

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:07 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 Jason Peterson, and Commissioner Shonna Fraser. Commissioner Bryan Craig and Commissioner BJ Hess were excused.

Also present were City Clerk Bernadette Coderniz, Legal Counsel Ryan Armbruster, City Administrator Mike Williams, Accounting and Budget Manager Lori McCrae, City Engineer Tyson Carpenter, and IT Technician Andy Newbry.

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 March 2, 2023 regular meeting and March 16, 2023 special meeting
- B. Review and approve claims for April 2023
- C. Review and approve staff financial reports for March 2023

City of Jerome \$2,230.19; Elam & Burke, Inc. \$5,150.64; EHM Engineers, \$2,937.50; Kushlan & Associates, \$5,151.64

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

AUDIT REPORT:

Lori Harberd, Certified Public Account with Rexroat, Harberd and Associates, presented the audit report for Fiscal Year ending September 30, 2022 and provided a brief overview of each section. The audit report on pages 1-3 showed unmodified, or clean, opinions with no material misstatements as part of the audit. The financial statements are fairly presented in all material respects in conformity with generally accepted accounting principles. The audit was conducted in accordance with generally accepted auditing standards and government auditing standards as an entity independent of the City of Jerome. Ms. Harberd noted that management is responsible for the preparation and fair presentation of the financial statements as well as the design, implementation, and maintenance of internal control to ensure the statements are free of any material misstatements due to fraud or error. Internal controls are reviewed but not every transaction is tested, and Ms. Harberd briefly reviewed the responsibilities of the auditor. Pages 4-9 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. Pages 10-11 are the full accrual statements, and the statement of net position lists all assets and liabilities of the Agency as of September 30, 2022. The net position is broken down by net investment in capital assets, what is restricted for debt payment, construction and progress, and unrestricted. The unrestricted shows a loss position because the Agency has the revenue to be collected, in future years, to pay liabilities listed in the report. The statement of activities, on Page 11, shows expenses offset by revenues (\$200,000 capital grant from the City and property tax revenues received, etc.). Expenses were more than revenues and a reduction in net position of \$1.9 million is shown. Pages 12-13 show fund financial statements and list current fund resources but no long-term liabilities nor capital assets. Categories for the fund balance are on Page 12 and are broken down similarly to the statement of net position. Page 13 lists revenues and expenditures for each area, and a new section was added because of the bond proceeds (other financing Sources and Uses section). A reconciliation from the modified accrual basis to the full accrual basis is also on page 13.

Notes to the financial statements are on pages 14-21, and Ms. Harberd stated they hold details and more specific information about the figures within the financial statement. Note 1 is the summary of significant accounting policies with additional information about the full accrual and modified accrual along with the different Agency policies. The cash and investments note is found on pages 17-18 along with what is covered by FDIC Insurance; the Agency had no deposits which were not covered. Note 3 references capital assets, and note 4 on page 19 lists changes in long-term liabilities; the old bonds paid off, and the new bonds with repayment schedule are listed on page 20. Note 8 on page 21 references grant revenues received from the City of Jerome, and note 11 pertains to the Area 2 closure. The budget to actual statements are on pages 22-26 with comparisons for each area. All areas, except for Area 5, did better than budgeted. Notes with supplementary information and the second audit report are found pages 27-28; these are required by governmental auditing standards. Internal control over financial reporting is covered along with compliance and other matters; no significant deficiencies or material weaknesses were noted as part of the audit process although no opinion is given on internal control. Ms. Harberd concluded with explaining the Governance Letter which was distributed to the board.

Commissioner Fraser made a motion to accept the audit report and direct staff to file the report with the appropriate entities. Second to the motion was made by Commissioner Peterson. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Fraser, and Commissioner Peterson. **NAYES:** None.

REIMBURSEMENT AGREEMENT MILK SPECIALTIES GLOBAL:

Mr. Williams stated the agreement in question was approved in March but information was missing at that time (legal name of company and projections). The estimated value of the project (\$36 million) and estimated assessed value of the project (\$19.5 million) were provided and are now included in the agreement. Mr. Williams expects the reimbursement agreement to be paid off within two to three years; approximately fourteen years remain in Area 5. He stated there are some issues concerning their wastewater system (currently being addressed), and plans have yet to be received, and he requested that the agreement not be executed until those issues are resolved and all required documents are on hand.

AMENDED DISPOSITION AND DEVELOPMENT AGREEMENT (DDA):

Mr. Williams stated this item along with the assignment and assumption agreement are related. The original DDA with Summit Creek was signed in 2021, but many changes have taken place since that time including a different approach to the residential component of the Blocks 55/56 project and changes to the College of Southern Idaho (CSI) building plans. The agreement will include changes pertaining to the fair reuse value, reimbursement for public infrastructure, and estimated value of the project (changed from individual modular homes to multi-family town homes). Phasing of the project will also differ from the original plans, and the land will be deeded as the phases are completed in order to protect the Agency.

Mr. Armbruster spoke of the exclusive right agreement with Summit Creek that was substantial in length; with time to negotiate the deal, site drawings were on hand along with other information to engage the reuse appraiser and determine a purchase price based on the appraisal. In working with New Earth Development (NED), this information is not currently available and will need to be submitted to determine a fair reuse value for the property once the appraiser is engaged. Information including basic concept drawings, will need to be submitted along with design development drawings for the second phase of the project. Mr. Armbruster stated it will be to the Agency's best interest to separate the four acres into three phases; NED has agreed to start Phase I within two years. Conveyment of the property for subsequent phases will not occur until each prior phase is completed. He spoke of a project in Boise whereby their local Agency committed to conveying the entire parcel to the developer but split it in half; the developer had a period of time in which to invoke its right to the next piece of property. For example, upon issuance of a Certificate of Occupancy for Phase I, the developer would have a certain amount of time to advise of their readiness to proceed with Phase II. Because the project will be interrelated to the CSI project and another potential commercial-like parcel, there is standard text within the agreement to provide cross access easements or agreements in terms of vehicular traffic in and out of the overall project area. Mr. Williams noted the Phase II portion of the project which spoke of rights to develop the property in the original DDA has been removed in the new agreement. Mr. Armbruster spoke of access to the property for site preparation and stated license agreements could be issued to use driveways or other access means, and then revoked if future phases did not move forward. He stated Mr. Williams will be in communication with NED and staff is hopeful a final agreement can be presented at the next meeting in May.

ASSIGNMENT AND ASSUMPTION OF DDA:

Mr. Armbruster stated this three-page agreement states the Agency had entered into an agreement with Summit Creek/Lincoln Commons for development of a portion of Blocks 55/56, and that the parties have discussed an alternative development for the property. The agreement will confirm that Lincoln Commons will assign to NED rights under the amended and restated DDA and by doing so Summit Creek/Lincoln Commons will be absolved of any obligations under the DDA. He does not see any issues with getting this approved and noted that NED had requested both agreements be done simultaneously. As the term sheet is approved the board will be well aware of the schedule of performance on the various three phases.

Mr. Williams stated he spoke with Summit Creek and that they are ready to sign the agreement over to NED. The new development agreement fully complies with what staff had requested although the project is different enough to constitute these additional steps (amended DDA, assumption and assignment, etc.) rather than trying to amend the original DDA later on.

LEGISLATIVE UPDATE:

Mr. Armbruster provided a brief update of the legislative session which adjourned sine die today. He highlighted a few bills that are now law and one bill that had been discussed previously and could be a problem. House Bill 328 involves a data center in Kuna. The bill states the entity cannot take advantage of the state sales tax incentive and be within a revenue allocation area that would generate tax increment for an urban renewal agency. Other improvements in and around the proposed data center in Kuna are needed, and the data center would have generated substantial tax increment to assist with those improvements. Mr. Armbruster stated there was hope the Governor would veto the bill, but this did not happen. House Bill 90 was an attempt to get municipalities out of paper publication. This bill was supported by the Association of Idaho Cities and the Redevelopment Association of Idaho, and he stated this bill is a small step towards providing transparency to the public without having to spend money on newsprint publication.

Senate Bill 1083, with assistance from Senator Anthon, was approved and increases the ceiling for procuring services or personal property; this will not impact construction projects. Mr. Armbruster also spoke of the anti-Chinese provision bill that had gone through the House and Senate which is similar to the anti-Israel provision passed a few years ago. This puts the burden on the governing body entering into an agreement with another entity, to have that entity certify, affirm or attest that it is not controlled in any way, shape or form by the Chinese government. House Bill 292, the “property tax relief” bill, provides that the State of Idaho will designate some existing funds and some sales tax funds to provide property tax relief for anyone who qualifies for a homeowner’s exemption. They will get between 15%-20% credit on their tax bill when sent out. The state’s portion/payment will be distributed to all taxing entities including URA’s. The bill also increases the assessed values and income thresholds to qualify for the Circuit Breaker program. Additionally, the bill provides substantial funds to school districts to allow them to pay down any school bonds issued, supplemental levies, facility bonds, etc. or to provide funds for additional capital improvements. HB292 was vetoed by Governor Little citing commitments under the sales tax provisions for both transportation and other projects that could be jeopardized if the bill passed. However, the House and Senate quickly prepared and adopted “trailer bills” to clarify that those dollars would not be impacted by this property tax relief bill, and once the two trailer bills were passed the House and Senate overrode the Governor’s veto. The tax bills to go out in November/December 2023 will be impacted by HB292, but the impact to budgets and levies is unknown at this time. Mr. Armbruster stated HB292 was basically a combination of three different bills; at one time each bill covered only one topic whereas this bill covers four topics although no one has challenged it. He further stated there is no indication the legislature will be reconvening although, constitutionally, they could if 60% of both the House and Senate were to agree to do so.

STAFF REPORTS:

Mr. Williams provided updates on various projects and activities. In Area 5, the First Amendment to the plan is moving forward, and Ms. Coderniz will be submitting hearing notices to publish on April 14th and April 18th for a May 16th City Council meeting. The Planning and Zoning Commission will consider a resolution to find that the amendment conforms with the City Comprehensive Plan. Council will have the option of hearing the proposed bill for the Area 5 First Amendment on three separate occasions or one time only on May 16th followed by adoption of the bill as an ordinance. Staff is waiting on approval of the infrastructure associated with the park expansion from the Department of Environmental Quality (DEQ), and Mr. Williams had some concerns regarding bids coming in for various projects in the City in terms of construction

costs. Upon inquiry by Chairman Cone, Mr. Williams stated that all components of the various bids are coming in higher than anticipated. He noted the Main Street Sidewalk project estimated budget was approximately \$525,000 whereas the only bid received for the project came in at approximately \$817,000. Additionally, he noted the smaller projects are not getting as much attention as the larger projects, and project deadlines could be having an impact on contractors when considering a bid submittal. Staff is trying to supplement the project with grant applications including a block grant for playground equipment or other small grants for amenities including picnic shelters.

In Area 5, Mr. Williams stated he is working with the Jerome Recreation District (JRD) and CSI on a Memorandum of Understanding (MOU) to list roles, responsibilities, and intent of each entity as the park project moves along. CSI requested the MOU prior to a formal announcement of their intent to form a soccer program with the location of their games to be at the new park. They have indicated they will fund certain items to support the program at the park (fencing, scoreboard, bleachers, etc.). A draft MOU may be presented at the next URA meeting for the board's consideration.

Staff at Milk Specialties Global had anticipated completion of their project by this month. However, the current construction environment has delayed the completion date somewhat. Conversations for potential expansion project planned by Idaho Milk Products (IMP) are ongoing although whether or not they move forward with the project remains to be seen. Staff has been having conversations with financial advisors, bond counsels and finance administrators for IMP on what potential URA participation might have.

Mr. Williams, along with Mr. Carpenter and J-U-B Engineers, have been working together to develop a scope agreement for downtown improvements (Main/Lincoln, Avenue A, Alder, 1st Street). Once received it will be presented for consideration; City staff will enter into the agreements and procure services. Also, he will be going to Boise with Mayor Davis and Mr. Carpenter on an invitation to appear before the Economic Advisory Council regarding the application of a Community Development Block Grant for improvements on Avenue A and Alder. This area was separated from the other downtown improvements to avoid restrictions consistent with the grant application; the remaining downtown improvements will be supported by bond funds. The block grant in question is \$500,000 excluding grant and administrative fees.

Another project which may be coming to Jerome in the near future involves the old Napa building on S. Lincoln. New owners of the building are planning to level out the old building and construct a new grocery store called the Pantera Market; the market will face S. Lincoln. Mr. Williams stated the new project will be close to the improvements planned for S. Lincoln. He anticipates increment value with the new development, and costs associates for curb, gutter and sidewalk on Lincoln and G Street could be reimbursed if eligible. Additionally, those improvements will be consistent with those already planned on S. Lincoln as new streetscape standards will apply. Upon inquiry by Commissioner Fraser, Mr. Williams explained the new Pantera Market will sell Hispanic goods and groceries, and will also include a meat market. He further stated drawings for an attractive building were recently submitted to City staff for review, and he anticipates a reimbursement agreement to be considered in the near future.

Mr. Williams will be extending an invitation to the board to tour the new police station prior to a public open house. And finally, the apartment complex south of Dairy Queen is progressing nicely, and Mr. Williams expects streetscape improvements along with curb, gutter and sidewalk improvements will commence in May.

ADJOURN:

There being nothing further to discuss, Chairman Cone adjourned this April 6, 2023 regular meeting at 4:04 p.m.

Chairman Kathy Cone

Secretary Jason Peterson