

September 9, 2021

This special meeting of the Jerome Urban Renewal Agency was called to order at 3:00p.m.

Present were Vice-Chairman Kathy Cone, Commissioner Shonna Fraser, Commissioner Bryan Craig and Commissioner Jason Peterson. Commissioner B.J. Hess was excused

Also present were City Clerk Bernadette Coderniz, Legal Counsel Ryan Armbruster, City Administrator Mike Williams, IS Field Technician Andy Newbry, Finance Director Ross Hyatt, Accounting and Budget Manager Lori McCrae, Planning and Zoning Manager Ida Clark, and City Engineer Tyson Carpenter.

PLEDGE OF ALLEGIANCE:

Vice-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 August 5, 2021 regular meeting and August 19, 2021 special meeting
- B. Review and approve claims for August and September 2021
- C. Review and approve staff financial reports for August and September 2021
City of Jerome \$26,199.84; Commercial Creamery, \$33,453.31; Elam & Burke, Inc. \$1,386.92; ICRMP, \$1,673.00; US Bank, \$3,896.29

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:** Vice-Chairman Cone, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

ELECTION OF OFFICERS TO FILL CHAIR AND VICE-CHAIR POSITIONS:

Mr. Williams stated staff is happy to serve the Chair, Vice-Chair and Treasurer as elected by the board, and Mr. Armbruster stated the process of filling the positions is by motion and second to the motion for each position.

Commissioner Peterson made a motion to appoint Vice-Chairman Cone as Chairman. Second to the motion was made by Commissioner Craig. After consideration the motion passed unanimously by the following vote: **AYES:** Vice-Chairman Cone, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

Commissioner Craig made motion to elect Commissioner Fraser as Vice-Chair. Second to the motion was made by Commissioner Peterson. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

REXROAT, HARBERD, & ASSOCIATES ENGAGEMENT LETTER:

Ms. McCrae stated that Rexroat, Harberd, & Associates submitted a Letter of Engagement which describes the audit objectives and procedures along with management responsibilities in

conducting the audit for Fiscal Year 2021 ending on September 30th. Ms. McCrae found no changes to the letter with the exception of a \$100 increase in audit fees. Upon inquiry by Commissioner Fraser, Ms. McCrae stated that she is not aware of any changes in the law which would be applied to URAs.

Commissioner Craig made a motion to approve the Letter of Engagement. Second to the motion was made by Commissioner Fraser. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

LINCOLN COMMONS, LLC DISPOSITION AND DEVELOPMENT AGREEMENT:

Mr. Williams and Mr. Armbruster provided updates to the Disposition and Development Agreement (DDA) with Lincoln Commons, LLC and it was noted that significant progress has been made with the updates to the original DDA approved by resolution. Mr. Williams stated that Tyler Davis-Jeffers has joined the meeting by teleconference should the board have any questions.

Mr. Armbruster stated the DDA in May and the resolution allowed for technical changes if needed. Staff has met with Mr. Davis-Jeffers and counsel to work on the DDA, and Mr. Armbruster reviewed the substantive changes, noting technical changes were not included in the review. A list of attachments was provided, and Mr. Armbruster stated that all information within the list is complete and available. The list includes the site plan, schedule of performance, etc. and once compiled, the completed document can be signed by all parties. He spoke of Section 5.1.2 which describes the estimated rent for the various units: \$1,250 per month for the 1,280 square foot units and \$1,400 per month for the 1,490 square foot units. Section 5.3.2 includes the value of the parcel as \$700,000 and a purchase price of \$100 based upon the fair reuse appraisal. Mr. Armbruster spoke of changes with the option to purchase Parcel 2 (site is divided into two parcels identified as residential and commercial) under Section 5.8.1. As originally negotiated, the developer would have the option of purchasing Parcel 2 once Phase I was completed. Discretionary language was added to the DDA expressing that the Agency can waive that contingency if the developer and Agency agree to a Scope of Development and Schedule of Performance for Phase II before Phase I is completed. Mr. Armbruster spoke of the Capital Reimbursement Agreement as Attachment 10 to the existing DDA; if the project moves forward to Phase II, there will be a similar agreement to cover any public infrastructure costs related to Phase II. Section 10.1 describes the estimated assessed value of the Phase I project as \$3.5 million. Section 14 of the DDA addresses the Capital Improvement Reimbursement and states there may be costs of improvements that are greater than what the Agency can afford in Phase I. These costs may be considered for reimbursement in Phase II with additional increment generated. An updated site plan was also provided to the board along with a detailed list of eligible expenses subject to verification. The Schedule of Performance was also provided and timelines follow the execution and delivery of the agreement by the developer on or before September 15. Mr. Armbruster explained the Capital Improvement Reimbursement Agreement that will be executed once Phase I is completed, and the amount of eligible expenses (subject to verification) is \$579,220. Payment terms are included in the reimbursement agreement noting that reimbursement shall not exceed 10% of the assessed value of the Phase I project once provided by the assessor; this figure will not include any interest component. Mr. Armbruster briefly reviewed the Anti-Boycott Against Israel Act effective July 1st which requires any public entity entering into an agreement with a third party exceeding \$100,000 or if the other party

employs more than ten persons, certify that it and “its wholly owned subsidiaries, majority owned subsidiaries, parent companies and affiliates, are not currently engaged in and will not for the duration of this Agreement, knowingly engage in a boycott of goods or services from Israel or territories under its control.” He spoke of some concern that the statute is unconstitutional, however, the certification is included to avoid any draconian consequences in failing to include the provision in the agreement. The certification will be included in all agreements related to the project. An Early Entry and Reimbursement Agreement addresses the necessity to access the property before the title is transferred. It allows for early entry by the developer if needed to conduct various inspections, start site clearance work, etc. and is subject to insurance requirements; if the project falls through, the property must be returned to its original condition prior to early entry.

Commissioner Craig made a motion to authorize the chair and secretary as needed to execute the DDA and coordinate with the executive director/administrator to compile the agreement and get it ready. Second to the motion was made by Commissioner Peterson. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

LEGISLATIVE UPDATE:

Mr. Armbruster stated the Interim Committee for Property Taxes and Revenue met on the last Friday in August and will meet again the last Fridays of September and October. Since the legislature left (not adjourned) there has been much discussion concerning House Bill (HB) 389, the “property tax reform” bill; taxing entities have been struggling with this since the July 1st effective date. He spoke of a small cemetery district in Ada County with tax levy authority and the challenges of HB389. Relating to urban renewal, Mr. Armbruster stated that one of the provisions within the bill referenced the value taxing entities can take when project areas are closed out. The bill caps the value at 80% of the revenue allocation area value. It also places that value piece in the budget cap of 8% that applies to the taxing entities of a closed out district. Based on some discussion and rhetoric during the last week of the session when the bill was working its way through the legislature, it was not the intent of the legislature to have the closed out value be part of the cap. However, language within the bill states otherwise and there has been some discussion about the ability to amend the language. If amended, the question would be how to address entities with districts that have closed, like the City of McCall, with the provisions in HB389. The House has not adjourned and may go back into session sometime in the fall and address this issue. The Senate would have to concur to go back into session since they did adjourn sine die. Mr. Armbruster noted that the legislature could propose any new bill without revisiting HB389 which would be problematic. Other issues of concern include mask mandates and the ethics complaint against Representative Giddings which has moved on from the Ethics Committee and is proposed to go to the floor of the House to censor her for her actions during the past session.

HB389 needs to be corrected from an urban renewal perspective so that valuations are not included within the 8% budget cap. This would have a negative impact on the City as the Agency considers to close out Area 2; if other taxing entities are not allowed to use the full value and are faced with the 8% budget cap, closing out the area would not be beneficial. Mr. Armbruster stated that the Interim Committee looked into HB73 which changes the scope, form and location of where various documents need to be filed, and tries to create a comprehensive portal where all documents will be located. The roll out of the reporting system is happening slowly with school

districts and counties, as the first two public entities coordinating with the State Controller's office as to the type of information that has to be filed, what reporting must include and where it goes. He believes that URAs will be at the tail end of the reporting requirement, and URAs will continue to file documents as in the past until otherwise instructed. Regarding property tax relief, Mr. Armbruster stated that there may be other exemptions that can offset the substantial increase in residential property and property taxes. Replacement costs versus market value are still being discussed. He spoke of a proposal that did not make it to bill form which looked at taxing entities' fund balances to impose restrictions as to how big those fund balances could be and what they could be used for. Mr. Armbruster stated that this proposal could come back again this next year.

There is still a lot of rhetoric about urban renewal and valuations that Agencies have "tied up" or "taking away" from other taxing districts, and Mr. Armbruster expects more on that issue. HB278 was a bill that got printed and moved partially through the House that may return in the next session. This bill stated that if an entity is creating a new area, they would need to enter into an agreement with every other taxing district in order to get their taxing levy for a new plan. The only entities with those rights are the county-wide highway district in Ada County and any other highway district if the sponsoring city or county does not have jurisdiction over the streets, roads or highways. Mr. Armbruster noted that the median value price in Ada County has dropped some from the previous months although still approximately 25-30% higher than one year ago. There will still be some urgency to fix the property tax system although how to fix it is unknown. Residential properties have increased while commercial properties have maintained their usual real estate 3-5% increase. Mr. Armbruster concluded by stating that the next session will most likely include a lot of rhetoric as it is an election year. Upon inquiry by Commissioner Craig, Mr. Armbruster does not foresee a problem with the agreement between the Agency and other taxing entities by way of a trade (for example, if using the recreation district levy projects in the plan would include enhancing recreational activities of the citizens). He stated the bill has been in effect in Ada County for approximately one year and negotiations have varied. Upon inquiry by Commissioner Peterson, Mr. Armbruster stated that entities can negotiate by way of a particular project, amount or parts of a levy. Brief discussion ensued regarding the closing out of Area 2; the timeline for beginning the process of a closing area; whether the language in HB389 will be amended; when the session resumes, if the bill will be discussed and corrected by January 2022; if the Agency could consider beginning the process of closing out Area 2 in the spring; and, if it would be best to wait an additional year to ensure the revised language of the bill is correct.

Regarding the bond payment, Mr. Williams stated that the last bond payment will be made in 2022. Mr. Williams also stated that he does not believe there would be a problem in negotiations with the other taxing districts as the Agency has had good success with project areas and good working relationships. He spoke of other issues in northern communities where HB278 would be damaging to URAs. He also noted that Speaker Bedke is in town seeking public input on whether or not the legislative session should reconvene; he will be at the Senior Center at 4:00 p.m. Mr. Williams believes this action comes from pressure to enact legislation prohibiting private sector businesses from enacting mask or vaccine mandates for their employees.

STAFF REPORTS:

Regarding project updates, Mr. Williams stated that Scoular had hoped for a September ribbon-cutting but it appears the timeline has been moved back to November and the board will be invited to attend. He stated the project is taking shape and will be a quality addition to the

business park. A permit application has been received from Western Transportation, and comments have been submitted to the architect; a permit could be issued this month if there are no concerns. The facility will be slightly under 20,000 square feet and they hope to begin construction in the fall. Mr. Williams met with Nelson Jameson project manager last month, and he expects permit applications and plans to be submitted this winter. The size of the first phase of their facility is unknown at this time although it appears to be between 50,000-100,000 square feet for Phase I and the project is moving forward. Both projects are in Area 4 and will provide good tax increment to begin some improvements as contemplated in the Area 4 plan.

Mr. Williams stated that activity at Shepherd's Park tennis courts is resuming. Tom's Concrete Construction submitted the only bid for the curb/gutter/sidewalk portion of the project, and work will commence soon; staff has been working on road cuts. The tennis courts portion of the project is delayed due to the availability of concrete. The contractor hopes to begin work in November but the weather could delay work further until the spring. The Renisson Project is moving along as the developer now owns the property south of Dairy Queen on S. Lincoln. They will be doing lot line adjustments and plans have been received. Mr. Williams had hoped to provide a project list and associated costs but the developer was not prepared to provide this information. Staff will meet with the developer next week to review eligible projects, and Mr. Williams is hopeful to have this information for the October URA meeting in the form of a draft agreement for the board's review.

Mr. Williams thanked the board for their support on the DDA agreement with Summit Creek Development. Conversations are ongoing on Phase II and he expects significant progress and agreements ready to go by November to keep the project moving forward. It would be desirable that site preparation for both the residential and commercial developments will take place simultaneously. Mr. Williams noted that the units being ordered for the residential development are delayed, and construction may not commence until late spring or early summer 2022.

Mr. Williams noted that Mayor Davis recommended B.J. Hess for appointment to the URA board and the appointment was approved by City Council on September 7th. Commissioner Hess will be attending the October meeting and is excited to participate on the board.

ADJOURN:

There being nothing further to discuss, Chairman Cone adjourned this September 9, 2021 special meeting at 3:45 p.m.

Chairman Kathy Cone

Secretary Jason Peterson