4) tee times during peak hours and five (5) tee times during non-peak hours.

16.1.4 Access Restrictions. Owner may reasonably restrict access to the golf practice facility to conduct golf school(s) or other formal instruction.

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2.3 Section 16.2 (Recreation Contribution) is deleted in its entirety and the following substituted therefore:

"Owner shall construct two tennis courts in the first phase of the Project and one additional tennis court in each of the subsequent two phases of the Project. The tennis courts shall be constructed in the locations depicted on the plan attached hereto as Exhibit " __ ". The tennis courts and related facilities ("Tennis Facilities") constructed on the PUD Property shall be open to the public, with a "Locals Tennis Program" provided as follows:

(i) use shall be allowed up to two hours twice per week, with advanced booking

required for all use exclusively through the Ketchum Recreation Department; and (ii) the Tennis Facilities shall have locals pricing of no less than 20% off the regular resort rate.

As used in this Agreement, "Locals" means: (i) full-time Ketchum residents; (ii) persons employed full time in Ketchum; or (iii) persons owning a business operated in Ketchum and not formed for the purpose of attaining status as a "Local".

3. Construction. This Third Amendment and the Agreement constitute one agreement between the Parties. In the event of any inconsistency between this Third Amendment and the Agreement the terms of this Third Amendment shall govern. All capitalized terms in the Agreement shall have the meaning in the Agreement when used in this Third Amendment, unless otherwise defined herein.

4. Ratification. The Agreement, as amended and supplemented by this Third Amendment, is hereby ratified and affirmed.

This Third Amendment is executed by the Parties as of the date first above written.

Helios Development, LLC, a Delaware limited liability company
By: Zon Development, LLC, a Delaware limited liability company, its managing member

City of Ketchum, Idaho, a municipal corporation

By: _____
Anton P. Vonk, Manager

By: _____
Randy Hall, Mayor

STATE OF IDAHO.)
) ss.
County of Blaine)

On this ____ day of _____, 2011, before me, a Notary Public in and for said State, personally appeared Randy Hall, Mayor of the City of Ketchum, Idaho, known or identified to me to be the person whose name is subscribed to the within instrument as the Mayor of the City of Ketchum, Idaho, and acknowledged to me that he executed the same as Mayor of the City of Ketchum, Idaho.

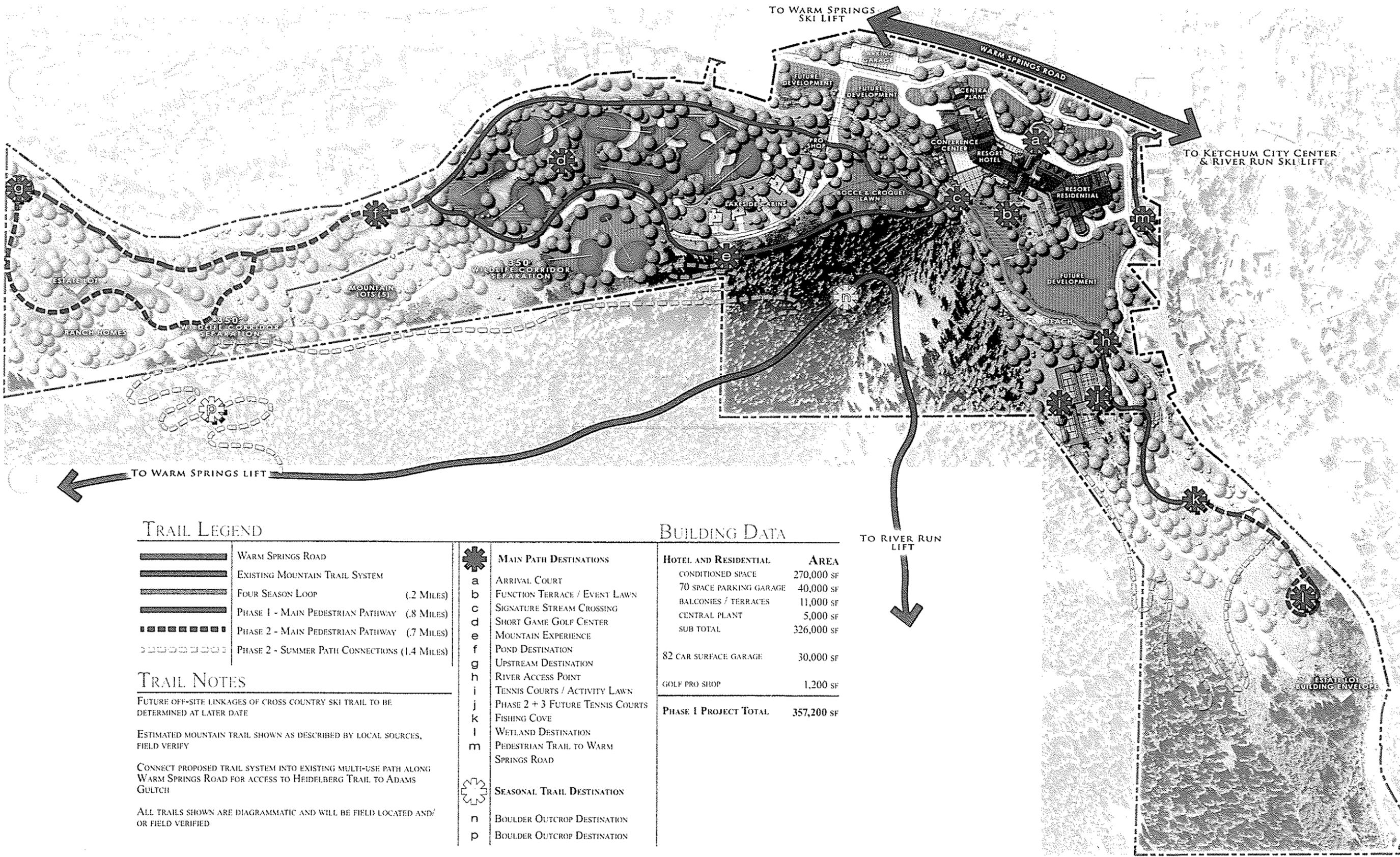
Notary Public for Idaho
Residing at _____
Commission expires _____

State of _____)
) ss.
County of _____)

On this ____ day of _____, 2011, before me, a Notary Public in and for said State, personally appeared Anton P. Vonk, known or identified to me to be the Manager of Zon Development, LLC, a limited liability company and the managing member of Helios Development, LLC, a limited liability company, the member or one of the members who subscribed said limited liability company name to the foregoing instrument, and acknowledged to me that such limited liability company executed the same in the name of Helios Development, LLC.

Notary Public for _____
Residing at _____
My Commission expires _____

EXHIBIT "A"



TRAIL LEGEND

	WARM SPRINGS ROAD	
	EXISTING MOUNTAIN TRAIL SYSTEM	
	FOUR SEASON LOOP	(.2 MILES)
	PHASE 1 - MAIN PEDESTRIAN PATHWAY	(.8 MILES)
	PHASE 2 - MAIN PEDESTRIAN PATHWAY	(.7 MILES)
	PHASE 2 - SUMMER PATH CONNECTIONS	(1.4 MILES)

TRAIL NOTES

FUTURE OFF-SITE LINKAGES OF CROSS COUNTRY SKI TRAIL TO BE DETERMINED AT LATER DATE

ESTIMATED MOUNTAIN TRAIL SHOWN AS DESCRIBED BY LOCAL SOURCES, FIELD VERIFY

CONNECT PROPOSED TRAIL SYSTEM INTO EXISTING MULTI-USE PATH ALONG WARM SPRINGS ROAD FOR ACCESS TO HEIDELBERG TRAIL TO ADAMS GULCH

ALL TRAILS SHOWN ARE DIAGRAMMATIC AND WILL BE FIELD LOCATED AND/OR FIELD VERIFIED

	MAIN PATH DESTINATIONS
a	ARRIVAL COURT
b	FUNCTION TERRACE / EVENT LAWN
c	SIGNATURE STREAM CROSSING
d	SHORT GAME GOLF CENTER
e	MOUNTAIN EXPERIENCE
f	POND DESTINATION
g	UPSTREAM DESTINATION
h	RIVER ACCESS POINT
i	TENNIS COURTS / ACTIVITY LAWN
j	PHASE 2 + 3 FUTURE TENNIS COURTS
k	FISHING COVE
l	WETLAND DESTINATION
m	PEDESTRIAN TRAIL TO WARM SPRINGS ROAD
	SEASONAL TRAIL DESTINATION
n	BOULDER OUTCROP DESTINATION
p	BOULDER OUTCROP DESTINATION

BUILDING DATA

HOTEL AND RESIDENTIAL	AREA
CONDITIONED SPACE	270,000 SF
70 SPACE PARKING GARAGE	40,000 SF
BALCONIES / TERRACES	11,000 SF
CENTRAL PLANT	5,000 SF
SUB TOTAL	326,000 SF
82 CAR SURFACE GARAGE	30,000 SF
GOLF PRO SHOP	1,200 SF
PHASE 1 PROJECT TOTAL	357,200 SF

WARM SPRINGS RANCH RESORT

Project Name	WARM SPRINGS RANCH RESORT (S&M)	
Project Date	11/18/2015	
Project Number	MP-1100	
Project Status	SCHEMATIC DESIGN	
Prepared By	WHP	
NUM.	ISSUE TITLE	DATE



LAWSON LASKI CLARK & POGUE, PLLC
ATTORNEYS AT LAW

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eal@lawsonlaski.com

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October 27, 2011

By Hand

Ms. Lisa Horowitz
City Of Ketchum
POB 2315
Ketchum, Idaho 83340

Re: Warm Springs Ranch Resort
Our File No. 10612-001

Dear Lisa:

Thank you for the opportunity to discuss your staff report regarding the above referenced matter. As discussed, Helios Development, LLC, wants to be certain that the Council is aware of the following and hopes therefore they are addressed in the staff report:

1. The proposal by Helios is to substantially reduce the bulk, footprint and other impacts from the Project while retaining a 120 room iconic 5-star hotel ("Project") set back an additional 80 feet from Warm Springs Road. Accordingly, the physical impacts from the Project will be significantly (about one-third) less than originally approved.
2. The Project represents the most significant financial benefit to the City it has ever had offered. Rosenthal and Associates estimated¹ (i) the revenue to the City in excess of the cost of service at \$36.3 million over 15 years and \$3.6 million each year during a typical year, (ii) increased retail sales of \$389 million over 15 years – a 21% increase, (iii) \$39.9 million in new real estate sales commissions, and (iv) 220 new jobs. According to Rosenthal and Associates, the Project "will add significant new revenue" to capital facilities funds and will "carry itself" and produce a general fund revenue surplus, "at all times".

¹ Rosenthal and Associates, Fiscal Impact Analysis of approved Project prepared for the City of Ketchum, February 8, 2008.

3. The proposed modified recreation contributions are not as great as those originally exacted by the City because the Project is not economically feasible as approved. In order for there to be any prospect of there being a Project and the associated benefits to the City, the magnitude of the City exactions must be reduced and the timing delayed. Accordingly, judging the "adequacy" of the current proposal against the original exactions is misplaced and serves no purpose.
4. Replacing the on-site workforce housing with the Workforce Housing Fund proposed by Helios will substantially reduce the financial burden to the Project and provide a more efficient and less costly means of addressing the needs of the Project's work force. Granting a waiver to induce commencement of construction by 2013 would be a small "cost" to the City and give Helios the benefit granted to other hospitality projects.
5. The golf and tennis facilities on the subject property were always privately owned and the public had access only so long as the owner of the property chose to provide it. A predecessor of Helios removed the tennis courts and closed the golf course. For the foregoing reasons, the City's "no net loss" standard has no application to the Project.
6. The original "recreation contribution" of \$500,000 was arbitrary, excessive and not based on any measurable Project-related impacts nor on any objective needs assessment relative to tennis or golf. For this reason, and because it is a substantial financial burden to the Project, Helios requested it be eliminated. At staff's suggestion, and with the acceptance of the Parks and Recreation Department, Helios was willing to consider using a portion of the Workforce Housing Fund for a recreation contribution. The Planning and Zoning Commission recommendation for a "recreation contribution" comparable to the amount originally exacted (i.e., \$300,000) separate from the Workforce Housing Fund is unacceptable.
7. The golf practice facility will provide an alternative golf experience not available in the Wood River Valley.
8. Requiring a traffic study where there has been no request for a change to the intersection at the entry to a down-sized Project is not a wise use of resources. The City prefers the roundabout and said it may have grant money to defray some of the cost. Helios is not opposed to the roundabout if it can be funded from a public grant. Thus, it seems inappropriate to require a traffic study to address a different intersection at this time. Helios previously suggested that if a case can be made for a traffic study that its application be approved on the condition that such a study is provided and demonstrates the viability of a different intersection.

Ms. Lisa Horowitz
October 27, 2011
Page 3

Helios is aware of the sentiment within the City that dealing with developers and their projects is like playing poker. Making the expensive and time-consuming entitlement process into a game is rejected by Helios which does not view itself as a developer. Moreover, because the requested changes to the Project are reasonable and intended to make it financially feasible for Helios to invest hundreds of millions of dollars in the City which will result in the aforementioned financial benefits at a time of great need, hopefully the City will not want to gamble over granting the requested approval.

Thank you for your assistance with this matter. We look forward to presenting the application on November 7. In the meantime if you have any questions or concerns please let me or Mike Barnard know.

Sincerely,

LAWSON LASKI CLARK & POGUE, PLLC

A handwritten signature in black ink, appearing to read "E. Lawson", written in a cursive style.

Edward A. Lawson

Cc: M. Barnard