

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:02 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 Kathy Cone, Commissioner Bryan Craig, Commissioner Shonna Fraser, and Commissioner B.J. Hess. Commissioner Jason Peterson was excused.

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

PLEDGE OF ALLEGIANCE:

Chairman Cone 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 2, 2023 regular meeting
- B. Review and approve claims for March 2023
- C. Review and approve staff financial reports for February 2023

City of Jerome \$1,891.14; Elam & Burke, Inc. \$3,454.20

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 Cone, Commissioner Craig, Commissioner Fraser, and Commissioner Hess. **NAYES:** None.

PRELIMINARY CALENDAR YEAR REPORT OF ACTIVITIES FOR 2022:

Mr. Williams spoke of the preliminary calendar year report and briefly reviewed its contents. He thanked Ms. McCrae for gathering the financials for the report. Highlights of the report include projects completed in Area 2 (Scoular Emerge and the Area 2 termination on September 30, 2022). He spoke of excess funds of approximately \$3.4 million which were allocated to the taxing districts; the City received its share of the proceeds. The total agreed-upon reimbursement for Scoular was also held back and paid. An additional \$25,000 was held back for unforeseen expenses, and the balance at the end of this fiscal year will be sent to the Jerome County Treasurer's office to be disbursed among the taxing districts. Mr. Williams spoke of the successful Area 2 which started with a base value of \$1 million and closed out with a final value of approximately \$135 million.

In Area 3, highlights include participation in the Shepherd's Park redevelopment Phase I and a Memorandum of Understanding with the College of Southern Idaho (CSI) for a portion the Blocks 55/56 project (corner of 3rd Avenue W and Lincoln). Renegotiations have begun for the

residential portion of the project and the Agency is close to assigning it to New Earth Development. The Agency also received financing to support downtown redevelopment (streetscapes and other infrastructure). Two projects are underway in Area 4. The Western Dairy Transport facility is constructed and somewhat operational, and Nelson-Jameson has begun construction of their new 45,000 square foot warehouse facility. The Agency agreed to assist with rock removal to prepare the site for development. Mr. Williams spoke of financing in Area 5 for two significant projects: the sewer line project and support for development of the new park. Approximately \$1.4 million was received for those efforts, and the Agency purchased property to support the park project. 7.5 acres of remaining park space will not be developed now but will be in the future.

Mr. Williams stated the mission of the Agency listed in the report has not changed since printing with the exception of the Area 2 termination. He spoke of the strategic priorities and objectives, many of which have been met. The Blocks 55/56 project has yet to be developed but is in the process with the new CSI project and assignment of an agreement with New Earth Development. The budget is currently established to meet the long-term directives listed in the report, and Mr. Williams stated the financing in place will assist in meeting those objectives. Revenues received in 2022 are also listed in the report, and Mr. Williams emphasized that each area has a healthy revenue. The revenue in Area 4 is based on value of land only, and the new improvements will substantially increase revenue there. The history of urban renewal districts includes the areas established since the inception of the Agency and their base values when they were formally approved. He briefly reviewed the summary of increment values of the areas and noted the Area 2 figures listed in the report do not include the Scoular Emerge project. Additionally, each area had increased in increment value from the previous year, and Mr. Williams attributed the increase in Area 3 to a combination of rising values in the large geographical area. In Area 5, the increase in increment value is most likely from the Magic Valley Quality Milk expansion, and the increment value in Area 4 is based on land value.

There are projects happening in each area, and Mr. Williams expects increment values to continue to increase. He finds commercial values to be significantly undervalued throughout downtown and other commercial areas, but also expects increases over the next few years. He spoke of allocating unrestricted balances to capital projects to avoid having to amend budgets and keep those funds available as needed. However, in Area 5, the bond funds and American Rescue Plan Act (ARPA) funds were allocated for infrastructure. Next year's budget in Area 4 will look different considering the reimbursement agreement on file with Nelson-Jameson.

Pending approval of the board for the report, a public comment period will be held at a special meeting on March 16th at 3:00 p.m. Additionally, access to the report will be available through the City's website and social media page, and hard copies will be on file at City Hall. Notice will also be published after the report has been formally approved to advise the public of its availability. Mr. Williams noted the year-end financial statements and annual budget are also available for review on the City website. Mr. Armbruster spoke of one comment on page 2 and stated that once the property is purchased in Area 5 staff will look into a plan amendment.

Commissioner Craig made a motion to approve the preliminary Calendar Year Report of Activities in preparation of public comment and set the public meeting on March 16, 2023. Second to the motion was made by Commissioner Fraser. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Craig, Commissioner Fraser, and Commissioner Hess. **NAYES:** None.

REIMBURSEMENT AGREEMENT, MILK SPECIALTIES GLOBAL:

Mr. Williams spoke of discussions between staff and Magic Valley Quality Milk Producers (MVQMP) regarding Milk Specialties Global and a reimbursement agreement. The agreement is similar to others done in the past (i.e. Scoular) with the same format followed. There were concerns regarding the actual payor of property taxes on the buildings because the addition to the existing facility is funded by Milk Specialties Global although owned by MVQMP who will ultimately get the tax bill. The arrangement between those two parties is such that upon receipt of the tax bill MVQMP will pay it and then bill Milk Specialties Global for the property addition. Documentation was provided to staff and the reimbursement agreement will be made between the Agency and Milk Specialties Global. Proof of tax payment and annual tax assessments will be required of Milk Specialties Global to determine the increment value and the value to be reimbursed. Mr. Williams explained much of the reimbursement pertains to rock removal to provide for building space, access for infrastructure, and significant work to deal with onsite drainage issues for site development. Milk Specialties Global will be required to provide the anticipated assessed value (expected at a minimum of \$20 million between real property and personal property). The amount requested for reimbursement is approximately \$587,000; some expenses listed for reimbursement were not eligible. Upon final reimbursement, documentation of the work done, quantities and amounts spent will need to be provided. The reimbursement will be up to 75% of the increment value on an annual basis, and the reimbursement should be completed before the anticipated closure of the district in 2038. However, if values do not increase and no increment is received there will be no reimbursement.

Mr. Williams spoke of the bond on Area 5 and obligations to pay; any reimbursement to Milk Specialties Global will be subordinate to bond payments as those are priority. He noted the project construction is near completion, and the company expects to start running equipment by month's end. Mr. Williams also noted that this project brought jobs and good investment with little impact to infrastructure; the wastewater discharge permit did not need to expand, and the total volume of waste will experience a slight increase. Mr. Armbruster commented that the amount of \$587,000 is set out in the text of the agreement on page 4, and a reference to that amount must be corrected. In the same section of the agreement, it is incumbent upon Milk Specialties Global to provide to the Agency the necessary information concerning tax payment in order to verify the correct reimbursement amount. He reiterated the subordination to bond payments if necessary although this is not anticipated. The reimbursement agreement format is the standard format; once the required information from Milk Specialties Global is received, anticipated costs as an exhibit to the agreement will be attached. Mr. Williams inquired about anticipated values and small changes to the agreement.

Commissioner Craig made a motion to authorize the chair to sign this agreement upon completion of all blanks and verification of the estimated costs. Second to the motion was made by Commissioner Hess. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Craig, Commissioner Fraser, and Commissioner Hess. **NAYES:** None.

TERM SHEET – NEW EARTH DEVELOPMENT:

Mr. Williams reminded the board of previous discussions regarding the term sheet. He stated New Earth Development agreed to the terms outlined in the term sheet with one modification on page three. He spoke of a specific entity for each project to allow for separation

between projects by the same owner, and the modification includes the ability to assign the agreement to another entity which they would be creating specifically for this project. Upon approval of the term sheet, the existing development agreement with Summit Creek Development would be amended and simultaneously assigned to New Earth Development with the Term Sheet. Mr. Armbruster reiterated that sometimes developers create a single-purpose development entity to take on a particular project. The anticipation is that the Agency would do the assignment from Summit to New Earth and the amended and restated disposition and development agreement contemporaneously so that everything is done at the same time. Upon inquiry by Commissioner Craig, Mr. Williams stated the start dates within the agreement were accepted by both the Agency and New Earth Development. There will be different phases to the project with the first phase starting in March 2025.

Commissioner Fraser made a motion for approval of the Term Sheet between New Earth Development and the Agency. Second to the motion was made by Commissioner Hess. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Craig, Commissioner Fraser, and Commissioner Hess. **NAYES:** None.

DISCUSSION REGARDING AREA 5 PLAN AMENDMENT:

Mr. Williams provided documents pertaining to the Area 5 amendment and updates to anticipated revenue from the Milk Specialties Global project and unanticipated revenue from the City American Rescue Plan Act (ARPA) funds to construct the park. Mr. Armbruster stated a rough draft of the amendment will be presented to the board at the special meeting on March 16th. He further stated the amendment is limited to the addition of 7.5 acres and a financial feasibility update. References to parts of the existing Area 5 plan reflecting the expansion will also be in the amendment, along with updated attachments including a map with the additional acres and the updated legal descriptions; the map and legal descriptions were forwarded to the Idaho State Tax Commission. Mr. Armbruster stated there have been a few statutory changes since the Area 5 plan was first adopted in 2018, and those changes will be referenced in the amendment. Consultant Phil Kushlan looked at projected revenues and expenditures including bond proceeds received, and carried them out through the end of the term to ensure the financial feasibility of the amendment would work. Once the plan amendment is approved by the board, it will go before the Planning and Zoning Commission; formal notice will also be sent to overlapping taxing entities and a public hearing before the City Council will be held to consider the plan. Moving the plan amendment expeditiously will ensure that the park plans move forward. Mr. Williams added the park plans are going well and would have taken just as long to begin without the plan amendment.

LEGISLATIVE UPDATE:

Mr. Armbruster stated the legislature is entering into a challenging time. The leadership goal was for the session to end by March 24th. All bills from one house to the other were to be transmitted by March 6th, and the Joint Finance-Appropriations Committee was expected to complete their work by March 10th although those dates may be flexible. He stated that fewer bills should be introduced at this stage, although some committees in both the House and Senate could introduce bills on the last day of the session. It would be ideal to have both the House and Senate on similar terms with legislation. Property tax relief remains to be one obstacle in the legislature. Three or four bills pertaining to property tax relief have been introduced but there seems to be little consensus between the House and Senate on which bill or bills to approve, and

the fear is a bill will be passed without little consideration at the last minute. Senator Grow and Senator Anthon co-sponsored Senate Bill (SB) 1111 which combines the property tax relief idea to use surplus state sales tax revenue to provide homeowner's relief with Senator Anthon's goal to increase the eligibility pool and assessed valuation of homes to qualify for the Circuit Breaker program. There was a hearing before the Senate Local Government Committee yesterday, and SB1111 got positive reaction; it will be sent to the floor for amendments, one of which will protect URA's. Mr. Armbruster summarized Senator Grow's idea to use approximately \$200 million to protect property taxpayers, and he stated the property owner's tax bill would be reduced with sales tax revenue as a credit on the tax bill. Taxing entities are protected because that 'credit' would be distributed among taxing entities. Jerome URA Area 3 does have some homes and would also be protected with other taxing entities.

House Bill (HB) 150 was an effort by the Association of Idaho Cities (AIC) and failed. He stated there are two counties in the state that have refused to distribute late fees and interest on delinquency tax payments to the overlapping taxing entities; they claimed they needed to keep the money in order to justify collection efforts although they could impose a collection fee by statute. The AIC had sponsored HB150 to mandate that counties distribute delinquency fees and interest in the same way they would distribute taxes. This showed the strength of County lobbyists although he does not know what Jerome County will do. Two counties are doing this and nineteen more have stated they would be willing to do the same.

HB159 pertains to sales tax exemptions on data centers and the fact that a developer or actual entity would have to choose between taking the tax exemption or revenue allocation funds for infrastructure but not both. The bill did not receive a do-pass recommendation but could be revived. Both the AIC and the Redevelopment Association of Idaho oppose the bill.

HB90 spoke of legal notices; the Idaho Press portal is trying to get out of print publication. The bill passed the House and is awaiting approval by the Senate, and Mr. Armbruster stated this bill has a good chance of passing.

SB1083, introduced by Senator Anthon, increases the thresholds for a competitive procurement process for equipment and/or services from \$50,000 to \$75,000, and increases the informal process from \$75,000 to \$150,000. This would be for equipment and/or services and would not impact the public works construction portion of the statute. Mr. Armbruster concluded by stating that he will continue to keep the board advised on updates; Meghan Conrad has been instrumental in distributing information. He also reminded the board that the Agency is an RAI member.

STAFF REPORTS:

Mr. Williams provided updates on various City projects. He met with College of Southern Idaho (CSI) and the U.S. Department of Agriculture (USDA) earlier in the week regarding the new CSI project. CSI President Fisher has been working with Congressman Simpson's office, and earmarks were reinstated one or two years ago at the federal level, and Congressman Simpson reached out to President Fisher regarding projects that would fit within the boundaries of the earmark. Congressman Simpson secured over \$3 million for the new CSI project; the college will contribute \$6 million (the USDA will receive funds from the federal government, and CSI will receive funds from the USDA).

The Lincoln Courtyards project on S. Lincoln is progressing well; the first structure is up and the other two are underway. Mr. Williams will reach out for status updates. Regarding downtown, Mr. Williams has met with J-U-B Engineers, and Mr. Carpenter and his staff along

with the Idaho Transportation Department (ITD) regarding improvements in downtown and a scope of work; Main Street is also known as State Highway 25. Some requests on Main Street were given to ITD (realignment of one block, work on medians, etc.), and Mr. Williams expects the scope of work to go before the City Council within the next few weeks.

In Area 4, Mr. Williams spoke of Western Dairy Transport and stated they are close to opening; a ribbon-cutting will be schedule. While there were no direct incentives to Western Dairy Transport, the gas line and infrastructure put in over the years in Area 4 directly supported that location. The Nelson-Jameson project is moving along with an anticipated completion date of Spring 2024.

Last year a commitment letter was sent to Idaho Milk Products (IMP) for their anticipated project; site plans were submitted for staff review although they are not yet authorized to move forward with building plans until they get IMP board approval. At that time the site plans will have already been reviewed. Mr. Williams stated the investment with the potentially new plant will be around \$500 million; significant infrastructure improvements will be required within the City (wastewater treatment plant, road and water system improvements, etc.) and the project could prove to be challenging and yet beneficial to the public.

In Area 5, the Milk Specialties Global project is near completion. Regarding the new park, a City engineering meeting was held; construction drawings have been reviewed, and staff is working on bid documents to be publicized within the next few weeks. Committees will reconvene to work through Phase II on the remainder of the park development and then have those items presented to the URA board, Jerome Recreation District Board and City Council for approval before moving forward. The park plans have been announced and positive feedback has been received by the community.

Mr. Williams expects that CSI will be announcing the commencement of a soccer program for men and women; the new park will be the location of the home field and they expect to play ball in Fall 2024.

ADJOURN:

There being nothing further to discuss, Chairman Cone adjourned this March 2, 2023 regular meeting at 3:58 p.m.

Chairman Kathy Cone

Secretary Jason Peterson