

Eagle Urban Renewal Agency

Tuesday December 2nd, 2014

6:00 p.m.

Eagle City Hall

660 E. Civic Lane, Eagle, Idaho

1. Call to Order: Butler called the meeting to order at 6:02PM.
2. Roll Call – Present: Reynolds, Butler, McFarland, Kunz, Ridgeway. A quorum is present.
3. Pledge of Allegiance.
4. Amendments to agenda – Based upon a proposal from District Attorney Todd Lakey, Mark Butler recommended amending the agenda to add Item 9.1. Lakey explained this agenda item would enable the Board to approve solicitation of bids for building demolition and tree removal on the Tri-City Meats properties, assuming the Board approves the lease tonight. If the Board doesn't approve the lease tonight, the agenda item is not needed. This will allow Lakey to have the bids back in time for the Board's consideration at the meeting in January. Butler made a motion to add Item 9.1 to the agenda. There were multiple seconds. All ayes, motion carries.
5. Reports by Board Members, Attorney and Secretary - Butler reported the appraiser hired by the EURA to appraise the old Chevron gas station property had cataract surgery and is unable to see for the next couple of weeks. In his original proposal, the appraiser specified a deadline of December 31st, 2014 for completion of the appraisal. The appraiser has asked for a 30-day extension. Butler asked if the Board had any objections to granting the 30-day extension. The new deadline would be January 30th, 2015. Hearing no objections, the extension was granted. No other reports were given.
6. Public comment on matters not on the agenda. (Please limit comments to 3 minutes maximum): None
7. Approval of November 17th Meeting Minutes: Jeff Kunz made a motion to approve the November 17th, 2014 meeting minutes with the following corrections: On Page 3, concerning the discussion of the Tri-City Meats lease, Kunz asked to strike the three sentences where (i) Attorney Adam Little (of Eberle Berlin, legal counsel for the Tri-City Meats property owners) proposed that Section 11.2 be modified to provide no right of separation of insureds; (ii) Lakey suggested checking with the Idaho Counties Risk Management Program (ICRMP) to ensure they are okay with this proposed modification; and (iii) Little withdrew his proposal. Stan Ridgeway seconded the motion. Kunz clarified his motion with Lakey. Lakey was okay with removing these sentences from the minutes. Butler called for the question. Mary McFarland abstained from the vote. Four ayes, motion carries.

8. Treasurer's report – Lindsey Pretty Weasel gave the report, no questions.
9. Discussion of rehab costs for Tri-City Meats properties and City Council action regarding tree removal, and possible payment of funds or other tree removal mitigation and execution of lease agreement. (Property located south of W. State St. and west of Eagle Rd.) Butler added this agenda item to hopefully sign the lease tonight. The City Council approved the removal of the trees with a \$9,000 reimbursement to the City's Tree Fund and made a special recommendation to the EURA to cover those costs. If the agency does pay the costs, the funds would need to be spent in the district. If the agency doesn't approve, then this item would go back to the City Council. Butler asked if any Board members had any comments about the lease. There were no comments.

Lakey went over the lease changes discussed with Little.

The lease starts on February 1st, 2015 and terminates on January 31st, 2017, with a not-to-exceed amount of \$72,000. The language in Section 4 provides the ability for the EURA to keep two of the existing trees located in the corner, if so desired. All other existing trees will be removed.

Section 8 deals with tree removal. The Tri-City Meats owners are asking that they not incur any costs pertaining to the removal of the trees. As long as the Board acts on the tree situation first, Butler is fine with this. Lakey spoke about his conversation with Planning & Zoning Administrator Bill Vaughan. The developer will be required to plant trees and make other improvements as well. No comments from Board members.

Section 14.3.1 states if there is an environmentally hazardous condition found on the premises at some future date (after the Phase 1 test), both parties wanted to be able to terminate the lease. If the EURA terminates the lease, it would be terminated for convenience and Tri-City Meats would keep the pre-paid rents from that point on. If the property owners terminate the lease for convenience, they would repay the pre-paid rents. No comments.

Section 18.1 states that if the property owners sell the property for development prior to the conclusion of the lease term, they have two options. The property owners can either provide notice of lease termination (for convenience, and repay the pre-paid rents) or get the lease assigned to the new property owners. No comments.

Section 27.10 stipulates that the property owners do not want to incur any expense or liability for the contribution to the Tree Fund now or in the future. The Board is okay with that. The final language says Tri-City Meats will not be held responsible for execution of the tree removal permit if the lease falls through. Kunz corrected three minor typos affecting readability: On Page 5, Section 13.4, the word "is" needs to be inserted into the sentence addressing lease termination for convenience by the landlord. On Page 8, Section 18, the word "upon" needs to be deleted. And on Page 12, Section 27.10, the word "or" should be changed to "of," as in "at time of redevelopment." Kunz clarified that the discussion of tree removal also covers shrub removal. Nick Zenovich initialed these corrections on the lease.

Butler made a motion that the EURA spend \$9,000 and put it into the City Tree Fund with a contingency that the City utilize that money within the Urban Renewal district if the lease moves forward and if the trees are removed. Kunz seconded the motion. A roll call was taken. Reynolds: aye; Butler: aye; McFarland: aye; Kunz: aye; Ridgeway: aye. All ayes, motion carries.

Kunz made a motion that the Board approve the proposed lease (with the aforementioned typos corrected) between Tri-City Meats and the Eagle Urban Renewal Agency and, as per agenda item 9.1, to approve the solicitation of bids for building demolition and tree removal. Jim Reynolds seconded the motion. A roll call was taken. Reynolds: aye; Butler: aye; McFarland: aye; Kunz: aye; Ridgeway: aye. All ayes, motion carries.

10. Presentation and discussion for possible execution of reimbursement agreement for public improvements planned as part of a mixed-use development on the property located at the southeast corner of Idaho St. and N. 2nd St. (Walter Lindgren, Johnson Architects, 139 N. 2nd St., Eagle, ID) Shawn Nickel of Yesterday Properties is the owner of the property being discussed. The applicant is proposing approximately 200 linear feet of right-of-way improvements to clean up N. 2nd St. and Idaho St. The proposed improvements would preserve the existing trees and complete the sidewalk connecting to the Eagle Senior Center.

The application will go before the Design Review Board, and the applicant has been getting correspondence back from the Ada County Highway District (ACHD). The developer is unsure when the actual development will happen, but is requesting the EURA's assistance in funding the construction of right-of-way improvements. Instead of a reimbursement like has been done for previous projects, the applicant is proposing funding and construction of these improvements in the near term prior to development. The applicant believes these improvements should be constructed now due to the safety and connectivity issues. Access and parking will also be improved. Kunz asked Lindgren to clarify what the applicant's proposed design would do to improve two-way traffic throughput. Lindgren explained the plan for improvement. Essentially, the applicant believes there should be no parking on N. 2nd St. due to safety issues. Discussion followed.

Lindgren reviewed the probable right-of-way improvement cost of roughly \$89,000. He also presented an incremental tax revenue matrix. With improvements, the property could generate an estimated \$90,000 in incremental tax revenues for the EURA over a 10-year span (assuming a 4% annual increase in the assessed property value and a 1% annual increase in the property tax levy rate). Kunz clarified the numbers with Lindgren – the \$90,000 is the total incremental tax revenue the EURA could realize if the improvements are made.

Kunz asked whether the proposed sidewalk widths comply with ACHD and City standards. Lindgren said if there is an anomaly, it is where they are trying to keep the trees intact. Discussion followed. Butler asked if they did it as cost effectively as possible, including only what the City will require. The applicant is currently waiting to hear back from the City with respect to any possible exceptions.

Jim Reynolds asked about the assumption of the 1% annual increase in the property tax levy rate and whether such an annual increase would be approved by future City Councils. Lindgren explained how he arrived at the numbers. Discussion followed. Kunz asked for the analysis to be re-run without the assumption of a 1% annual increase in the property tax levy rate. The analysis is not necessarily tied to the immediate start of a project, but the applicant is looking at the importance of connectivity, safety and future economic development.

Kunz asked about the Fusions Glass Studio owner's response to a possible loss of on-street parking. Lindgren said he hadn't talked with Linda Crouch (owner of Fusions Glass Studio).

Ridgeway asked for clarification on who is responsible for fixing the liability issue - the City of Eagle, ACHD or property owners? Why would the EURA make these corrections based on something that might happen in the future? Ridgeway's concern is that some parking could be lost and if this is a safety issue, then a sign should be posted now. Ridgeway would like there to be a promise that the project will be done. Ridgeway suggested that the Planning & Zoning Commission and City Clerk come to speak about the requirements and the property tax levy rates. Lindgren stated that the owner does have "skin in the game" since the application is before the City; it is more of a timing issue. Kunz clarified that the request is for upfront funding and construction of the right-of-way improvements. Lindgren agreed and stated having this upfront funding would help the actual project move forward. Hard numbers and costs are not known at this time. Kunz asked how much financial assistance from the EURA is needed in order for the proposed project to pencil successfully? Lindgren stated he didn't know the answer to this question and, again, that it is more of a timing issue.

McFarland asked if this project could be done as a reimbursement. Lakey stated that reimbursement is what the Board has done in the past. If the Board is inclined to approach the proposed project the way the applicant is suggesting, upfront funding is a possibility. Nickel spoke on the need to address the safety of the corner. Nickel's plan is to have the design application into the Design Review Board soon and to develop the property within the next three years. Nickel and his family own six different properties in the downtown area, so he is committed and invested. No public comment.

Items needed by the next meeting: A spreadsheet showing the incremental tax revenue from the proposed right-of-way improvements without the assumption of a 1% annual increase in the property tax levy rate and input a representative from the Ada County Assessor's office. Kunz will assist with this cost analysis. Ridgeway asked that the Planning & Zoning Administrator, City Clerk and District Attorney be present at the next meeting to explain the liability issue, infrastructure requirements and the property tax levy rate projections. Nickel had the Eagle Fire Department (EFD) come out and take centerline measurements of the street, and they are inadequate. Nickel and Lindgren will also talk to neighbors and businesses about possible loss of on-street parking. Kunz asked for development of a strategy and plan for additional, clearly-signed parking. McFarland made a motion to continue this agenda item to the next meeting. Kunz seconded the motion. All ayes, motion carries.

11. Discussion of previously reviewed reimbursement agreement for the project at 221 S. Eagle Rd. (Downs Realty) and details of what was actually constructed as public improvements qualifying for reimbursement by the URA and possible amendments thereto. Butler has been doing a lot of leg work on this project. Butler went over the reimbursement numbers the Downs were asking for. There is about \$3,000 - \$4,000 of unknown costs. Butler asked John Rennison (of Rennison Engineering) whether he heard back from the general contractor. Butler's concern is that about half of the plaza on the property is in the public right-of-way. Kunz asked about the stamped concrete and the required measurements. Butler went over the minimum requirements. Kunz made a motion to continue this agenda item to the next meeting. McFarland and Ridgeway seconded the motion. All ayes, motion carries.
12. Presentation and discussion regarding a development which may include a YMCA within the Eagle Urban Renewal District boundaries generally located at Highway 44 and the Old State St./Edgewood intersection. Discussion to generally include:
 - a. Overview of conceptual development plans in area
 - b. Community benefits of a YMCA
 - c. Expected URA revenue increases in area due to planned development
 - d. Possible pedestrian/bicycle crossing over State Highway 44
 - e. Funding options
 - f. URA allowances regarding financial assistance and process for possible amendments to URA plan, if necessary

John Rennison (Rennison Engineering, 410 E. State St., Eagle, ID) introduced Caleb Roope, owner of The Pacific Companies (430 E. State St., Eagle, ID). Roope went over the land his company owns or has under contract to purchase, and talked about what may be happening with these properties. Roope also went over some numbers of his company as well as what they specialize in. The Eagle Tennis Club (at Edgewood Crossing) would be a new endeavor for them. Roope commenced a formal market study with the YMCA and continues to work on the Eagle Tennis Club.

Jim Everett (Treasure Valley YMCA, 10945 W. Janie Rd., Boise, ID) introduced himself and stated that an Eagle YMCA was not on their strategic plan for this year. However, after meeting Roope, they realized they would love to work together. Everett gave an overview of the YMCA, talked about the Caldwell YMCA and described how the Caldwell URA was a huge supporter. The Caldwell crime rate has gone down 40% since the YMCA was built. In the Caldwell and surrounding school districts, all kids get eight free swim lessons as part of the YMCA's social responsibility objective. Everett stated the market study, which should be completed by mid-January, is important because it should indicate whether sufficient capital is available and whether operations could be sustained; he does not believe a facility could be constructed based purely on philanthropy or without municipal support. Everett gave an overview of the YMCA's finances. Not having a big debt service is very important if the YMCA is going to work.

Roope said he intends to donate the land for the possible YMCA in Eagle and conservatively summarized the estimated tax revenues at build-out. The assessed development and construction value is estimated at approximately \$108.7 million. The total property tax revenues are estimated at approximately \$1.25 million. The incremental tax revenues realized by the EURA are estimated at approximately \$805,000 annually (after the projected five-year build-out and net of school district pass-through amounts).

Darwin Parker (Banner Bank, 203 W. 1st Ave., Kennewick, WA) introduced himself, provided an overview of Banner Bank and covered some possible financial options. Banner Bank places municipal bonds only through private sales and direct placements; the bank does nothing related to public bond offerings. Banner Bank bought \$8.5 million worth of the Caldwell URA bonds. Kunz asked if bonds were floated for the Caldwell YMCA. Parker said he thought no bonds were floated and that the Caldwell URA came in with cash. Kunz asked about the typical number of years that bonds associated with recreational projects span. Everett stated that in Caldwell the span was 10 years. Kunz asked what the average interest rate was on those bonds. Everett said he didn't know, but would provide the numbers. Kunz then asked what the YMCA's "hurdle" rate or minimum acceptable rate on return (MARR) on recreational projects like this typically is. Everett stated that all they look for is a breakeven point that includes depreciation. The YMCA is a non-profit organization and needs to operate in that manner. Kunz asked if Everett could estimate how much the YMCA spends on maintenance per year. Everett said he would provide the maintenance costs.

Butler talked about the pedestrian/bicycle bridge. Butler would like to have the bridge moved over to the new proposed area of the YMCA. Lakey thought that would be a possibility because it is in the EURA's district.

Lakey spoke with ElJay Waite, the attorney for the Caldwell URA. Lakey got copies of the documents the Caldwell URA used in cooperation with the YMCA and noted that paying to support public infrastructure and improvements is the safest course legally. Lakey didn't think that EURA plan would need to be amended, as he looked and there are general references to community facilities. Specifically, Section 309.3 talks about development by the agency and says that in addition to the public improvements authorized under Idaho Code, the agency is authorized to install, construct or cause to be installed or constructed recreation facilities, an open space, civic centers and the like. Also, Section 403.2 states that the agency is authorized to permit the maintenance, establishment or enlargement of public, semi-public, institutional or non-profit uses, including park and recreational facilities. Lakey stated that the proposed Eagle YMCA concept is covered under the plan and, therefore, the plan doesn't need to be changed.

Lakey stated that the catch you always run into when supporting a private entity is the constitutional provisions under Article 8, Section 4 which prohibit the lending of government's faith, credit and funds to a private entity. However, if you can show and establish that the primary purpose of those funds is a public purpose or a public benefit, and the private benefit is really just ancillary, then the case law supports the contribution that has

some private benefit to a private entity, provided the public purpose is the primary basis and the primary use of those funds.

On Caldwell's project, they did an extensive capital campaign with a lot of community support. They ultimately developed what they called a "Development Ownership & Operating Agreement" between the YMCA and the URA. It dealt with the pledges and the fundraising from the YMCA. The initial donations were \$1.3 million in cash, \$2.6 million in outstanding pledges and \$1.9 million in future pledges. Those were the obligations put forward into the project by the YMCA.

In talking to Waite, Lakey thought that Caldwell did issue bonds. The document talks about the Caldwell YMCA owning the land and their responsibility to operate, construct and finance the facility. That financing was backed up by the pledge commitment and agreement by the URA to make payments or contributions. They really went the extra mile to make sure it was known that this wasn't a loan, that there was no interest and that it was for this entity specifically. The payment schedule started at \$300,000, with \$1 million a year after that and the last payment was \$700,000 over that 10 year period.

To further tie down the public purpose, there was language in the agreement that said the facility has to be open to everyone – people cannot be denied other than the reasonable rules that are set. They could also establish reasonable fees based on ability to pay. They really tried to create a public purpose in this private non-profit agency. The Caldwell URA's commitment was \$7.4 million to cover the cost of the facility and \$2 million to the YMCA to cover the financing costs. The agreement was used like a letter of credit, with the URA committing to make those payments.

McFarland asked that when the Caldwell URA promised these funds, were they realizing these funds back in the improvements within the district? Lakey thought that was the concept. Waite stated that the Caldwell URA had a fair amount of reserves built up to help fund that. Lakey didn't get into details about how much additional revenue was generated to help cover those commitments; Lakey can ask those questions of Waite.

Butler asked how much would be needed in financial contributions. Roope said the answer depends on the approach taken to facility development. For example, the Eagle Tennis Club could be a privately-financed endeavor (as a separate execution) and really sort of a partnership between the Eagle Tennis Club and the YMCA, where the Eagle Tennis Club provides tennis and the YMCA provides all other services. As a general rule, Roope said the YMCA is looking for donations from the sponsor, developer, community and municipality to finance half of the cost of facility development, with the other half being achieved through philanthropy. Roope said if the Eagle Tennis Club is carved out by itself, the YMCA would probably cost around \$15 million. They would ask for a \$7.5 million commitment, of which roughly \$2 million would be the land donated by Roope.

Butler observed that an estimated \$5-6 million dollars in contributions would still be needed from somebody. Butler stated that the URA's bank account has around \$300,000 in it, with a substantial amount already dedicated to existing projects. He doesn't see that amount of

money coming into play. Butler stated that if this project is going to be funded by the EURA, somehow the commitment has to be totally connected to the development in this area and not pulled from other areas.

Lakey stated that one difference in the agreement between the YMCA and the Caldwell URA was that the URA retained an ownership stake in the YMCA facility. So the facility was jointly owned by the YMCA and the Caldwell URA, which helped with the public purpose. The YMCA retained ownership of the ground underneath the facility. They pushed the envelope because of the support of a private entity, but they did a lot of things to establish a primary public purpose. Lakey noted this approach was not foolproof, went largely unchallenged and was not as legally safe as paying for public infrastructure and improvements. But the approach did lessen the risk.

If the EURA is issuing bonds, Lakey noted the agency's \$1.6 million bond agreement with Zions Bank could be utilized. If the YMCA issues bonds, then it is not covered under the agreement. Butler stated that he would not want the agency's \$1.6 million available under the agreement with Zions Bank to go towards the YMCA.

Roope stated there is a lot of interest in the growth of that area. Discussion followed.

Parks & Recreation Director Mike Aho spoke about the partnership with a lot of enthusiasm.

No public comments.

McFarland was happy with the pool aspect and the partnership. Reynolds thought a YMCA would be great for that part of town – he thinks it's a great project. Ridgeway agrees. Kunz would need to know more details about the financial and economic aspects, but appreciates the informative presentation. Butler likes the plan – great location, bike connections and spinoff development.

Butler asked what the next steps are: Discussions with Caldwell participants; financial and underwriting exploration. Everett suggested meeting with the Caldwell YMCA, Caldwell URA Attorney Waite, and Caldwell Mayor Garret Nancolas. Discussion followed.

13. Executive session pursuant to Idaho Code 67-2345(1)(c) – To consider acquisition of interest in real property. PUBLIC COMMENT WILL NOT BE TAKEN ON THIS ITEM.

McFarland made a motion to go into executive session. Reynolds seconded the motion. A roll call was taken. Reynolds: aye; Butler: aye; McFarland: aye; Kunz: aye; Ridgeway: aye. All ayes, motion carries.

14. Discussion of concept plan for public parking lot and mini-park/streetscape improvements for property being pursued for purchase by the URA. Property is located at the southwest corner of Old State St. and Eagle Rd. (old Chevron gas station property). ****Recording not picked up after Executive Session. **** The recollection is that the "extended" concept plan for a public parking lot and mini-park/streetscape improvements (that includes the old

Chevron gas station property) was approved on a split 3-2 vote, with Ridgeway and Kunz opposed due to the need to solicit public comment on and vet the concept plans. Since finances were involved, a roll call vote taken.

15. Adjournment. – Mary McFarland made a motion to adjourn, multiple seconds, all ayes – motion carries. Approx Time 8:45PM