

# Eagle Urban Renewal Agency

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Tuesday October 7<sup>th</sup>, 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 6:01PM.
2. Roll Call by Butler – Present: Reynolds, Kunz, Butler, McFarland, Ridgeway. A quorum is present.
3. Pledge of Allegiance
4. Amendments to agenda – Discussion on adding to the agenda
5. Public Comment on matters not on the agenda (Please limit comments to 3 minutes maximum): None
6. Approval of September 2<sup>nd</sup>, 2014 meeting minutes: Kunz made a motion to approve the September 2<sup>nd</sup> EURA meeting minutes with the following correction: Ninth agenda item, third sentence – Add the phrase “located on” after the word “property”. Reynolds seconded the motion; Ridgeway didn’t vote – otherwise, all ayes – motion carries.
7. Treasurer’s Report – Lindsey Pretty Weasel
  - a. Review of vouchers and checks: Reviewed
  - b. Bank statement review: Reviewed – McFarland did talk with one of the bankers at D.L. Evans; the EURA will have to order new checks in January.
  - c. Review Profit and Loss and Balance Sheet: Reviewed
8. Discussion and update from the Eagle Arts Commission on sculpture art project. Butler asked to postpone this to the next meeting for a report. Eagle Arts Commission Chairwoman Meg Glasgow sent her report to Butler last week. Discussion followed. District Attorney Todd Lakey refreshed the Board on the decision – the winning sculpture will be owned by the City, will be located within the EURA District and City limits and the EURA will be responsible for paying the \$5,000 to the Arts Commission. The EURA is awaiting information from the Arts Commission on who won the Eagle Sculpture Invitational, where the winning sculpture will be permanently placed and the reimbursement request. Lakey is okay approving the reimbursement request without a formal agreement since the Eagle City Council has committed to making this expenditure subject to the aforementioned conditions being met. This item will be on the next agenda.
9. Discussion of rehab costs for former Tri-City Meats properties (south of W. State St. and west of Eagle Rd.) and possible lease agreement. Lakey gave an update on the draft lease concepts and modifications made since the last meeting. The existing buildings and trees would be removed without cost to the property owners; it would be a part of the prepaid rent. The City has a process for establishing the value of each existing tree based on its type, size, location and desirability. Each existing tree of value removed is supposed to be replaced with a similarly-valued new tree. If an existing tree of value is not replaced, a contribution to the City’s Tree Fund is required unless waived. McFarland asked if the replacement of trees could be delayed until development. Lakey said that would be in the City’s control. P&Z Administrator Bill Vaughan is deferring the tree analysis until the status and direction of the draft lease is more definite.

The property owners, Nick Zenovich and Randy Hetrick, currently lease a portion of their property to Rembrandts Coffee House as a parking lot. Kunz asked a few initial questions – Would the draft lease between the property owners and the EURA include or exclude the Rembrandts’ parking lot? Depending on where the temporary parking lot would be located, would the existing trees need to be removed now? Discussion followed. Draft lease terms need to be agreed upon before discussing specific numbers.

Under the draft lease terms, the EURA would determine the portion of the property to be utilized as a temporary parking lot and the number of parking spaces to be constructed (subject to the maximum allowed by the City). The EURA would bear the cost of the application and approval process for the temporary parking lot.

The EURA discussed the possibilities of (and conditions related to) and solutions for condemnation, lease renegotiation and termination and whether (and how) “unearned” prepaid rents remaining to be reimbursed to the tenant could be recouped. The property owners would prefer not to have the concept of recouping of prepaid rents within the draft lease, and so the concept may have been removed. However, based on the EURA’s review and discussion, the concept was inserted. Butler opined that as long as the property is being developed, the EURA should not seek reimbursement. McFarland asked if the EURA spends public funds to improve the property and the property owners should subsequently decide they don’t want to lease the property any more, what is the guarantee that the EURA will not lose its public parking? If the property owners should cancel the lease because the property is sold with a development commitment, then she said the development should move forward. However, if the property owners should cancel the lease without cause or in the absence of a development commitment, she said this could cause a problem with inappropriate use of public funds. Ridgeway said he could potentially support such verbiage appearing in the lease to protect the investment; however, he noted that if the property is leased for the full term or sold earlier with a development commitment, the prepaid rents would have been earned and the investment would eventually be recovered through higher property taxes. Reynolds noted that there are also parking lot construction costs to be considered. Kunz said it would be important to accelerate both renewal of the property and recovery of the public investment. If the EURA should terminate the lease without cause or by default, then the property owners would retain all prepaid rents.

Butler proposed capping the maximum budget at \$100,000 for property clean-up and construction of the temporary parking lot. McFarland recommended that the EURA approach the Ada County Highway District (ACHD) to find out whether they would require curb, gutter and sidewalk improvements without knowing the preferred alternative (treatment plan) for the Eagle Rd./St. Street intersection. Kunz and Butler suggested the temporary parking lot should be situated on the property close to State St. (where a sidewalk already exists) near the Eagle Rd./State St. intersection. McFarland said the budget should dictate the temporary parking lot’s size and number of spaces. Butler and Ridgeway will investigate applicable issues with ACHD.

The EURA discussed whether the lease should include or exclude the portion of the property currently leased to Rembrandts Coffee House as a parking lot on a month-to-month basis. If the space is excluded from the lease, then the current property owners could continue to lease the space to Rembrandts and retain all of the rental income. If the space is included in the lease, then the EURA could sublease the space to Rembrandts; however, a decision would need to be made about how to distribute the rental income. For the portions of the property governed by the lease between the property owners and the EURA, the EURA could potentially sublease to anyone they like and could retain all of the rental income or share the rental income with the property owners.

Butler opined that the Rembrandts' parking lot should be excluded from the lease to avert potential issues. For example, ACHD may want to review the plans for the entire property and may not want people parking where they may have to walk through public streets or parking lots to get to their destination.

Property owners Zenovich and Hetrick would consider excluding the Rembrandts parking lot from the lease, but like the thought of bundling the entire property together within the lease. They would like to keep the rental income from the Rembrandts parking lot for the first two years, regardless of who handles the lease. The property owners noted that excluding the Rembrandts parking lot from the lease would necessitate maintaining insurance policies on the separate properties. Discussion followed.

Butler would like to see the maximum budget capped at \$60,000-\$65,000 for property clean-up and \$20,000-\$30,000 for construction of the temporary parking lot. He doesn't care if the property owners retain all of the rental income realized from the Rembrandts parking lot and suggested that any income realized through subleasing of other portions of the property should be split evenly. Discussion followed.

The EURA discussed what would happen after the 24-month lease term. Lakey said the answer depends on what the EURA would want to happen. The draft lease currently states that the lease could be re-negotiated in good faith. Discussion followed.

Since the lease for the temporary parking lot may not be renewed, and to simplify matters and to minimize potential disruptions to Rembrandts as an on-going business concern, there was a consensus among a majority of EURA members that the Rembrandts parking lot should be excluded from the lease. Zenovich and Hetrick do want to get the lease completed and are committed to making the lease work.

Although they are considering the matter, Lakey concluded the property owners were agreeable to the concept that if they terminate the lease because their property is sold for development purposes, no reimbursement of prepaid rents would be required. Otherwise, if they terminate the lease without cause or by default, a pro-rated reimbursement of the prepaid rents would be required. If the EURA terminates the lease early or by default, no reimbursement of prepaid rents would be required.

There was also a discussion on which repairs and maintenance the EURA and property owners would each be responsible for. Discussion followed. The EURA would provide regular maintenance on the property controlled by the lease.

If toxic or hazardous conditions (not caused by the EURA) are discovered on the premises, either party could terminate the lease and the prepaid rents would be proportionally reimbursed to the EURA. Lakey said he could revise the lease to indicate that if the property owners terminate the lease due to toxic or hazardous conditions, the prepaid rents would be reimbursed; otherwise, the prepaid rents would not be reimbursed. The EURA (as lessee) would be responsible for cleaning up any toxic or hazardous conditions it creates. Discussion followed. Lakey will remove the reimbursement requirement if there is an environmental problem. Upon signing the lease, the EURA would immediately have a Phase 1 inspection performed. If the Phase 1 inspection results are unacceptable, then the EURA would have the right to terminate the lease.

Lakey will rewrite the draft lease to reflect the aforementioned discussions and send Zenovich and Hetrick and all EURA members a review copy of the revised draft lease. If Butler can get a small concept plan (from South Landscape Architecture) for the temporary parking lot that can be reviewed by ACHD, there may not be a need to add an "out" and specify a not-to-exceed budget amount in the revised draft lease.

McFarland made a motion to continue this agenda item to the next meeting. Reynolds seconded the motion – all ayes – motion carries.

10. Discussion and possible execution of agreement to use EURA-retained landscape architect, South Landscape Architecture, for a concept plan and conditional use permit submittal for the temporary parking lot at the former Tri-City Meats property, located on the south side of State St. about 200 feet west of Eagle Rd. Butler recommended that the EURA hire South Landscape Architecture for the first (concept) phase. McFarland made a motion to execute a not-to-exceed \$1,500 agreement between the EURA and South Landscape Architecture for a concept plan and conditional use permit submittal for a temporary parking lot at the former Tri-City Meats property located on the south side of State St. about 200 feet west of Eagle Rd. Reynolds seconded the motion. A roll call vote was taken: Reynolds: aye; Kunz: aye; Butler: aye; McFarland: aye; Ridgeway: aye – all ayes, motion carries.
11. Discussion and possible approval of a reimbursement agreement for the project at 221 S. Eagle Rd. in downtown Eagle. Lakey stated the Downs Realty & Auctions reimbursement agreement was prepared with an effective date of September 2<sup>nd</sup>, 2014 prior to their receiving the certificate of occupancy. The agreement, which has been signed by the Downs, capped the total reimbursement amount at \$11,131.50. Once signed, the Downs will submit a reimbursement invoice. Kunz would like to see an itemized invoice that indicates only the highlighted items (shown in Exhibit A) are subject to reimbursement. McFarland made a motion to approve a not-to-exceed \$11,131.50 reimbursement request for the project at 221 S. Eagle Rd. Butler seconded the motion. A roll call vote was taken: Reynolds: aye; Kunz: no; Butler: aye; McFarland: aye; Ridgeway: abstain – 3 ayes, 1 nay and 1 abstention. Motion carries.
12. Executive Session pursuant to Idaho Code 67-2345(1)(a) and (c) – to consider hiring an individual agent and/or acquisition of interest in real property. PUBLIC COMMENT WILL NOT BE TAKEN ON THIS ITEM. Butler made a motion to go into executive session pursuant to Idaho Code 67-2345(1)(a) and(c) to consider hiring an individual agent and/or acquisition of interest in real property, McFarland seconded the motion. A roll call vote was taken: Reynolds: aye; Kunz: aye; Butler: aye; McFarland: aye; Ridgeway: aye – all ayes, motion carries.
13. Discuss proposals from appraisers and possible appraiser selection for Smith property. Butler made a motion to hire Mark Richey with Idaho Land and Appraisal to move forward with an appraisal of the Smith's property (located on the southwest corner of the Eagle Rd./State St. intersection) to get a better idea of its possible value and to continue working with the Smiths to resolve some issues regarding the look of the property. McFarland seconded the motion. A roll call vote was taken: Reynolds: aye; Kunz: aye; Butler: aye; McFarland: aye; Ridgeway: aye – all ayes, motion carries.
14. Adjournment. McFarland and others made a motion to adjourn, multiple seconds were received. Meeting adjourned.