

This special meeting of the Jerome Urban Renewal Agency was called to order at 3:00p.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 Vice-Chairman Shonna Fraser, Commissioner Jason Peterson, Commissioner Bryan Craig, and Commissioner B.J. Hess. Chairman Kathy Cone joined by teleconference.

Also present were City Clerk Bernadette Coderniz, Legal Counsel Ryan Armbruster, Legal Counsel Abbey Germaine, City Administrator Mike Williams, IT Director Carlos Hernandez, Finance Director Ross Hyatt, and Accounting and Budget Manager Lori McCrae.

PLEDGE OF ALLEGIANCE:

Vice-Chairman Fraser led the audience in recitation of the pledge of allegiance.

STAFF INTRODUCTION:

Mr. Armbruster introduced Ms. Abbey Germaine to the board. He stated Ms. Germaine started with the legal firm in November will be working with Mr. Armbruster in the areas of Urban Renewal Agencies, public entities, etc. Ms. Germaine stated her background includes working for the City of Boise as the attorney for their public works department, and she is familiar with land use issues, public utilities and other situations related to municipalities and agencies. Each board member introduced themselves and welcomed Ms. Germaine to the meeting.

CONSENT CALENDAR:

Items in the consent calendar are as follows:

- A. Approve minutes of the February 3, 2022 regular meeting
- B. Review and approve claims for March 2022
- C. Review and approve staff financial reports for February 2022

City of Jerome \$835.62; Elam & Burke, Inc. \$1,964.40; US Bank, \$113,785.85
Commercial Creamery, \$30,152.52

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

RESOLUTION NO. 01-22:

Ms. McCrae stated the resolution will replace No. 07-18 by updating the list of authorized individuals to sign documents and checks. Once approved the signers at the bank will be changed.

Commissioner Peterson made a motion to approve Resolution No. 02-22. Second to the motion was made by Commissioner Craig. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Peterson, Commissioner Craig, Vice-Chairman Fraser, and Commissioner Hess. **NAYES:** None.

AUDIT REPORT FY ENDED SEPTEMBER 30, 2021:

Ms. Laurie Harberd, Certified Public Accountant with Rexroat, Harberd and Associates of Jerome, presented the audit report for Fiscal Year ending September 30, 2021 and provided a brief overview of each section. The report on pages 1 and 2 showed an unmodified, 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 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 for reasonableness compared to the financial statements. As a government entity the audit for the Agency includes two sets of financial statements. The full accrual statement is on pages 9-10 with the modified accrual statement on pages 11-12. The Statement of Net Position on page 9 lists all assets and liabilities of the Agency as of September 30, 2021. The Net Position (\$3,074,153) is broken out between net investments in capital assets, restricted and unrestricted. The Statement of Activities on page 10 includes expenses and revenues. Totals include grant revenue was received through the City of Jerome plus property tax increment revenue and investment earnings; the total increase in the Net Position is slightly over \$2.4 million for FY21.

Pages 11-12 show the current resources model which includes current assets and liabilities but not any long-term debt nor capital assets. This statement is broken down by Area; all four areas showed a positive balance at year end. Notes to the financial statements are on pages 13-20 and give specific information regarding figures within the financial statements. Ms. Harberd noted that all deposits with financial institutions were covered by FDIC insurance at year end. Note 3 references capital assets (land recently acquired) and Note 4 provides information on long-term liabilities and includes information on the additional payment of principal on the bonds and lists the description for each liability. A debt service schedule is listed at the bottom of page 18. Note 9 speaks of the grant revenue received from the City of Jerome, and budgetary comparison schedules can be found on pages 21-25; all four areas did better than what was budgeted. Pages 26-27 show the Independent Auditor's Report required by government auditing standards and is the report on two sections: internal control over financial reporting, and compliance and other matters. As part of the audit the auditor must consider the Agency's internal control procedures; Ms. Harberd ensured that the procedures were implemented and determined which audit procedures would be done. However, there is no opinion on the internal control procedures. There were no deficiencies found nor material weaknesses found, and there were no compliance issues found. Ms. Harberd spoke of the governance letter which is now a requirement of the auditor to provide to the governing board. Sensitive financial statement disclosures are referenced in the letter and can be found in Note 4 of the audit statements. She stated there were no difficulties when conducting the audit although there were some corrections to the financial statements. The report is strictly used for the board's review.

Mr. Armbruster stated there has been confusion regarding reporting requirements and the shift from the legislative services office to the controller. The controller may not yet be ready to accept materials ready to be filed, and they have indicated that any reports due in 2021 would be

deemed in compliance. Legal staff will work with Agency staff when it is determined that the controller's office can accept the document.

Commissioner Craig made a motion to approve the audit report for the fiscal year ended September 30, 2021 and authorize the filing of the report wherever it can be filed. Second to the motion was made by Commissioner Hess. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Peterson, Commissioner Craig, Vice-Chairman Fraser, and Commissioner Hess. **NAYES:** None.

PRELIMINARY CALENDAR YEAR REPORT OF ACTIVITIES:

Mr. Williams stated the Agency is required by Idaho Statute to provide an annual report of activities of all URA districts and hold a public meeting to accept public comment regarding the report. The public meeting will be held at Council Chambers on March 29th in a special URA meeting. He reviewed the contents in the annual report including executive summary highlights in each area. In Area 2 the Scouler Emerge project was substantially completed and the plant should be functional by early 2022. A reimbursement agreement will be considered once improvements are agreed upon and costs are verified. Also in Area 2, the natural gas project is also completed and is now serving customers in the Southeast Industrial Park. In Area 3, property at 120 W Main was purchased for future redevelopment; a development agreement was signed with Summit Creek Capital for redevelopment of Blocks 55/56/66. The Agency committed \$25,000 to help with the tennis courts at Shepherd's Park, and the courts are approximately 80% constructed. The contractor will complete the surfacing once the weather gets warmer. In Area 4, Western Dairy Transport began construction of their new 20,000 square foot facility and should be completed this year. There were no major activities in Area 5 although several projects are expected in 2022.

A map of the URA districts was shown to the board and is also included in the report of activities. Mr. Williams reviewed the following: Section III Organization and Mission of the Agency which includes the Board of Commissioners and Professional staff; Section IV Strategic Priorities which includes a 12-month plan and long-term directives (the Agency will be debt free in Area 2 in 2022); Section V Tax Increment Revenue for 2021 includes increment value increases in the URA areas; Section VI. Jerome Urban Renewal Districts which covers specifics for each of the URA areas; Section VII Summary of Increment Value of JURA Districts list the adjusted base values and increment values for each area, and Mr. Williams noted the success of Southeast Industrial Area 2 (over \$122 million in increment value since the area's establishment in 2008) and commented on the healthy percentage increases and projections for the other areas; Section VIII Project Priorities and Allocations for FY 2022, Mr. Williams noted that any fund balance is allocated to the capital improvement line item in the budget for unanticipated projects, and each area will have projects yet to be determined; Section IX Legal Requirements and Additional Documentation discusses legal requirements and documentation including audited financial statements, balance sheets and revenue/expense reports which will be filed with the activities report, and public comment notification requirements; and, Section X Appendix. Mr. Williams stated that, upon approval by the board, this report will be posted on the city's website, and staff welcomes any public comment.

Commissioner Hess made a motion to approve the preliminary Calendar Year Report of Activities. Second to the motion was made by Commissioner Craig. After consideration the

motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Peterson, Commissioner Craig, Vice-Chairman Fraser, and Commissioner Hess. **NAYES:** None.

BOND COUNSEL SELECTION FOR ADVANCED FUNDING IN AREA 3 AND AREA 5:

Cameron Arial, Municipal Advisor for the Agency, appeared before the board to discuss proposed financing for Area 3 and Area 5. The first essential step was selecting bond counsel, and regional firms were sought for this task. Two responses from reliable and qualified firms were received: Moore, Smith, Bruxton and Turke (MSBT) with principal attorney Stephanie Bonney, and Hawley Troxel with Danielle Quade. Both firms were fully vetted by Clearwater Financial, and both firms were scored based on factors including cost and services. Based on scores and cost, Mr. Arial recommends that the board select MSBT. Mr. Williams stated that, from a staff perspective, bond counsel selected should have adequate experience for this type of financing. The City has worked with Ms. Bonney on recent sewer bonds and has experience with tax increment financing. Mr. Armbruster stated that his staff has worked with Ms. Quade. They have not worked with Ms. Bonney directly although they have worked with other MBST staff and can work with anyone in moving this process forward.

Commissioner Peterson made a motion to engage Moore, Smith, Bruxton and Turke as bond counsel. Second to the motion was made by Commissioner Craig. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Peterson, Commissioner Craig, Vice-Chairman Fraser, and Commissioner Hess. **NAYES:** None.

MARKET UPDATE:

Mr. Arial spoke of pressure on the Federal Reserve and increasing interest rates, and stated that there could be additional rate increases. He spoke of growth and people choosing to work remotely which could have an impact on central business districts. Mr. Arial noted comparisons between today's market and that of other times where rates decreased and increased; the economy is real with the last great recession (signature loans, credit and extended capital with nothing whereas today credit is extended with equity). He anticipates that rates will continue to increase, and the conservative figures on the financing model are still within the range of increases. However, the model may need to be adjusted if rates were to continue to increase. Mr. Arial recommends that the Agency get to market as soon as possible to avoid rate risks by potential delays. Commissioner Peterson commented that the rates, while increasing, are still historically low compared to the past.

RECESS:

Staff recessed briefly at 3:43 p.m. and reconvened at 3:45 p.m.

EXECUTIVE SESSION:

Commissioner Peterson made a motion to enter into executive session pursuant to Idaho Code 74-206(1)(c) to acquire an interest in real property which is not owned by a public agency at 3:45 p.m. Second to the motion was made by Commissioner Hess. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Peterson, Commissioner Craig, Commissioner Fraser, and Commissioner Hess. **NAYES:** None.

Commissioner Craig made a motion to come out of executive session at 4:04p.m. Second to the motion was made by Commissioner Peterson. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Peterson, Commissioner Craig, Commissioner Fraser, and Commissioner Hess. **NAYES:** None.

LEGISLATIVE UPDATE:

Mr. Armbruster stated the legislative session is in full swing and two full weeks away from adjournment. At this time there are not any particular bills that will directly impact URA's except for one which has died. There is a great number of tax measures being proposed in the legislature which could have an impact on an Agency's revenues as they appear to result in a levy rate reduction. House Bill (HB) 550 would allow the City to grant property tax rebates, and should this pass an understanding between the City and URA would need to be in place indicating the City would not grant property tax rebates on any property within a URA area. Last year the homeowner's exemption was increased by \$25,000, and HB564 will allow for investigations by the counties to ensure those who are filing for the exemptions are qualified to do so. A complicated bill which clarifies the exemption of transient personal property has also been introduced; personal property which moves back and before between counties and states is not taxed. HB648 amends existing law to provide that taxing districts must deduct certain sales and use tax revenue growth from property tax budgets; the bill passed the House and is in Senate Local Government awaiting a hearing. Another bill might allow the state to provide some property tax relief by way of a surplus eliminator; if granted to the cities and counties it must be used for property tax relief. HB709 will grant cities, counties and other taxing entities a share of the wayfair funding (internet sales tax), but those funds must also be used for property tax relief; it was pulled from the agenda and may not materialize in this session. SB1249 formally fixed the concerns in HB389 regarding the close out of URA areas and whether the construction value in the area would have to apply to the 8% budget cap which cities face. This issue has been fixed and signed into law, and the board can begin discussions on closing out Area 2.

One bill which would have changed the definition of the base assessment roll has died. It would have allowed the base assessment roll to increase over time and result in less revenue. Mr. Armbruster stated another bill will change public record law concerning custodians; this bill is primarily a technical change to the existing law. Senator Anthon has proposed an increase in the exemption of public works construction procurement for services and personal property to \$75,000. HB741 has died but received much media attention. Sponsored by Senator Rice, this bill would have exempted all owner-occupied single-family dwellings from property taxes with the exception of voter-approved levies. Revenue lost by cities and counties would be replaced by an increase in the sales tax from 6% to 7.85%; this would be problematic from an urban renewal standpoint as there would be no backfill. This bill would also change years of tax laws in the State of Idaho. He stated this type of significant change in tax law during the last weeks of the legislative session would have resulted in a bad law.

STAFF REPORTS:

Mr. Williams stated he will work with Mr. Armbruster on proceeding with the close out of Area 2. He believes that over \$130 million in increment value will be in Area 2 as a result of the many projects. In Area 4, Western Dairy Transport is making significant progress on their facility. Most walls are up although steel trusses may not be available until June; they still plan an opening date in late fall 2022. Nelson Jameson is expected to submit plans in June, and they

are on target with their construction schedule. In Area 5, Mr. Williams reported that Magic Valley Quality Milk Producers (MVQMP) is in discussions with a third party to expand their facility and lease a new part of their facility for a significant milk processing plant. The new plant will create a different product which should have a nearly net zero effect on total amount of wastewater used. This potential project would be a \$50 million capital investment at that location which would nearly triple the tax increment in Area 5. Upon inquiry by Vice-Chairman Fraser, Mr. Williams stated Area 5 has approximately 17 years of life remaining.

Regarding the Rennison project (lot south of Dairy Queen), Mr. Williams stated that a reimbursement agreement may be developed. There are questions regarding the public improvement developments and what requirements must be met by the developer as a condition of their development (i.e. streetscape standards, upgrades to the cross walk, public plaza, etc.). Once these details are understood, a reimbursement agreement can be developed solely based on their capital investment and property taxes their project generates. Mr. Williams noted that the developer would like to break ground next month and that the project is moving forward. A detailed report of the Blocks 55/56 project will be submitted after a meeting with the developer. There have been issues with ordering housing components (i.e. backlog on orders, long wait times) which may hinder their ability to begin with the residential portion of the development. An update will be provided to the board after more conversations with the developer.

Mr. Williams met with Mr. Carpenter to identify specific projects for Area 3 and Area 5, and tennis courts will be resurfaced once the weather warms up. The police station is being bid out now and he is hopeful a contractor can be assigned and begin construction in April. The timeline from start to finish is approximately ten months. He spoke of another potential project on Main Street and showed the board a map of the property near the property purchased by the URA. The old garage was recently purchased by Kevin Higley and the original use was to support his construction business. However, Mr. Higley is now contemplating a venue similar to the 2nd Street Market in Twin Falls (food court with seating options) and he inquired about purchasing a nearby lot owned by the City for open space and a potential courtyard. Additionally, he requested that two parcels along 1st Ave W be traded for two parcels along Main Street but this request will most likely not be honored because of the differences in value. Mr. Williams spoke of the CSI building and the unknown future of its availability for future development. He also spoke of the property owned by the URA and possibly using it as a common area for nearby patrons should other developments take place. Upon inquiry by Vice-Chairman Fraser, Mr. Williams stated that Mr. Higley is a reputable business owner who also purchased Jerome Bowl for remodeling with the intent to reopen to the public.

The old Diamondz building was recently purchased by Ryan Glodowski and approval for a new façade to the building was recently granted by the Planning and Zoning Commission. He and a partner plan to open a new eatery, "The208 Grill," in May. Vice-Chairman Fraser commented that the bar portion of the interior will not be utilized for the restaurant. Commissioner Craig commented on activity at Veteran's Memorial Park, and Mr. Williams spoke of the effort to have the memorials combined into one centralized location at the park. A committee was formed for this task and the architects working on the police station have agreed to provide renderings of this project. Mr. Williams stated that he expects the URA will be asked to contribute to the project if possible.

ADJOURN:

There being nothing further to discuss, Vice-Chairman Fraser adjourned this March 10, 2022 special meeting at 4:30 p.m.

Chairman Kathy Cone

Secretary Jason Peterson