

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:00 p.m. Council Chambers were open to the public, and the meeting was held in person and by teleconference. The video conference was conducted via Zoom and was made available to all members of the public in a format that allowed all participants to hear the meeting, including all deliberations by members of the Urban Renewal Agency board and other speakers addressing the board, whether in person or via virtual connection, and to comment if so desired, all of which was noted in the agenda, email, and notices at council chambers and on the city's website.

Present were Chairman Gary Warr, Commissioner Kathy Cone, Commissioner Shonna Fraser, and Commissioner Jason Peterson. Commissioner Bryan Craig joined the meeting at 3:04 p.m.

Also present were City Clerk Bernadette Coderniz, City Administrator Mike Williams, Finance Director Ross Hyatt, Accounting and Budget Manager Lori McCrae, City Engineer Tyson Clark and IS Director Carlos Hernandez. Legal Counsel Ryan Armbruster joined via teleconference.

PLEDGE OF ALLEGIANCE:

Chairman Warr led the audience in recitation of the pledge of allegiance.

AMENDMENTS:

A. Amend agenda to include the following action item under Business:

A. Approve audit report for the fiscal year ended September 30, 2020 and file with applicable entities

Commissioner Cone made a motion to amend the agenda to include approval of the audit report and accept the amendments to the agenda. Second to the motion was made by Commissioner Fraser. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Cone, Commissioner Fraser, and Commissioner Peterson. **NAYES:** None.

B. Amend agenda to include the following action item under Business:

D. Ratify the approval of the following:

1. The January 7, 2021 regular meeting minutes
2. The February 2021 claims
3. The February 2021 staff financial reports
4. Schedule for the annual report

Mr. Armbruster explained that these items were not on the agenda posted earlier in the week. He further stated that, due to technical issues during the February 4th meeting whereby Zoom access was unavailable, Item D has been added to this agenda as a precautionary measure for approval; the items listed were originally approved by the board during the February 4th meeting.

Commissioner Cone made a motion to amend the agenda to include item D, items 1-4. Second to the motion was made by Commissioner Fraser. After consideration the motion passed

unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Cone, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

CONSENT CALENDAR:

Items in the consent calendar are as follows:

- A. Approve minutes of the February 4, 2021 regular meeting
- B. Review and approve claims for March 2021
- C. Review and approve staff financial reports for March 2021
City of Jerome, \$1,626.13; Elam & Burke, Inc., \$805.10

Commissioner Craig made a motion to approve the consent calendar as presented. Second to the motion was made by Commissioner Fraser. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Cone, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

AUDIT REPORT FY ENDED SEPTEMBER 30, 2020:

Ms. Laurie Harberd presented the audit report for Fiscal Year ending September 30, 2020 and provided a brief overview of each section. The report on pages 1 and 2 showed a modified, or clean, opinion with no material misstatements as part of the audit. Financial statements were audited with the responsibility of statements falling upon the agency. The report states the audit was conducted in accordance with generally accepted auditing standards and government auditing standards, and determined that the financial statements are fairly presented in all material respects in conformity with generally accepted accounting principles. Pages 3-8 show the management and analysis discussion and noted that it is not audited but reviewed to ensure consistency with the financial statements. Pages 9-10 have the first set of financial statements. The government-wide statements are full accrual (all assets and liabilities are included); the net position (aka net worth) is \$633,000. The Statement of Activities lists expenses and revenue sources. Pages 11-12 are the fund financial statements which are based on modified accrual (current financial resources and expenditures). All four URA areas are listed with the revenues and expenditures for each area; all show a positive fund balance. Notes to the financial statements are on pages 13-20 and give specific information on the numbers in each of the financial statements. Notes include Summary of Significant Accounting Policies; Cash and Investments; Capital Assets owned by the agency; Change in Long-Term Liabilities including debt service requirements; and, Inter-fund Transfers.

Budgetary Comparison Schedules are found on pages 21-25 with budget-to-actual comparison schedules for each area; all areas did better than budgeted. The second audit report is found on pages 26-27 and reviews internal control over financial reporting, compliance and other matters. Internal control procedures and processes are reviewed but an opinion is not expressed; no problems with internal control were found. Additionally, tests of compliance are performed with certain provisions of laws, regulations, grants, agreements, etc. and no issues were found.

Ms. Harberd noted that a Governance Letter is included with the packet and is part of the audit per recommendation. It includes significant audit matters including difficulties encountered in the audit and disagreements with management, neither of which were found. Also included are corrected misstatements and notes that there were no management consultations with other independent accounts nor were there any audit findings or issues.

Commissioner Craig made a motion to authorize completion of this audit and direct staff upon completion to file with appropriate entities. Second to the motion was made by Commissioner Fraser. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Cone, Commissioner Fraser and Commissioner Craig. **NAYES:** None.

PRELIMINARY CALENDAR YEAR REPORT OF ACTIVITIES:

Mr. Williams reviewed the 2020 Annual Report with the board and expressed appreciation to the finance department for compiling the information within the finance report. He stated that once the report is reviewed and approved by the board it will be published on the city's website and social media page. Highlights of the report were reviewed in detail including activity in the four Urban Renewal districts. The Executive Summary highlighted the activities in 2020 including the following:

Area 2:

1. The reimbursement agreement with Scoular for their new barley concentrate facility
2. The agreement with Intermountain Gas to extend natural gas service into the Southeast Industrial Park (this project will serve both Areas 2 and 4; rock removal estimates have not yet been received but are anticipated)

Area 3:

1. The purchase of property on W. Main Street for future development
2. The extension of the Exclusive Right to Negotiate Agreement with Summit Creek Capital for the redevelopment of Blocks 55/56/66 (a Development and Disposition Agreement with Summit Creek Capital may be presented at the next URA meeting with construction commencing later this year)
3. The redevelopment of Shepherd's Park Tennis Courts and an RFQ to be published Monday.

Area 4: New construction at the Nelson Jameson and Western Dairy Transport facilities.

Area 5: No major activities to report at this time

The map of all areas and boundaries were included in the report. Strategic Priorities and objectives were also reviewed at length including downtown area marketing and revitalization; recreational opportunities (i.e. Shepherd's Park); continuing the marketing of Areas 2, 4 and 5 for industrial expansion; paying down debt and be debt free in Area 2; acquiring empty buildings and open spaces along with improving parking opportunities in Area 3; maintaining adequate water and sewer capacity for economic development; and, supporting the walkability and connectivity between key gathering points in the City and URA areas. Mr. Williams noted that he engaged a financial advisor for an update on revenue streams and advanced funding opportunities for some of the projects and possibly the opportunity to partner with a Community Block Development Grant this year.

Tax Increment Revenues in 2020 were briefly reviewed and Mr. Williams stated that in Area 2 the revenues are at an all-time high primarily due to the expansion of Idaho Milk Products. Area 3 revenues also continue to increase as developments occur and values rise. He reported some revenue in Area 4 due to increased property values as infrastructure was expanded into that

Area. Additionally, revenues in Area 5 look good due to industrial expansions (Magic Valley Quality Milk Producers). An overview of the five areas (including the S. Lincoln District) is included in the report along with summaries of increment values of the districts. Mr. Williams spoke of Area 2 and the increased values due to the infrastructure investments; staff is hopeful that the Area can close out early. He also spoke of the project priorities and allocations for Fiscal Year 2021. The practice of taking fund balances and placing them into unrestricted reserves for unanticipated capital projects creates the ability to fund new opportunities. He noted that the public will be given the opportunity to comment on the report at the special meeting scheduled for March 18th; the report will also be posted on social media and the City's website. Additionally, financial statements are available for the public to examine. Mr. Armbruster commented that he will send a list of properties owned and steps to be taken to dispose of the properties and include it in the legal compliance section of the report.

Commissioner Craig made a motion to authorize Mr. Williams to complete the report, distribute as indicated, and return on March 18th to accept any public comment. Second to the motion was made by Commissioner Cone. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Cone, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

SUMMIT CAPITAL AGREEMENT:

Mr. Armbruster noted that he and Mr. Williams developed a Disposition and Development Agreement (DDA) for Summit Capital to review, however, a response has not yet been received. For compliance purposes, the board will move to continue working with Summit Creek Capital.

Commissioner Craig made a motion to recognize that a DDA has been submitted and that staff with developer will continue to work on it and bring to the board for consideration on March 18th. Second to the motion was made by Commissioner Fraser. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Cone, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

RATIFY APPROVALS:

Mr. Armbruster stated this is a precautionary measure to ratify that which were approved in February when, during the meeting, there were technical difficulties.

Commissioner Fraser made a motion to ratify the approval of Item D, items 1-4, under Business. Second to the motion was made by Commissioner Craig. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Cone, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

LEGISLATIVE UPDATE:

Mr. Armbruster provided updates on the following bills in the legislature:

- HB53 would have allowed posting notices on social media rather than the newspaper; it failed.

- SB1044 concerning the ability of an agency to invoke eminent domain subject to approval by city council; there is a provision in the statute that will allow the agency to issue tax exempt debt. It passed the Senate and may be on the House floor for approval.
- SB1042 increases the minimum amounts necessary to go to the formal Request for Qualifications (RFQ) process for architects, engineers, etc. It was slightly amended but is working its way through the process.
- HB73, also known as the “transparency” bill will change the types of reporting that an agency will have to complete and to whom it goes; it passed the House and Senate Committee and is pending on the Senate floor.
- SB1108 has been amended and the latest version of the “property tax cap” bill; it is pending on the Senate floor and will include a “trailer” bill that attempts to clean up a bill going through the process. The bill states that a taxing entity can take 3% maximum increase based upon its last three years highest budget amount times the new levy rate for the existing year (determined in late September). Only 75% of the new construction value can be taken versus the full amount today, and as project areas close out, taxing entities will only be able to take 50% of the tax increment values. There is also a provision that if a taxing entity were to take any of its forgone amount that has been accrued, then the maximum budget amount can only increase by 4%. Mr. Armbruster stated the reality for URA’s is that there is little incentive to close out an area early.
- SB1107 is a highway district bill which may not have any direct impact on Jerome. It’s an effort to absolve itself from any obligations to fix roads and or rights-of-way in an urban renewal project area within Ada County.
- HB218 is an immediate personal property tax exemption for any new personal property acquired beginning in 2022 (phases out revenue over ten years). It may not go further but is still listed.
- HB278 was heard this morning before the House Revenue and Taxation Committee and would require that any new plan area that an agency would like to adopt would require an agreement with any of the taxing entities in order to get their levy in the revenue allocation process. This bill was unexpected and will go to general orders for some amendments but the amendments may not help much.

He noted that the legislature may recess until May or June depending on the federal stimulus bill and what funds Idaho receives under federal guidelines. They are looking through appropriation bills and are still looking at constitutional amendments to allow the legislature to call themselves into special session. There are still bills out there that would limit the governor’s authority in an emergency situation. Regarding the property tax side, there has not been anything seen concerning the homeowners exemption or the Circuit Breaker program. There is an effort to reduce sales tax by almost \$.01 and reduce income tax rates by .5% for both personal and corporate entities. Mr. Armbruster concluded by stating that the legislature is still looking at how to spend the \$600 million surplus. He believes this will be one of the most difficult, strenuous and challenging sessions to deal with, especially at the local level.

Mr. Williams added that spoke to the Counties Association Director who stated that there was some bipartisan legislation being drafted that would seek to address the homeowner’s exemption. He also copied the board on a letter which was sent regarding the property tax cap

bill and the struggles that the agencies would face. He believes local representatives have been supportive, however, it appears that the bill comes from the Treasure Valley and is supported by Treasure Valley legislators. He expressed appreciation to Mr. Armbruster and his staff for their efforts in representing cities and agencies.

STAFF REPORTS:

Mr. Williams stated that he had engaged financial advisor Cameron Aerial with Clearwater Financial to review figures in Areas 3 and 5 for potential advanced funding. Mr. Williams stated he was contacted by Region IV Development Association regarding a potential opportunity to apply for a \$500,000-\$600,000 Community Block Grant in December 2021. While there are no concrete plans for what to do with the funds, ideas have been expressed and combining the grant funds with advanced funding could produce a significant project. He expects to receive the report on Areas 3 and 5 to present to the board for discussion at the March 18th or April 1st meeting. The March 18th meeting will also allow for public comment regarding the annual report.

ADJOURN:

There being nothing further to discuss, Chairman Warr adjourned this March 4, 2021 regular meeting at 3:46 p.m.

Chairman Gary Warr

Secretary Jason Peterson