

# **Eagle Urban Renewal Agency**

---

**Tuesday, December 1<sup>st</sup>, 2015**  
**Regular Meeting**  
**Eagle City Hall**  
**660 E. Civic Lane, Eagle, Idaho**

1. CALL TO ORDER – The meeting was called to order at 6:01PM.
2. ROLL CALL: REYNOLDS, BUTLER, MCFARLAND, KUNZ, RIDGEWAY – All members were present except Mary McFarland, who was en route to the meeting. A quorum was present.
3. PLEDGE OF ALLEGIANCE – The Pledge of Allegiance was recited.
4. ADDITIONS, DELETIONS OR MODIFICATIONS TO THE AGENDA – None
5. REPORTS BY BOARD MEMBERS, ATTORNEY AND SECRETARY – Jeff Kunz reported the agency’s administrative information was updated on the Local Governing Entity (LGE) Registry. He explained the slight delay in the placement of parking barriers on the “Park at your own risk” lot on the former Tri-City Meats properties.
6. TREASURER’S REPORT – Lindsey Pretty Weasel gave the report.
  - A. Review of vouchers and checks.
  - B. Review of bank statement.
  - C. Review of profit and loss sheet and balance sheet.
7. APPROVAL OF MINUTES – November 5<sup>th</sup>, 2015 minutes  
Jim Reynolds made a motion, seconded by Stan Ridgeway, to approve the minutes. A voice vote was taken. The motion passed unanimously.
8. UNFINISHED BUSINESS:
  - A. Consideration and possible action on a reimbursement agreement with The Pacific Companies to construct certain public improvements on the “Edgewood Crossing,” “East End Marketplace” and “Eagle Lake” properties from tax increment revenues generated from the projects. The properties consist of ~100 acres of land at the corners of Edgewood Lane and State Highway 44 and along E. Riverside Drive.  
  
Caleb Roope, President/CEO of The Pacific Companies, and John Rennison of Rennison Engineering participated in the discussion.  
  
Attorney Todd Lakey introduced the major concepts in the ownership participation agreement related to properties ownership, contracting entities and assumption of obligations under transfers of ownership. Roope identified the three properties, ownership and contracting entities and his willingness to be bound by the agreement. Lakey asked Roope about establishing a baseline year for assessing the value of the properties and determining the tax increment revenues available for reimbursement. Roope proposed 2014 as the baseline year since that is when his companies acquired the properties.  
  
Roope said the Ada County Assessor will generally reassess property values every two years absent a change of ownership. Kunz cautioned the tax increment revenues available for reimbursement would lag until after the public improvements are completed, the property values are reassessed and the tax increment revenues are received by the agency. Roope acknowledged this lag. Lakey inquired about the funds already received by the agency and what tax years they applied to – should the agency retroactively reimburse for the increased property values, although the public improvements have not been completed? Roope said he didn’t know the answer. He noted taxes effectively get paid twice a year

and tax payments to the agency flow in approximately June and December. Given the proposed baseline year of 2014, the agency would not realize tax increment revenues reimbursable under this agreement until after December 2015.

Lakey asked Roope about reimbursement of actual construction and/or financing costs associated with the public improvements. Roope is seeking reimbursement of actual construction and financing costs associated with the physical improvements. He is not seeking equity-related returns. He said the Board could impose a cap on financing costs subject to reimbursement. The Board was okay with reimbursing actual construction and financing costs associated with the public improvements. Roope will quantify these eligible financing costs (not estimated to exceed \$50,000).

Lakey asked Roope about the completion dates of the public improvements – the default and breach terms within the agreement require these completion dates to be specified. Practically, Roope said his companies anticipate completion of the public improvements on all three properties by the end of 2016. However, to provide some flexibility, he proposed “June 30, 2016” as the deadline for completion of the public improvements on the “Edgewood Crossing” property and “June 30, 2017” as the deadline for completion of the public improvements on the “East End Marketplace” and “Eagle Lake” properties. Kunz requested that each line item shown in the attachment entitled “Reimbursable Public Improvements” specify a completion date. Lakey asked whether a private development schedule should be specified. Roope said the public improvements and private developments would occur concurrently; however, due to unforeseen circumstances that could arise (e.g., market timing), he requested not to be bound to a specific private development schedule. He noted there is a built-in incentive to complete the public improvements as quickly as possible to expedite reimbursements. Kunz requested that the revenue and expenditure projections and the estimated annual reimbursement amounts be included in the agreement. Lakey asked Roope to delete the proposed YMCA line item from the revenue projections.

Roope requested the first paragraph of the non-discrimination and non-segregation clause within the agreement include language stating “... unless otherwise permitted by federal fair housing law” to signpost that an age-restricted senior housing development is being contemplated. Under the section dealing with no encumbrances except mortgages, deeds of trust, sales and leaseback or other financing for development, he proposed adding language to the end of the second sentence (in the first paragraph) stating that “... and such financing is used for the reimbursable public improvements.” Ridgeway requested that the agency receive encumbrance notifications, so it can request copies of the financial paperwork as appropriate and necessary.

(McFarland arrived at the meeting at approximately 6:35PM.)

Lakey reviewed several sections of the owner participation agreement, including the agency’s obligation to reimburse the participant for actual construction and financing costs of eligible public improvements from 75% of the tax increment revenues generated by the entire development program during the remaining life of the agency (unless the agency’s lifetime is extended) and termination provisions. He also reviewed the exhibits to the agreement.

Mark Butler made a motion, seconded by Ridgeway, to approve the owner participation agreement with the changes identified during the meeting. (The agency’s attorney will make the changes). The motion authorized the agency’s chairman to review and execute the final agreement unless specific issues are identified that preclude execution, in which case the agreement and issues will be brought back to the Board at the next meeting. A roll call vote was taken: Ridgeway: yes; Butler: yes; Kunz: yes; McFarland: yes; Reynolds: yes. All yeses. The motion passed unanimously.

- B. Consideration and possible action on a letter of intent with The Pacific Companies, approving the concepts for public restrooms and parking facilities and public park and pathway improvements on the “Eagle Lakes” property. The letter of intent is subject to working with the City of Eagle on the design concepts and approvals.

Roope and Rennison participated in the discussion.

Lakey noted the letter of intent expressed what the agency plans to do, but is not a binding agreement. The letter of intent sets forth the subject property (i.e., “Eagle Lakes”) and the location of the public improvements. Conceptually, Roope would prefer the letter of intent apply to all three properties (“Edgewood Crossing,” “East End Marketplace” and “Eagle Lakes”) rather than only one property (“Eagle Lakes”) since he views the 100-acres as one development program. Roope requested the owner participation agreement (from the previous agenda item) be amended to include the public improvements proposed in the letter of intent, so that the tax increment revenues generated by the entire development program would apply to all public improvements, including those that could occur if his efforts to negotiate the purchase of certain mobile home parks are successful. Kunz asked Roope whether doing so would affect the line items related to the public restrooms, parking facilities and park and pathway improvements. Roope said no, the letter of intent captured the intended public improvements. Roope noted these particular public improvements would be delayed relative to those found in the owner participation agreement. Kunz observed these particular public improvements would not be constructed until 2017 and, as such, he requested that specific completion dates for the public restrooms, parking facilities and park and pathway improvements be specified in an attachment to the letter of intent. Roope proposed “June 30, 2018” as the completion date for these public improvements. If Roope is successful in purchasing certain mobile home parks, he may propose that certain relocation expenditures be eligible for reimbursement. He could approach the agency with an alternative request (e.g., to ask the agency to issue bonds or pay upfront for certain relocation expenditures).

Butler said he favored specifying within the letter of intent that the tax increment revenues subject to reimbursement encompass all three properties (i.e., the entire development program). Kunz expressed his preference for keeping the owner participation agreement and letter of intent as separate documents, since the public improvements found within the letter of intent will be delayed relative to those found in the owner participation agreement.

McFarland emphasized the importance of constructing the public restrooms and parking facilities near the public parks and pathways for accessibility. She asked why these public facilities were located so far apart on the site map. Roope said the locations shown on the site map are not final and he would be amenable to locating these public facilities elsewhere. He said one concept would be to locate the public restrooms and parking facilities adjacent to the lakes and other amenities connecting to the greenbelt. Roope said the location of the public restrooms and parking facilities was not intended to keep the public from walking through these neighborhoods. Roope envisioned the public pathways going around the lakes.

Kunz requested that the revenue and expenditure projections for these recreational line items (subject to reimbursement), the completion dates of “June 30, 2018” and the estimated annual reimbursement amounts be included as an attachment to the letter of intent. Roope will provide this information.

Lakey said the letter of intent mirrors certain terms in the owner participation agreement. He will modify the letter of intent to indicate the tax increment revenues subject to reimbursement encompass all three properties and include it as an attachment. He will add language that these public improvements can be executed through a separate owner participation agreement or through amendment of the owner participation agreement.

Butler made a motion, seconded by Reynolds, to approve the letter of intent with the changes identified during the meeting. (The agency’s attorney will make the changes). The motion authorized the agency’s chairman to review and execute the final letter of intent unless specific issues are identified that preclude execution, in which case the letter of intent and issues will be brought back to the Board at the next meeting. A roll call vote was taken: Ridgeway: yes; Butler: yes; Kunz: yes; McFarland: yes; Reynolds: yes. All yeses. The motion passed unanimously.

9. NEW BUSINESS:

- A. Consideration and possible action on a reimbursement agreement with Virtual IT, Inc. to construct certain streetscape improvements. The property is located at 120 N. 1<sup>st</sup> Street.

Butler disclosed he owns 25% of a property located at 172 E. Idaho Street (across the street and one lot away from the Virtual IT property). He participated in this matter when it came before a previous Board and asked Lakey if his ownership interest posed any issues. Lakey said there were no issues since none of the proposed reimbursements are adjacent to Butler's property and he has no financial interest.

Tavis Reche, President/CEO of Virtual IT, Inc., and Walt Lindgren of Lindgren:Labrie Architecture participated in the discussion.

Kunz introduced the reimbursement agreement approved by the previous Board in June 2013, which expired in June 2014. No extension was requested. He questioned how the planned conversion of the building's second floor from residential to commercial affected the reimbursement request, if at all.

Lindgren noted that Virtual IT originally proposed right-of-way improvements at the northeast corner of E. Idaho Street and N. 1<sup>st</sup> Street with ground-floor office space and two residential apartments on the second floor. Since then, the Reches have re-assessed the project and cost factors that rendered the original project financially infeasible. They have received approvals from Design Review and the Ada County Highway District (ACHD), but these approvals have expired. He showed a conceptual drawing of the proposed building. The second-floor conversion from residential to commercial does not physically affect the proposed public streetscape improvements and related costs.

McFarland asked Lindgren about the parking needs and challenges posed by conversion of the building's second floor from residential to commercial. Lindgren thought residential would have been more challenging because of the required number of parking spaces per dwelling unit. He mentioned the alley proposed for construction north of E. Idaho Street. The current Board deferred a decision on reimbursement of proposed alley construction costs until progress on potential development emerges. The proposed alley is not part of the Virtual IT application.

Lindgren noted Virtual IT is seeking reimbursement for approximately 190 to 200 linear feet of public streetscape improvements along the north side of E. Idaho Street and the west side of N. 1<sup>st</sup> Street. Unless the Board has a different perspective, Butler opined the public streetscape improvements have not changed and, therefore, the reimbursement commitment should be reinitiated. He said the building's financing is contingent on converting the second floor to commercial. Ridgeway would prefer the public streetscape improvements be reimbursed through tax increment revenues generated from the project.

McFarland asked Reche whether the building's financing is contingent upon the agency reimbursing for the public streetscape improvements. Reche said the financing was not contingent upon this; however, whether building construction makes sense would depend on the reimbursement proposal.

Kunz asked when Virtual IT would seek reimbursement for the public streetscape improvements. Reche estimated building construction would begin in March 2016 and end in November 2016. Kunz asked whether the public streetscape improvement line items and related costs have changed. Lindgren said the line items and related costs have not changed substantially based on historical data; however, the original cost estimates excluded "soft" costs of a 10% contingency (of \$8,385) and a 7% general construction fee (of \$5,870), which increased the estimated total costs from \$80,188 (under the original reimbursement agreement) to \$98,105 (under the new reimbursement request). Kunz noted the agency has other pending financial obligations and could financially overextend itself if the Virtual IT reimbursement were to be approved and fully reimbursed during the current fiscal year. He expressed a preference for splitting the Virtual IT reimbursement across the current and next fiscal years. Lindgren did not anticipate any concerns with doing so. Reche would prefer not to do so unless deemed necessary by the Board. Treasurer Pretty Weasel said the agency would receive its next installment of tax increment revenues in February 2016.

Lindgren did not have an estimate of the assessed property value with the proposed building and public streetscape improvements, but observed the appraised market value of the fee-simple estate at stabilization (in November 2016, after building construction with commercial uses) is \$940,000. (The current assessed property value is \$113,800.)

Ridgeway said some public streetscape improvements would probably be completed prior to building construction, so the agency could reimburse for the public streetscape improvements completed this fiscal year with the remainder to be reimbursed next fiscal year. The agency could also specify a not-to-exceed reimbursement amount. He questioned whether “soft” costs should be reimbursed.

Butler and Kunz proposed revising the agreement to reimburse approximately one-half of the actual costs of the public streetscape improvement this fiscal year and the remainder next fiscal year. Ridgeway proposed a not-to-exceed reimbursement amount based on actual costs, so the agreement doesn’t need to be brought back to the Board for review. Lindgren will provide the agency with revised cost estimates for inclusion in the reimbursement agreement. Lakey clarified the public streetscape improvements must be completed in accordance with applicable standards and accepted before reimbursements occurs, with the reimbursements to be split in half across the current and next fiscal years. Ridgeway noted larger tree grates and upgraded irrigation systems in public rights-of-way are required elements of public streetscape improvements.

Butler made a motion, seconded by Ridgeway, to approve the reimbursement agreement for public streetscape improvements for the property located at 120 N. 1<sup>st</sup> Street. (The agency’s attorney will modify the original reimbursement agreement to specify a not-to-exceed amount of \$98,105, with one-half of the actual cost of the public streetscape improvements being reimbursable during the current fiscal year, and the remainder being reimbursable next fiscal year (unless none of the public streetscape improvements are completed during the current fiscal year, in which case the entire amount could become reimbursable next fiscal year). The agreement will expire in one-and-a-half years.) Approval of the agreement is contingent upon (a) the changes identified during the meeting; (b) only the actual cost of completed public streetscape improvements being eligible for reimbursement (at a not-to-exceed amount of \$98,105); and (c) all necessary city and agency approvals being obtained. The motion authorized the agency’s chairman to review and execute the final agreement unless specific issues are identified that preclude execution, in which case the agreement and issues will be brought back to the Board at the next meeting. (Kunz noted certain other items in the original reimbursement agreement would need to be modified.) A roll call vote was taken: Ridgeway: yes; Butler: yes; Kunz: yes; McFarland: yes; Reynolds: yes. All yeses. The motion passed unanimously.

(A brief recess was called. The meeting re-convened at 7:43PM.)

- B. Consideration of possible financial assistance with engineering and construction costs associated with a right-in, right-out access on the north side of State Highway 44 generally at the halfway point between the N. Eagle Road intersection and State Street/Riverside Drive intersection and the roadway connecting the access point to the Plaza Drive extension.

Greg McVay, one of two subject property owners, and attorney Stephen Goldstein participated in the discussion.

Butler summarized a joint meeting held on December 1, 2015 with the property owners, developers, the Idaho Transportation Department (ITD), Ada County Highway District (ACHD), city staff and agency representatives. Butler, Ridgeway and Lakey attended the meeting. He showed the property owners’ layout of a possible location for the right-in, right-out access point and roadway connecting State Highway 44 to the Plaza Drive extension. The main two takeaways were:

1. If the developer submits an application before the Plaza Drive extension goes out to bid and before the bid is accepted by ACHD, the developer (rather than ACHD) assumes the funding and construction responsibilities. (The Plaza Drive extension will go out to bid in November with construction to begin next spring.)

2. How will the roadway connecting the right-in, right-out access point on State Highway 44 to the Plaza Drive extension be funded? ACHD will not fund it. The City of Eagle may not have funds available. The estimated construction cost is between \$500,000 and \$750,000 for the connection to the highway, construction of the acceleration and deceleration lanes and the roadway itself. The property owners and developers are open to the idea of contributing to the funding with reimbursement through tax increment revenues. The property owners emphasized that the access point and roadway drive the commercial viability of the property. The developers estimated at build-out, the value of the mixed-use and commercial developments planned for the property could be \$65 million. The agency could receive \$600,000 annually in tax increment revenues from the planned development. The property owners would like the proposed northern access point to align with the access point approved on the south side of State Highway 44.

Butler emphasized the importance of reviewing the legal descriptions of the right-of-way boundary. Is the right-of-way boundary at the property line or at the center of State Highway 44? If the right-of-way boundary is at the center of State Highway 44, the property is within the urban renewal district boundaries and the agency could assist with funding; otherwise, the agency could not assist with funding. General discussion on possible funding alternatives by the agency followed.

The property owners and developers are meeting with ACHD, ITD and other representatives to understand the rules and see if they can work together to make progress.

McFarland made a motion, seconded by Ridgeway, that the agency write a letter to the City of Eagle, ACHD and ITD supporting the concept of a right-in, right-out access on the north side of State Highway 44 generally at the halfway point between the N. Eagle Road intersection and State Street/Riverside Drive intersection and a roadway connecting the access point to the Plaza Drive extension. The access point on the north side of State Highway 44 should align with the access point approved on the south side of State Highway 44. A roll call vote was taken: Ridgeway: yes; Butler: yes; Kunz: yes; McFarland: yes; Reynolds: yes. All yeses. The motion passed unanimously.

10. ADJOURNMENT. McFarland made a motion, seconded by Reynolds, to adjourn. A voice vote was taken. The motion passed.