

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:10 p.m.

Present were Chairman Gary Warr, Commissioner Kathy Cone, Commissioner Shonna Fraser, and Commissioner Bryan Craig. Commissioner Jason Peterson was excused.

Also present were City Clerk Bernadette Gomes, City Administrator Mike Williams, Legal counsel Ryan Armbruster, Finance Director Ross Hyatt, Accounting and Budgeting 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 March 2, 2019 regular meeting
- B. Review and approve claims for June 2019
City of Jerome, \$1,033.72, Elam & Burke Inc., \$358.00
- C. Review and approve financial reports for June 2019

Commissioner Cone 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 and Commissioner Craig. **NAYES:** None.

TERMINATION OF AGREEMENT WITH OPPENHEIMER DEVELOPMENT GROUP:

Mr. Williams stated that it has been approximately one year since the board authorized the Exclusive Right to Negotiate agreement with the Oppenheimer Development Group. The agreement was extended to allow time for potential development negotiations, but there has been little contact by the group in the last six months. Staff would still like to work with them but feels that the board should move forward with a different agreement. Mr. Williams stated others have expressed interest in the property with ideas and concepts, and that staff is still motivated to develop the city-owned property. At this time staff recommends that the existing agreement with the Oppenheimer Development Group be terminated.

Mr. Armbruster stated the agreement has expired but that it is in everyone's best interest to send a formal written letter to the Oppenheimer Development Group terminating the agreement. If the agency were to seek proposals again, anyone including the group can respond.

Commissioner Craig made a motion to terminate the existing agreement with the Oppenheimer Development Group. 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 and Commissioner Craig. **NAYES:** None.

ZIONS BANK PUBLIC FINANCE PRESENTATION:

Michael Tippetts with Zions Public Finance appeared before the board to discuss the process of financing an area. He stated urban renewal agency (URA) financings are usually

through tax increment bonds issued to banks for capital projects. Financings cannot exceed the remaining life of a revenue allocation area, and each bond carries with it a gross pledge. The coverage covenants will depend on the agency and strength of different businesses within the area. At this time, Commercial Creamery makes up one third of Area 3, and this is somewhat concerning for a general obligation bond if they were to cease operations. The tax base of Area 3 is also a concern; if there is a tax reduction the increment revenue could be lost entirely.

Mr. Tippetts stated with the \$1 million held by the agency for potential projects and new revenue with the recent Commercial Creamery and Franklin projects, the agency would have to use FY2019 revenues for financing. He then asked staff and the board their thoughts or concerns. Mr. Williams and Chairman Warr both expressed concerns regarding downtown beautification and property procurement; a list of projects and potential costs; project priorities and property allocation; infrastructure improvements; and, interest rates based upon a dollar amount requested for financing.

Mr. Armbruster stated assessment valuations should be formalized within the next few months and levies set in September. With staff working on the FY2020 budget the agency may be in a better position to determine what its capacity might be once figures are known; the Commercial Creamery and Franklin projects should also provide additional revenues for the agency to review. He further stated that it would not be necessary to do all projects at one time.

Mr. Williams inquired about the process of financing should the board choose to move forward. Mr. Tippetts stated the entire process will take approximately six weeks from start to finish. The process includes hiring bond counsel to draft legal documents; passing a resolution which sets the terms for the bond, establishes the pledge of tax increment revenue and obligates the agency to repay the debt; and waiting on the 30-day protest period should anyone challenge the resolution. Upon inquiry by Commissioner Craig, Mr. Tippetts stated if a specific amount were to be issued now and then the board chose to pursue additional funds later the process would be similar, however, the issuances costs would have to be paid again. Interest rates are expected to increase, but added increment would provide for a better interest rate.

Discussion ensued regarding valuations and budget; future conversations on potential projects; increment from assessment valuations; costs of potential projects; sizable investments by Commercial Creamery and Franklin and valuations in the coming year; losing a year of leverage but increasing potential funding; added increment and a lower coverage covenant; completing some projects now and others at a later date; seeing progress downtown without overextending the agency; and, identifying the right projects and getting solid costs. Mr. Armbruster stated bond counsel will require specific information on planned projects as there are time constraints on project completion to consider. He further stated no action needs to be taken at this time although it was labeled as such, and Mr. Williams reiterated the importance of continuing with conversations on potential projects

LEGISLATIVE REPORT:

Mr. Armbruster stated the tax commission is starting its complex rule-making process, and he will be monitoring this process. Some bills passed of a technical nature concerning what the tax commission does (i.e. assessed valuations). The legislation dealt with administration rules, some which were adopted last year and others that need further review. The process could take approximately 90 days before temporary rules are set in place. He further stated assessments in the Treasure Valley increased but that does not necessarily mean an increase in taxes. He expects

push back for some additional property tax relief. A summary of the legislative session will be presented at the Association of Idaho Cities conference in three weeks.

FINANCIAL REPORT:

Mr. Hyatt stated there was little to report but briefly reviewed the payables, the Area 2 Revenue and Expense report, and explained that the deficit listed on the report does not include reserves in the budget.

STAFF REPORTS:

Mr. Carpenter briefly spoke of the S. Tiger Drive project; light poles have been ordered and a few items remain to be completed. The power pole was ultimately left in place after it was determined through design and a cost study that the cost to move the pole would be closer to \$60,000 rather than the quoted \$30,000 based on design and location sites. Additionally, staff could not find a suitable location to relocate the pole more than two or three feet farther from the corner from where it currently resides. A design to realign several poles along the road was developed but the cost went well beyond \$60,000, and the process of re-energizing the lines would require down time without power of several large industries. Mr. Carpenter stated Idaho Power has their own program in place but will not be completed based upon the needs of the city. He further stated the pole remains behind the curb. Upon inquiry by Commissioner Craig, the curb is where staff wants it and the desired 50' radius is in place; there are no plans to adjust the road in the future should Idaho Power choose to relocate the pole. Mr. Williams stated this process has been a learning experience on how to handle these types of situations in the future, and he believes the correct decision was made.

Mr. Williams spoke of Area 4 and that a new roadway is all that currently exists. A dry industry company which consists of two businesses in warehousing and chemical storage distribution would serve local producers and processors has extended an offer for 18 acres. Mr. Williams showed the board a map of the exact location. The businesses would have minimal impact on water and sewer services and would benefit from close access to the interstate. They have several customers in town and will require rail service. Staff has been working with the company for the past few months and Mr. Williams is hopeful the company and property owners can reach an agreement. Public infrastructure is in place (water/sewer/power), and they have asked how the agency could assist. There is currently \$24,000 in increment value based on land only in Area 4, and Mr. Williams stated a cul de sac was platted but not developed in the event that someone would want to purchase multiple lots. Roads may be modified to provide access to the lots, and this could be a reimbursable expense to the company along with site mitigation costs. Regarding anticipated capital investments, Mr. Williams stated the warehouse portion would be approximately \$2-\$3 million in capital investments and the chemical building is anticipated to be a \$6-\$7 million in capital investments. A reimbursement agreement could be set up similar to that with Commercial Creamery, and staff feels the company is a great fit for the community. A Special Use Permit would most likely be required due to the classification of the chemical storage facility. Mr. Williams further stated that a reimbursement agreement could further incentivize their investment in Jerome.

Upon inquiry by Commissioner Craig, Mr. Williams showed a map of where the lots are located and where rail access would be. Jerome 20/20 Executive Director Larry Hall also described the area with rail access, and Mr. Williams stated some easement modifications may be

required. Mr. Williams commented on how investment in that property would be beneficial with 15 years remaining on the life of the plan, and another meeting is planned for sometime in July.

Regarding Area 2, Mr. Williams stated Idaho Milk Products (IMP) is close to completing their improvements. No information has been received regarding reimbursement for site mitigation on the rock concerns. A list of required items was given to IMP so that a reimbursement request could be submitted to the agency. Mr. Williams stated that, with funding in the area, IMP could be reimbursed in one payment or in multiple payments as increment fund are received.

Mr. Williams stated S. Tiger has a small list of punch list items before it is completed.

Regarding Area 3, Mr. Williams stated information on property will be discussed in the executive session.

Regarding downtown beautification, staff met with Mr. Hall and J-U-B Engineers. Designs, costs of engineering and construction were reviewed. Improvements would include curb and gutter, sidewalk replacement, landscaping, open spaces, tree wells and planters which would cost approximately \$700,000. Staff is looking at state funding to assist with beautification efforts, but improvements must be tied to public infrastructure to qualify for funding similar to what worked for the City of Rupert. Staff is also looking at the city's master plans for water and sewer and look into upgrading those along Main Street which would help qualify for funding on future development and overall growth of the city. Mr. Williams stated the major issue on Main Street is that it belongs to the Idaho Transportation Department (ITD). However, water lines run only the north side of Main Street, and extending lines to the south side would benefit the community.

Mr. Williams briefly spoke of Block 56 and showed the board a map of the immediate area. He stated that N. Alder Street may need to be extended to 3rd Avenue W. There is little sewer access and some public infrastructure there; an investment may be needed to enhance the property.

Mr. Williams proposed that the next Urban Renewal meeting be on July 11th at 3:00 p.m. due to the holiday. He briefly spoke of construction and remodeling in Area 3 including the old Sheppard's building (306 S. Lincoln); the new owners have done nice work to the interior of the building along with the patio area with outdoor seating. Other improvements include the building next to the new Pizza Hut location; staff had anticipated receiving plans for expansion of the building near the new Pizza Hut location but none have been received. Additionally, there has been interior remodeling of the building across from Maverick; the Commercial Creamery projects are near completion and the Franklin project is progressing and will improve the area near the fairgrounds. He encourages the board to consider potential projects.

Mr. Williams spoke of North Park improvements and stated the playground equipment and toys in the splash pad will be installed next week. Restoration of some areas is taking place, and the grand opening of the park is scheduled for June 29th.

EXECUTIVE SESSION:

Commissioner Craig 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. 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.

ADJOURN:

There being nothing further to discuss, Chairman Warr called the regular meeting back to order and adjourned this June 6, 2019 regular meeting at 4:16 p.m.

Chairman Gary Warr

Secretary Jason Peterson