

This special 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 Bryan Craig, and Commissioner B.J. Hess. Commissioner Shonna Fraser was excused.

Also present were City Clerk Bernadette Coderniz, City Administrator Mike Williams, Legal Counsel Ryan Armbruster, Finance Director Ross Hyatt, Accounting and Budget Manager Lori McCrae, City Engineer Tyson Carpenter, IS Director Carlos Hernandez, and IS Staff 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 April 7, 2022 regular meeting and April 7, 2022 executive session
- B. Review and approve claims for May 2022
- C. Review and approve staff financial reports for April 2022
City of Jerome \$792.08; Elam & Burke, Inc. \$9,115.79

Commissioner Craig made a motion to approve the consent calendar as presented. 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, and Commissioner Hess. **NAYES:** None.

AREA 2 TERMINATION BUDGET:

Mr. Williams stated one step in the process of terminating Urban Renewal Area 2 is to approve the tentative termination budget. A formal resolution will be presented to the board in June to terminate the area. Ms. McCrae stated major changes to the budget include an addition of \$25,000 to the miscellaneous expense which will cover any costs missed or unknown at this time, and a change to the "economic development reimbursement payments" which includes the payment to Scoular. Construction projects were removed from the budget. Ms. McCrae noted that the "cash to be remitted to the county" was changed to "preliminary estimate of cash to be remitted..." to indicate that this figure could change. Mr. Armbruster stated a preliminary tentative budget to close out the area, would have been presented last August; however, the legislative changes caused some uncertainty with the valuation of taxing entities could take against their budgets. He recommends a motion to tentatively approve the termination budget (which is also the amended budget from what was approved for FY22 last August). A notice will

be published for a public hearing to review the termination and amended budgets; a termination resolution will be presented to the board at that time along with a narrative explaining the close out process. Once approved by the board it will be forwarded to the state tax commission and taxing entities, and the final step will be to present to City Council an ordinance approving the closing of Area 2.

Commissioner Craig made a motion to tentatively approve the termination and amended FY2022 budget. 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, and Commissioner Hess. **NAYES:** None.

DA DAVIDSON & COMPANY:

Cameron Arial with Clearwater Financial appeared via Zoom to review the proposal received. Based on the scoring criteria in the Request for Proposals (RFP) for advanced funding, Mr. Arial stated DA Davidson & Company, the only respondent to the RFP, rated high against the criteria set out in the RFP. Documents were shown to the board and Mr. Arial stated the company is also highly rated on a national level in addition to being familiar in the area and state of Idaho. Jonas Biery is the Senior Vice President and underwriter, and Mr. Arial stated the proposal is a market underwriting proposal and not a bank placement with a single bank. Bonds will be sold on the open market. He spoke of Mr. Biery's experience and its importance to the success of the transaction. The proposal meets the criteria outlined in the RFP including timeframes and deadlines for optimal interest rates. Mr. Arial spoke of the additional time and work required to complete the transaction, and noted that DA Davidson & Company demonstrated commitment to deliver the amount of funds necessary.

Mr. Arial's extensive presentation pertaining to the proposal included the following: a strong strategy for any issues; the issuance of premium bonds to meet financial needs; bonds structured to the Agency's advantage; creativity and flexibility from a market approach; bonds to be sold at 1.25 times coverage ratio; a cushion built into the revenue stream to make the debt service payments; anticipated coverage ratios of 1.35 times for Area 3 and 1.6 times for Area 5 (very conservative figures); good assumptions in project revenues to make payments; debt service reserve fund proposals (fund one area's through debt and the other through cash); increasing rates; Municipal Market Data information used to compare against the proposal figures; locked rates when the bonds are priced, and the company's comfort level; the strength of the underwriting capacity; DA Davidsons's willingness to buy bonds and hold until they can be sold; the "official statement" marketing document used by investors to make decisions, and the additional cost associated with the document if the board chooses to utilize one; and, Mr. Arial's recommendation that the board move forward with selecting DA Davidson and Company.

Mr. Armbruster spoke of the "official statement" that will be developed by coordinating with bond counsel and DA Davidson. The bond resolution, the purchase agreement and the official statement will be utilized. Mr. Armbruster stated the Agency was fortunate to attract a proposal from an underwriter and credits the validity of the project areas and revenues generated. Upon approval of the selection, Mr. Arial will reach out to DA Davidson to start the process. Mr. Williams added costs will be incurred with the process including bond counsel fees and noted that DA Davidson is a reputable firm; receiving a response from them confirms that the Agency is credit worthy. Mr. Arial commented that closing out Area 2 with significant revenues

demonstrates good decisions by the Agency. Projects are specific and will produce additional revenue.

Commissioner Craig made a motion to accept the proposal by DA Davidson and Company, and authorize Mr. Arial, counsel and Agency staff to move forward. 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, and Commissioner Hess. **NAYES:** None.

REIMBURSEMENT AGREEMENT FOR JEROME PACIFIC COMPANY, LLC:

Mr. Williams stated he wanted to review highlights of the proposed reimbursement agreement with Jerome Pacific Company, LLC (“the Company”) for the subsidized housing project south of Dairy Queen before presenting a finalized version to the board for approval. The agreement will look similar to that with Commercial Creamery for eligible public infrastructure costs. Eligible projects will include curb/gutter/sidewalk, water line and irrigation improvements, water retention improvements, etc. to support the project which will consist of thirty housing units. The Agency will reimburse the Company 75% of the annual tax increment until paid in full. Mr. Williams stated in the past the Agency has reimbursed approximately 10% of the total project value and, at this time, the stated value is approximately \$7.2 million. The eligible costs may exceed \$780,000, and there is room for negotiations and justifications based on the type of project (need for family housing) and increasing costs of construction. The project will also include commercial retail space in addition to the housing units, and Mr. Williams noted that the tax increment from the commercial site will count towards reimbursement because the infrastructure being built will support the site. Mr. Armbruster stated the developer will pay costs on a reimbursable basis; when they provide verification of the paid tax bill, the Agency will reimburse 75% of that total. He stated the \$780,000 is an estimate and will be reviewed further by Mr. Williams and staff to determine eligibility and reasonableness of costs. The open space portion of the project will need to be formally dedicated or transferred to the City by way of easement or otherwise, and this will be included in the agreement. The commercial retail space will be part of taxes generated, and payments will not be issued until the project is completed and Certificate of Occupancy is issued for the project. Any improvements in the right-of-way will be formally accepted by the City of Jerome. While this agreement will be slightly different from that with Commercial Creamery, it will follow the same model. Mr. Williams added the reimbursement payments will be subordinate to the bond payments, and Mr. Armbruster confirmed this will be disclosed in the agreement. Mr. Arial noted that an additional bonds test would be required to ensure the bond payments can be made. Upon inquiry by Mr. Williams, the board had no further comments regarding the agreement.

FIRST AMENDMENT TO LINCOLN COMMONS, LLC DDA:

Mr. Armbruster stated there are two commercial parcels in the Blocks 55/56 development. By virtue of a first amendment to the Development and Disposition Agreement (DDA) one parcel will be removed from the existing agreement with Lincoln Commons and developed by a separate and distinct entity. The developer will be given the opportunity to comment, and the revised DDA will include coordination among the three pieces of the project (residential and two commercial). Open spaces and common spaces will be determined at a later date and likely a common area maintenance agreement will be developed to bind all parties to

share in the expenses. The revised DDA will also include dates in terms of performance points for the housing portion of the project, and the developer will also have the opportunity to comment. Mr. Armbruster wishes to redefine the proposed Phase II portion of the project in a restated form so as to not recreate another extensive document. The revised DDA has started in earnest with his staff working on the documents; once complete they will be reviewed by Mr. Williams and then shared with the developer. Mr. Williams stated in discussions with the developer they have indicated verbal approval of the revised structure. The original plans were to develop the residential portion of the project first as Phase I, and the developer was to build a building and lease out to a third party. However, a third party has shown interest in building their own facility, and Mr. Williams stated all parties involved want to move forward with the commercial project as soon as possible. Staff would also like to see progress on the residential portion of the project and list specific performance timelines in the revised DDA. Design, access to infrastructure and access to properties will be retained in the agreement for the benefit of all parties. Upon inquiry by Commissioner Peterson, Mr. Williams stated there is nothing to prevent the developer from withdrawing from the residential portion of the project. The cost of premanufactured units has increased, and the developer could potentially assign the residential piece to another developer. Additionally, the board would still have control over the residential piece (design, schedule of performance, etc.) should a new developer take on the project. Mr. Armbruster stated the assignment of another developer would be subject to the board's consent, and the same terms of the DDA would apply. Commissioner Craig commented on the timeframes within the existing DDA, and Mr. Armbruster stated they have not been met; the revised DDA will update those timelines and provide a timeframe that will be acceptable to both the Agency and the developer. No action by the board is necessary at this time.

LEGISLATIVE REPORT:

Mr. Armbruster stated the primary election will be held on Tuesday, and the make up of the legislature should be known by Wednesday evening; two incumbents are facing off against each other due to redistricting. There are no study nor interim committees assigned for the summer, and the legislature will gather again in January.

STAFF REPORTS:

Mr. Williams spoke of the Lincoln Commons Development and stated there have been discussions between the City, the URA, and the third party to develop a Memorandum of Understanding to begin that project. A meeting will be held on Monday, May 16th with representation from the City, the College of Southern Idaho (CSI), and the URA. It is expected that CSI staff will be given formal consent to begin negotiations; the CSI president will formally declare their intent to work with the City for acquisition of that property and move forward with the project. An agreement will be developed for the transfer of property in exchange for a new educational facility of approximately 20,000 square feet. Upon inquiry by Commissioner Peterson, Mr. Williams stated the property can be exchanged from one government entity to another while infrastructure and site mitigation will be the responsibility of the college. The disposition of the existing CSI building on the corner of Main and Lincoln will be negotiated at a later date.

Mr. Williams stated a special meeting of the board may be called to discuss potential land acquisition and develop a purchase and sale agreement. Staff anticipates plans from Nelson Jameson within the next few weeks; a sign on the property indicates their intent to move forward

with their project. Mr. Williams stated the light infrastructure is being installed at the tennis courts; the irrigation system and curb/gutter/sidewalk components of the project have also been worked on. Surfacing of the courts will require 65-degree weather and staff is hopeful that the courts will be completed by this summer. The bid opening for the Jerome Police Station will be held tomorrow, and staff is hopeful for reasonable bids. Upon inquiry by Commissioner Peterson, Mr. Williams stated the new school project is experiencing delays with significant bid issues; they are also cancelling a project at Jefferson Elementary indefinitely due to funding. He stated there are inquiries coming in for multi-family housing, and a plat for a new subdivision was recently approved by City Council. Other plats will be presented to City Council in two weeks. There was brief discussion regarding the market, interest rates, and the current economic environment in general.

ADJOURN:

There being nothing further to discuss, Chairman Cone adjourned this May 12, 2022 regular meeting at 3:51 p.m.

Chairman Kathy Cone

Secretary Jason Peterson