

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:00 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, Commissioner Shonna Fraser and Commissioner B.J. Hess. Commissioner Bryan Craig joined the meeting at 3:05 p.m.

Also present were City Clerk Bernadette Coderniz, City Administrator Mike Williams, Legal Counsel Ryan Armbruster, Finance Director Ross Hyatt, Accounting and Budget Manager, Planning and Zoning Manager Ervina Covcic, and IT Director Carlos Hernandez.

**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 10, 2022 and March 29, 2022 special meetings
- B. Review and approve claims for April 2022
- C. Review and approve staff financial reports for March 2022  
City of Jerome \$1,490.07; Elam & Burke, Inc. \$1,199.16

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

**AREA 3 AND AREA 5 FINANCING:**

Mr. Williams spoke of the specifics and options to consider with the Area 3 and Area 5 financing. He spoke with staff to ensure that they would not borrow more than what can be afforded and that the annual debt service payments will work within the current revenue stream. Cameron Arial joined the meeting via Zoom to review the financing options and requested the board's thoughts on the bid package presented.

Mr. Arial stated the bid package presented to the board will be distributed to the banking and financial institution market; proposals will be solicited and a selection will be made for the financing of the two project areas. Submission criteria within the package include competency and experience of the selected financial institution, timing/structure/terms of the financing, the debt service reserve fund requirement (a single year worth of bond payments held in reserve), interest rate/fees, and additional information which would be helpful to the Agency (i.e. other financing options, retail banking services or investment options). Mr. Arial provided a scoring metric for the board's review which will determine how an institution is selected. The interest

rate will be weighted heavily along with fees or expenses. Other factors which determine a score value include timely closing, coverage ratio and municipal market insights. He stated the bid form will be developed based on the board's thoughts during the discussion. The package also includes maps of the project Areas 3 and 5, information about the Agency, the budgetary process and history of the Agency, and other information that will assist the financing institutions.

Mr. Arial reviewed specifics to the TIF Revenue Bonds, Series 2022, for Area 3. He reiterated the importance of ensuring the annual revenues would be sufficient to cover the projects and still include the debt service payments. Sources and uses of funds were reviewed including the debt service reserve fund (DSRF); this fund is there for security purposes and may not be used. He stated the deposit to project construction fund was based on engineering estimates of all costs in each project area. The cost of issuance budget includes consultation fees, bond fees, bond counsel fees, and other banking fees included in the financing. An incremental revenues and cash reserve analysis was shown to the board and included the total principal and interest payments on an annual basis; Mr. Arial noted that they were less than the projected annual revenues. He spoke of the "planned issuer equity contribution," a cash contribution by the Agency towards the DSRF rather than borrowing those funds in the financing. This would reduce the amount of the bond and debt payment along with interest fees, and strengthen the coverage ratio. Using cash funds versus borrowing funds for the DSRF is at the board's discretion.

Mr. Williams stated that he, along with staff, reviewed the scenarios. Borrowing the funds for the DSRF would preserve the existing cash fund; however, the annual payments would be higher. The Area 3 Budget and Projects List was reviewed at length. The URA plan was adopted in 2014 and several projects were contemplated at that time. Projects include streetscaping and a water line addition on Main Street from Birch to Buchanan; ADA ramps, water main services and streetscaping on Lincoln from 2<sup>nd</sup> Avenue to Avenue C; curb/gutter/sidewalk replacement, water main services and pedestrian lighting on Alder, Lincoln and Avenue A. He spoke of several areas in the older part of town needing beautification for the potential of future redevelopment. Total streetscape replacement from Avenue C to Avenue E would tie in with the new project on S. Lincoln. Mr. Williams stated these projects encompass the total construction fund of \$3.8 million, and that the board may suggest additional projects for future development. Commissioner Craig commented on the project list and conservative estimate of costs, and Mr. Williams stated design of the projects will be the next step in the process once financing is approved. Mr. Arial inquired if the DSRF would be funded with cash or through financing and reviewed Area 5 financing and projects.

Similar scenarios in Area 5 were reviewed at length; the life of Area 5 is longer than that of Area 3 and increased revenues are anticipated. Mr. Arial stated the cost of issuance is higher due to higher financing which includes the DSRF. The other scenario with the Agency's covering the DSRF reduces the bond amount significantly. Again, choosing to self-fund the DSRF is at the board's discretion. Mr. Williams spoke of the differences between Area 3 and Area 5, primarily the life of each area. Area 5 allows for more time to spread out the payments. Additionally, cash on hand in Area 5 could potentially be used for the DSRF, however, there are projects within the area that can also be funded with cash (i.e. potential property procurement). He also noted Area 5 has the likelihood of significant tax increment increases on an annual basis due to the industrial ground including an active project.

Commissioner Peterson stated he agrees with staff recommendations of financing the DSRF with cash in Area 3 and financing the DSRF in Area 5, and all board members concurred. Mr. Armbruster is hopeful that there may be some relief on the DSRF with Mr. Arial's ability to

solicit proposals and that Mr. Arial now has guidance on how to finalize the bid package. Mr. Arial briefly reviewed the timeline with the board. The package will be finalized this week and put out to market by next Friday. Bids will be due by May 6<sup>th</sup> and submitted for staff and the board's review on May 12<sup>th</sup>. Legal documents should be finalized by May 18<sup>th</sup> and a special URA meeting may be held on May 19<sup>th</sup> to prepare a bond resolution and notice of sale. The protest period would be May 20<sup>th</sup>-June 20<sup>th</sup> as required by code. Mr. Arial hopes to close by June 22<sup>nd</sup>; interest rates are continuing to increase and getting the bid package to market as soon as possible is advised to lock in rates. Mr. Armbruster will provide edits to the package by next week and feels a bid award on May 6<sup>th</sup> to a bond resolution on May 19<sup>th</sup> may be too aggressive. In addition to the bond resolution, a bond agreement will also be required and may need additional time to develop.

Mr. Williams noted that contemplated projects in Area 5 include a connector roadway from Avenue I to Nez Perce. This estimated \$1.5 million project will include curb, gutter and sidewalk, and water/sewer services. Another project, estimated at \$2.6 million for industrial growth, will include a 36" trunk line from Agropur to the H Street lift station; this will eventually eliminate lift stations at 100 S and at Agropur.

Commissioner Peterson made a motion to authorize Mr. Arial to release the request to prospective lenders as soon as packages are available. The package will include financing the DSRF in Area 5 and using cash for the DSRF in Area 3. Second to the motion was made by Commissioner Fraser. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Peterson, Commissioner Craig, Commissioner Fraser, and Commissioner Hess. **NAYES:** None.

#### **AUTHORIZE LETTER TO TAXING ENTITIES:**

Mr. Williams provided a draft copy of the letter to be sent to taxing entities advising of the Agency's intent to close out Area 2. The letter will also advise the entities of the increment value of the district that will be counted as new construction as they develop budgets for FY2023. Mr. Armbruster reviewed the letter that will initiate the process of closing out the area. He stated this schedule has been worked out with the Idaho State Tax Commission (ISTC) over the last few years; by giving taxing districts the letter they will be advised of the assessed value coming in late May, and these figures can be used in their budget planning. The letter states that the Agency will not take any additional revenue allocation funds beyond what will be received in July and Area 2 will be deemed to be closed out. Mr. Armbruster believes the process of closing out the area can be completed this year since the board has been having discussions on closing out with the legislation that was passed and could have had a negative impact on URA's. The letter includes the work that has been done in Area 2 and the reasoning behind closing out early. In May the board will consider the termination documents that will be distributed to the taxing entities and ISTC along with an amended budget that will reflect the fact that Area 2 will be closed out effective September 30<sup>th</sup>. There are no projects planned at this time and approximately \$30,000-\$50,000 will be reserved to cover last-minute costs and expenses on the administrative side which may lead into FY2023. There is one outstanding payment remaining to Scoular that will be recognized in the documents as paid prior to September 30<sup>th</sup>. Mr. Armbruster reiterated that the letter will give notice to the taxing entities as they get their assessed valuations and prepare budgets. The letter also acknowledges there will likely be a cash balance as September 30<sup>th</sup> approaches; it will be disbursed to the County Treasurer for distribution to the taxing entities; the amount is unknown at this time.

Mr. Williams commented that the taxing entities should be pleased once it is understood what closing out Area 2 will mean. The base value of the area is approximately \$1 million, and the final value of the area, excluding the Scoular development, is approximately \$124 million. With the new rules pertaining to closing out areas, up to 80% of the final new construction value (\$123 million for this area) can be captured to be incorporated into budgets. The City of Jerome will receive approximately \$810,000 which will assist with significant road projects.

Commissioner Craig made a motion to authorize counsel and staff to finalize and send the letter as soon as possible. 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.

### **REIMBURSEMENT AGREEMENT FOR JEROME PACIFIC COMPANY, LLC:**

Mr. Williams spoke of the project on S. Lincoln and the public improvements needed to support development at the site. Unfortunately, construction costs have increased dramatically, and staff has been working with Mr. John Rennison on the list of eligible public projects eligible for reimbursement along with a list of specific items the board would like to see for the project. Project renderings of the development were shown to the board, and Mr. Williams explained the development will consist of thirty units in three separate buildings and a commercial pad site for a yet-to-be announced project. There will also be a community plaza on the southeast corner of the development to provide for some beautification of the area as one approaches from the south.

The renderings also shows eligible public improvements. New curb/gutter/sidewalk will be added to Avenues E and F, and S. Lincoln where the existing curb/gutter/sidewalk are largely deteriorated; these will be built to City standards (pavers, colored concrete, new lamp posts, etc.). Water line improvements on Avenue E will also support the development along with storm water runoff and retention, street lights, and rerouting the existing gravity irrigation system. Mr. Williams stated the estimated costs, as listed in Exhibit A of the document, are approximately \$778,329. The original draft of public improvement costs exceeded \$1.1 million, but some costs were removed or reduced (sewer line work covered by the City, no longer burying power in the area, water system improvements, etc.). Mr. Williams stated the original project also included the property near D.L. Evans Bank for a total of two project sites. Tax credits were approved for one site only, and the developer determined the best site for the project would be on S. Lincoln in order to meet the community match requirement. A commitment letter by the Agency submitted with the original project plans indicated a total commitment of 10% of the total assessed value of the project. The project on S. Lincoln is anticipated to be approximately \$6 million in construction costs plus \$1.4 additional development costs for a total of \$7.4 million. The assessed value of the project will not be known until it is completed, and Mr. Williams is seeking input on the public improvements list and if they meet the board's expectations. Items included crosswalk enhancements, improvements to the pedestrian plaza and other staff requirements to be in compliance with the State. He noted the next step would be to draft a reimbursement agreement and decide on the reimbursement amount. The reimbursement (typically 10% of the assessed value) would take place in annual payments of 75% of the increment value as a result of the project.

Mr. Rennison with Rennison Companies and a partner with Pacific Companies appeared before the board to request moving forward with the project and reimbursement agreement. He stated inflation and the increased cost of materials have caused delays in the project, and his staff

has been working on opportunities to reduce the costs. The project has been bid out, and some portions were re-bid due to a shortage of trade contractors. He spoke of closing on the site near D.L. Evans Bank and the credits awarded to that site. The credits were moved to the S. Lincoln site because of the quantifiable public improvements eligible for reimbursement that would satisfy the application requirement of having a community match. The project went through the design review and rezone process with the Planning and Zoning Commission. Upon inquiry by Commissioner Craig, Mr. Rennison stated once the building permits have been issued the site work will begin later this month. The reimbursement agreement will be shown to the tax credit investors as proof of financial support to move forward with the project. He commended Mr. Williams and City staff in working together for this project, and he stated the project was awarded for thirty low-income tax credit units. The developer will begin marketing the commercial pad for a commercial opportunity at the site; specific details, whether they built-to-suit or develop a for-sale parcel are unknown at this time. Mr. Williams agreed it is reasonable to include the commercial property as part of the reimbursement agreement, and he noted the project will also include a community plaza area on the southeast corner of the property with park benches; green space and a playground are also included in the renderings. Upon inquiry by Commissioner Peterson, Mr. Williams stated the community plaza will be part of an easement to the City and low maintenance will be required by City staff. A reader board will be installed to replace the existing street banner set up when funds are available. Mr. Rennison also noted the irrigation components will be minimal.

Commissioner Craig made a motion to authorize staff to begin negotiations with Pacific Companies for a reimbursement agreement. 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.

### **LEGISLATIVE REPORT:**

Mr. Armbruster stated the legislature has formally adjourned for the year. He spoke of some relief to the Circuit Breaker eligibility, a faulty provision of HB389 passed last year, and that cities are also allowed to give property tax rebates. Another bill allows for investigation of those who apply for the homeowner's exemption, and another provides protection for public entities in terms of cyber security records, which will now be exempt from disclosure. Mr. Armbruster briefly spoke of a technical issue with property use changes concerning new construction rolls, and stated that the Idaho Work Housing Fund was approved. \$50 million from ARPA funds will go through the Idaho Housing and Finance Association. The county Indigent Service program and public defenders will be assumed by the State of Idaho over time, and this will drive the county levy down somewhat. This action will provide some property tax relief although the amount is unknown at this time. HB389 was fixed and now the Agency can proceed with closing out Area 2. Mr. Armbruster briefly covered bills that did not pass this year including a bill which would have removed property taxes for single-family dwellings and increased the sales tax; it may reappear next year. Senator Guthrie introduced a bill that would allow the base value of a URA area to increase by a specific amount over time but it did not pass. Mr. Armbruster also noted that a 50%-60% turnover in the House of Representatives is expected next year with redistricting, retirements and/or election defeats, and that a long session is expected next year.

## **STAFF REPORTS:**

Mr. Williams provided an update on the Summit Creek development at blocks 55/56. An amendment to the existing agreement will be proposed to seek removal of the option that the developer has for developing the commercial projects so the Agency can work directly with a proposed commercial tenant. The commercial portion of the project will be ready before the residential project, and this amendment will provide for flexibility in getting the commercial project completed. A separate development agreement will be initiated with a commercial client, and Mr. Williams anticipates an agreement to be presented at the next URA meeting. Upon inquiry by Commissioner Peterson, Mr. Williams explained the existing agreement specifically states that Phase I is the residential portion of the project with the developer having rights to develop the commercial development as Phase II. He stated a potential client prefers to build their building rather than be a tenant of the developer, and amendments to the agreement will allow the Agency to work directly with the commercial entity. The concept of having modular units in the residential portion of the project is proving to be more difficult than anticipated, and Mr. Williams stated the developer is seeking alternatives for that portion of the project. Commissioner Craig commented on the improvements to the Marshall's Warehouse building, and Mr. Williams stated improvements are also coming to the old Diamondz building façade along with the Tri-State Tire building improvements. The Jerome Event Center is also going through the design review phase with the Planning and Zoning Commission for improvements to the exterior of their building, and the new police station is out to bid with award anticipated soon.

## **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 at 4:28 p.m. 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 move out of exec session. Second to the motion was made by Commissioner Fraser at 4:38 p.m. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Peterson, Commissioner Craig, Commissioner Fraser, and Commissioner Hess. **NAYES:** None.

## **ADJOURN:**

There being nothing further to discuss, Chairman Cone reconvened the regular meeting and adjourned this April 7, 2022 regular meeting at 4:39 p.m.

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Chairman Kathy Cone

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Secretary Jason Peterson