

**CITY OF KUNA
SPECIAL CITY COUNCIL MEETING
MINUTES
JULY 12, 2006**

KUNA CITY HALL COUNCIL CHAMBER, 763 W. AVALON

NOTE: These minutes are an unofficial record of this City Council meeting until reviewed; corrected if deemed appropriate and formally approved by the Kuna City Council at a subsequent Council meeting.

Mayor Dean Obray called the Special City Council Meeting for discussion of Letter of Intent from Clay Carley & John Steinbacher to order at 1:07 p.m.

Present: Mayor Dean Obray; Council President Lang, Council Members Scott Dowdy, Trina Stroebel and Richard Cardoza; City Attorney Randy Grove; City Engineer Keven Shreeve; and City Clerk Lynda Burgess.

APPROVE IDAHO LIQUOR CATERING PERMIT FOR L & G ENTERPRISES, RED EYE SALOON FOR PARTY IN THE PARK

Moved by Councilwoman Stroebel, seconded by Councilman Lang to approve the Idaho Liquor Catering Permit for L & G Enterprises, the Red Eye Saloon for a party in Bernie Fischer Park on July 15, 2006 from 6 p.m. to 11 p.m. Motion carried 4-0.

LETTER OF INTENT:

Randy Grove explained that the Letter of Intent is an agreement stipulating certain items agreed upon with the contractor in principle. A formal contract will be forthcoming. The Letter was reviewed by Mr. Carley and Mr. Steinbacher and they have approved it as it is currently written. It primarily commits the City to certain conditions evident in the letter. A full contract will be much more comprehensive than this document.

Mayor Obray asked why he does not see language in the document that suggests a price for the land or a price for the total project-- what the City would get and what the developer would get for the improvements. Do these things need to be identified before the City could actually sign a contract?

Mr. Grove responded that the commitments made in the Letter are to negotiate in good faith and arrive at a contract.

Councilman Dowdy had concerns about the intent of zoning the land as a PUD. He questioned whether the development would qualify for a PUD zone since it requires a 10% open space. He didn't think that the golf course can qualify for that open space because that land will be owned by the City.

Mr. Grove clarified that the PUD would not include the land retained by the City for the golf course and the open space requirement would apply to land that will be transferred to the developer.

Councilman Cardoza asked Mr. Grove if he had ever received a financial statement from Swan Falls Development, LLC documenting its net worth, other than a letter from US Bank stating \$5,000,000.

Mr. Grove replied that he had spoken with Mr. Carley concerning a financial statement and he replied that his bank would be reluctant to commit to a certain number. His bank informed us in a letter that Mr. Carley has in excess of \$5,000,000 in liquid assets. Mr. Carley further stated that Old Boise owns all of its properties outright and there are no debts. Mr. Grove stated that it can be incorporated into the agreement that they have to provide satisfactory proof that they can financially complete the project.

Councilman Cardoza stated that he would like to go on record that he was uncomfortable signing a Letter of Intent without seeing financial statements as to the net worth of Swan Falls Development, LLC. A letter from US Bank stating that they are worth \$5,000,000 is inadequate for this size development project. The financial statements were to be presented with the statement of qualifications.

Mr. Grove explained that Mr. Carly is willing to submit a personal financial statement as long as it doesn't have the risk of being disseminated to the public.

Councilman Cardoza further clarified that he did not want to have a developer come into the City and start a project and end up in litigation for non-completion and tax liens against the property because there was inadequate financing that caused the project to go into default. Councilman Cardoza was also concerned with item V in the letter transferring the land to the developer. The towers in Boise had a contract similar where the property was transferred to the developer and when he defaulted on the project, the City of Boise had to go to court to reacquire the property.

Mr. Grove stated that that is a valid concern and that particular scenario is something the City would definitely want to address in the final agreement. In the event that the developer begins construction and cannot complete the project, the property would revert back to the City because of the default. Another concern was how to get children out to the facility--would the City have to invest in some sort of shuttle service?

Councilman Dowdy explained that the Letter of Intent is a document to enter into contract negotiations, and does not obligate the City at this point to turn the land over to Mr. Carley or Swan Falls Development, LLC to develop. Councilman Dowdy stated that he would not be comfortable with allowing the signing of the contract until he knows that Mr. Carley will have the funds to follow through with the project to completion.

Mr. Grove stated that he would try to get a statement from Mr. Carley addressing the development organization that has been created and determine if he a surety is willing to write a letter to the City stating they feel comfortable bonding him for \$20,000,000.

In response to Councilwoman Stroebel, Mr. Grove explained that if there are changes in the commitment, they should be addressed today and Mr. Carley would like Council to move forward toward a commitment for the development.

Following discussion, it was agreed that this matter be tabled to the July 18, 2006 Council Meeting.

There being no further business to conduct, the meeting was adjourned at 2:05 p.m.

Jeffery T. Lang, Council President

ATTEST:

Lynda Burgess, City Clerk

DATE APPROVED: August 1, 2006