

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:00 p.m.

Present were Chairman Gary Warr, Commissioner Shonna Fraser and Commissioner Jason Peterson. Commissioner Bryan Craig joined the meeting at 3:05 p.m. and Commissioner Kathy Cone was excused.

Also present were City Clerk Bernadette Coderniz, City Administrator Mike Williams, Counsel Ryan Armbruster, Finance Director Ross Hyatt and Accounting and Budget Manager Lori McCrae and City Engineer Tyson Carpenter.

**PLEDGE OF ALLEGIANCE:**

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

**CONSENT CALENDAR:**

Items in the consent calendar are as follows:

A. Approve minutes of the February 6, 2020 regular meeting

B. Review and approve claims for March 2020

City of Jerome, \$917.46; Elam & Burke Inc., \$2,265.32; Keller Williams Trust, \$1,000.00

C. Review and approve staff financial reports for March 2020

Commissioner Fraser 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 Warr, Commissioner Fraser, and Commissioner Peterson. **NAYES:** None.

**PRESENTATION OF AUDIT REPORT FOR FY2019:**

Ms. Laurie Harberd presented the audit report for Fiscal Year ending September 30, 2019 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 are the management discussion and analysis and are written by management but reviewed by the auditor. Pages 9-10 are full accrual financial statements and include all assets and liabilities as of September 30<sup>th</sup>; there is a negative net position of \$1.3 million which represents the future tax monies to help pay long-term liabilities. Page 10 shows a statement of activities beginning with expenses; the net position is \$1.3 million. Modified accrual statements begin on page 11 and show current assets and liabilities without including long-term liabilities. Ms. Harberd stated that the assets and liabilities of each area are listed individually: Area 2, a positive fund balance of \$1.3 million; Area 3, a positive fund balance of approximately \$88,000; Area 4, a positive fund balance of \$11,697; and Area 5, a negative fund balance of \$34,932 which represents monies paid out of Area 2 for Area 5.

Ms. Harberd continued with the review of the audit report. Page 12 includes revenues and expenditures by area for the year; revenues exceeded expenditures in Areas 3 and 4 while expenditures exceeded revenues in Areas 2 and 5. Notes including details on the financial statements are on pages 13-21. Note 1 is the summary of significant accounting policies, Note 2 is the note for cash and investments, and a required disclosure regarding funds not covered by the FDIC is included. She stated that some funds may be at risk of not being insured throughout the year due to revenues received. Note 3 refers to capital assets acquired, and Note 4 is the change in long-term liabilities (payments due for the bonds, Northside Development, Scott Jackson, etc.); page 18 also includes a revised bond payment schedule. Note 9 shows the inter-fund transactions and what is due back to Area 2 from Areas 4 and 5. Note 12 on page 21 is the restatement of the fund balance for expenditures paid in the prior fiscal year for Area 5 from Area 2. Ms. Harberd stated that the Budget to Actual comparison schedules can be found on pages 22-24 for Areas 2 and 3. Overall, both areas did better than what was budgeted. Pages 25-26 show the report on internal control over financial reporting and non-compliance. Ms. Harberd stated no significant deficiencies nor material weaknesses in internal control were found, nor were there any instances of non-compliance. Additionally, there were no significant audit findings nor difficulties encountered in performing the audit; there were some misstatements noted during audit procedures that have been corrected.

Commissioner Craig made a motion to accept the audit report for the fiscal year ended 2019 and direct staff to file the same with all appropriate entities. Second to the motion was made by Commissioner Peterson. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

### **PRELIMINARY CALENDAR YEAR REPORT ACTIVITIES:**

Mr. Williams spoke of the requirement to provide an annual report of activities and revenues for the last calendar year, and briefly reviewed the contents of the report. The executive summary speaks of activities which took place throughout the year, and Mr. Williams stated that many of the projects were a continuation from the previous year. Also included in the activities were the property acquired on W. Main and the Request for Proposals issued for Blocks 55/56/66. In Areas 4 and 5 no major projects took place but land was purchased in anticipation of future projects in 2020. Additionally, Magic Valley Quality Milk Products (MVQMP) completed their multi-million dollar project which has resulted in future tax increment funds. Mr. Williams stated the urban renewal boundaries are also in the report, and he briefly reviewed various sections of the report including strategic priorities; property development; long-term directives; tax increment revenue; descriptions of each area and dates of establishment; base values of each area; project priorities (currently there are no specific projects with dollars committed) and revenues in the capital line item of the budget; legal requirements; and the appendix. He concluded that the annual report will be on the city's website and Facebook page upon board approval; along with the annual report will be the year-end financial statements and a copy of the agency's budget and revenue/expense reports. He thanked Mr. Hyatt and Ms. McCrae for verifying the information in the report.

Mr. Armbruster stated that the report and its content is very good and a good example of an Urban Renewal Agency report. He further stated that the next action to be taken is to accept the preliminary report and set public comment for the next meeting.

Commissioner Craig made a motion to accept the preliminary annual report and direct the executive director to post and distribute said report. Second to the motion was made by Commissioner Peterson. After consideration, the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

**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 3:22 p.m.. Second to the motion was made by Commissioner Craig. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

**RECONVENE:**

Commissioner Craig made a motion to enter back into regular session at 3:27 p.m. Second to the motion was made by Commissioner Peterson. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

**RESOLUTION NO. 01-20:**

Resolution No. 01-20 in full is as follows:

RESOLUTION NO. 01-20

BY THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF JEROME, IDAHO:

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE JEROME URBAN RENEWAL AGENCY OF THE CITY OF JEROME, IDAHO, APPROVING THE PURCHASE AND SALE AGREEMENT BETWEEN THE JEROME URBAN RENEWAL AGENCY AND ANDY MEI; AUTHORIZING THE EXECUTION OF THE PURCHASE AND SALE AGREEMENT BY THE CHAIR OR ADMINISTRATOR; AUTHORIZING ANY TECHNICAL CHANGES TO THE AGREEMENT; AUTHORIZING THE CHAIR OR ADMINISTRATOR TO TAKE ALL NECESSARY ACTION REQUIRED TO IMPLEMENT THE AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

THIS RESOLUTION, made on the date hereinafter set forth by the Jerome Urban Renewal Agency of Jerome, Idaho, an independent public body, corporate and politic, authorized under the authority of the Idaho Urban Renewal Law of 1965, Chapter 20, Title 50, Idaho Code, as amended (hereinafter the "Law") and the Local Economic Development Act, Chapter 20, Title 50, Idaho Code, as amended (hereinafter the "Act"), a duly created and functioning urban renewal agency for Jerome, Idaho, hereinafter referred to as the "Agency."

WHEREAS, the City of Jerome ("City"), on November 4, 2014, after notice duly published, conducted a public hearing on the Urban Renewal Plan for the Area 3 Urban Renewal Project;

WHEREAS, following said public hearing, the City adopted its Ordinance No. 1135 on December 2, 2014, approving the Urban Renewal Plan for the Area 3 Urban Renewal Project (the “Area 3 Plan”);

WHEREAS, pursuant to the Area 3 Plan the Agency has embarked upon certain public improvement projects within the Project Area as defined by the Area 3 Plan;

WHEREAS, the Agency’s Area 3 Plan includes certain objectives, including the purchase of property and development of such property;

WHEREAS, Andy Mei (“Mei”) owns certain real property (the “Property”) which Agency identified as a potential location for purposes of achieving the objectives set forth in the Area 3 Plan;

WHEREAS, Agency and Mei desire to agree upon terms and conditions which would allow Agency to acquire the Property through a voluntary sale to Agency;

WHEREAS, Mei’s real estate agent and Agency staff have prepared a Purchase and Sale Agreement (the “Agreement”), between Agency and Mei, a copy of which is attached hereto as Exhibit A and incorporated herein as if set out in full;

WHEREAS, the Board of Commissioners finds it in the best public interest to approve the Agreement as described and summarized at the March 5, 2020, Board meeting.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE JEROME URBAN RENEWAL AGENCY OF JEROME, IDAHO, AS FOLLOWS:

Section 1: That the above statements are true and correct.

Section 2: That the Agreement, attached hereto as Exhibit A, is hereby incorporated herein and made a part hereof by reference and is hereby approved and accepted, recognizing technical changes or corrections which may be required prior to execution of the Agreement.

Section 3. That the Chair or Administrator of the Agency are hereby authorized to sign and enter into the Agreement and to execute all necessary documents required to implement the actions contemplated by the Agreement, subject to representations by Agency staff and Agency legal counsel that all conditions precedent to such actions have been met; and further, any necessary technical changes to the Agreement or other documents are acceptable, upon advice from Agency’s legal counsel that said changes are consistent with the provisions of the Agreement and the comments and discussions received at the March 5, 2020, Agency Board meeting; Agency is further authorized to appropriate any and all funds contemplated by the Agreement and to perform any and all other duties required pursuant to said Agreement.

Section 4: That this Resolution shall be in full force and effect immediately upon its adoption and approval.

PASSED AND ADOPTED by the Jerome Urban Renewal Agency of the City of Jerome, Idaho, on March 5, 2020. Signed by the Chair of the Board of Commissioners and attested by the Secretary to the Board of Commissioners, on this 5<sup>th</sup> day of March 2020.

APPROVED:

By:

/s/ Gary Warr  
Chairman

ATTEST:

/s/ Jason Peterson  
Secretary

Commissioner Craig made a motion to pass Resolution No. 01-20. Second to the motion was made by Commissioner Peterson. After consideration the motion passed unanimously by the following vote: **AYES** Chairman Warr, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES**: None.

### **LEGISLATIVE UPDATE:**

Mr. Armbruster spoke of the legislative bills which could directly impact an Urban Renewal Agency (URA) or its revenues and activities. House Bill (HB) 409, known as the “budget freeze bill,” will freeze the portion of the budget generated by property taxes to the fiscal year (FY) 2020 level for the entity’s budget in FY2021. It also indicates that entities cannot accrue any foregone amounts for that year. Mr. Armbruster provided the example of a small cemetery district for which an expansion was planned but will most likely not happen with fewer revenues in FY2021. Another example is the Idaho Falls Redevelopment Agency had planned to close out one of its project areas this year and will not be able to collect revenues that would have been generated. HB409 passed the House and is now in the Senate, and staff is hopeful that committee members can be swayed to ask for an amendment to the bill on the Senate side. Mr. Armbruster stated that the committee chair, Senator Rice, is a bill co-sponsor along with Senator Moyle

Regarding HB587 which replaced HB484, Mr. Armbruster explained that for all plans adopted or amended after July 1, 2020, the bill dictates that agencies will not get revenues generated by the highway district levy. He stated the purpose of this is bill, per the bill’s sponsor, is to prevent monies designated for roads be given to URA’s. However, he stated the exception would be to enter into an agreement with the highway district whereby the district and agency negotiate how funds are spent. With no sideboards, the bill could be effective on July 1, 2020. Mr. Armbruster expressed frustration in that the bill was introduced on Monday and characterized as being a replacement of HB484 rather than a new bill. Within 48 hours the bill was printed, considered by the committee, on the House floor and approved. It is most likely going to the Senate local government taxation committee but a date remains to be seen.

Mr. Armbruster spoke of the property tax freeze bill and the Senate concurrent resolution which establishes an interim committee to study property tax between sessions. It passed the House and is on the House floor for approval; there are concerns regarding economic development and the opportunity to look deeper into URA revenue allocations. Mr. Armbruster also spoke of Senate Bill (SB)1303 which states that if an elected official (i.e. city council, county commissioner, etc.) has been appointed to a URA board and their term extends beyond their elected term, they must step down from the URA board if they do not seek re-election or if defeated in an election, and they would then be subject to reappointment. Additionally, if a URA board, a non-elected board, were to invoke eminent domain, the board must obtain city council approval. Mr. Armbruster stated that the concern is that the URA loses the authority to issue tax-exempt debt; for example, the debt issued under a tax-exempt rate on Area 2 would have to be issued under a higher taxable rate. Much time was spent with bond counsel to create an amendment to the bill which bond counsel believes will retain a URA’s ability to issue tax-

exempt debt by inserting the provision “upon the dissolution of the agency” as opposed to the termination of a revenue allocation area. Mr. Armbruster further stated that if the URA were to be formally dissolved, any assets it has would be automatically transferred to the city, and he stated that bond counsel believes this would allow the agency to continue to issue tax-exempt debt. This bill passed the Senate 29:5 and is in the House being held by the speaker for possible trade with the Senate.

Mr. Armbruster spoke of other bills in the legislature and stated that several involve property taxes. The target date to end the session is March 20<sup>th</sup>, and as things move quickly rules will be suspended to move the through the session. Commissioner Craig commented on the potential tax freeze and the consequences of it extending beyond the one-year proposal and Commissioner Peterson inquired about valuations. Mr. Armbruster stated that the Revenue and Taxation Committee held several lengthy meetings regarding the bill and high assessments in Ada, Canyon and Kootenai Counties. He stated there has been a shift from residential to commercial property taxes by virtue of the homeowner’s exemption being capped and other exemptions given to homeowners including the 63602NN exemption. He mentioned there are some bills that change the homeowner’s exemption and provide greater eligibility for the circuit breaker program, but these do not solve the overall issue of property taxes. Commissioner Peterson commented on taking the property tax and freezing rates to the residential side, and Mr. Armbruster stated that this would result in a further shift. Additionally, he stated that the lobbying interests of those on the commercial and industrial side are strong. Brief discussion ensued regarding voting, ideas in the legislature and distractions to the voters. Mr. Armbruster stated if the budget freeze results in slightly lower levy rates but assessments continue to rise, the property taxes will still increase and extreme measures will need to be taken to provide tax relief. He spoke of constitutional issues regarding equalized assessment for all properties in the State of Idaho and that a constitutional amendment would be required for a statutory change. Chairman Warr spoke on the legislators’ votes, and Mr. Williams stated that the House version may not be the final version of the bill and that Representative Lickley did not vote in support of the bill.

### **STAFF REPORTS:**

Mr. Williams reported on Area 2 and stated that Project Supro, a significant Area 2 investment, has the tentative green light to proceed as they are in the patent phase of their project. In Area 3, Mr. Williams stated that the Blocks 55/56/66 project is in the design review phase and April 9<sup>th</sup> is the deadline to submit a design review proposal. He expects to receive it by month end and provide to the board for review.

Regarding Area 4, Mr. Williams stated there was little report other than the purchase of twenty-eight acres between two companies for new facilities; one maybe constructed this summer while the other will be in 2021. He spoke of future conversations with bond counsel or financial advisors regarding potential advanced funding for Area 5. For year one the current balance is approximately \$250,000 and there are other projects underway that will increase revenues. Mr. Williams further stated that the opportunity for advanced funding will be explored and information brought back to the board for review. There was brief discussion regarding projects outside the URA area and potential annexation; property on W. Main Street for sale; and, property on E. Main Street that could be used if available.

### **ADJOURN:**

There being nothing further to discuss, Chairman Warr adjourned this March 5, 2020 regular meeting at 3:49 p.m.

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Chairman Gary Warr

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Secretary Jason Peterson