

This special meeting of the Jerome Urban Renewal Agency was called to order at 2:03 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 joined the meeting at 2:29, and Commissioner B.J. Hess was excused.

Also present were City Clerk Bernadette Coderniz, City Administrator Mike Williams, Legal Counsel Ryan Armbruster, 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 August 4, 2022 regular meeting and August 25, 2022 special meeting
- B. Review and approve claims for September 2022
- C. Review and approve staff financial reports for August 2022

City of Jerome \$2,722.84; EHM Engineers, \$25,480.00; Elam & Burke, Inc. \$5,667.97
ICRMP, \$1,757.00; Jerome County Tax Collector, \$3,421,916.67; Times News, \$480.72

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

IDAHO MILK PRODUCTS, INFRASTRUCTURE ASSISTANCE DISCUSSION:

Mr. Williams stated he was contacted by Daragh Maccabee, the executive director for Idaho Milk Products (IMP), with information on a potentially new plant facility just south of the existing facility. This property sits in URA Area 4. Staff met with Mr. Maccabee, and Mr. Williams stated substantial improvements to the wastewater treatment plant would be required to accommodate the new facility. Additionally, their discussion included roadway and water improvements. He stated IMP reached out to the Idaho Department of Commerce for potential incentives by the state (i.e. tax reimbursement incentive), and as part of the application to Commerce a community match is required. Mr. Williams spoke of site mitigation (lava rock removal, for example) which would cover the match, and he noted support to Hilex Poly in its application years ago. A letter of support for the project was sought, and Mr. Williams explained that board approval would first be required. A final decision has not yet been made on moving

forward with the new facility, and Mr. Williams stated IMP will be submitting their application later this year. A letter of support from the URA would indicate the URA's willingness to support the project with site mitigation and infrastructure assistance (i.e. wastewater, water and roadway improvements). The estimated investment in the project is approximately \$300-\$350 million with 160 new jobs.

There are approximately twelve years remaining on the life of the Area 4 district. This investment could create substantial tax increment which, in turn, could be used towards development of infrastructure to support this project. Mr. Williams stated the Area 4 plan would have to be amended to add new projects not previously considered. He inquired if the board would approve a letter of support, and Commissioner Peterson asked about wastewater treatment plant upgrades due to the new facility. Brief discussion ensued and topics included: effluent from IMP potentially doubling with the new facility; plant's maximum allowable flow of 4.7 million gallons per day; an additional membrane bioreactor (MBR) facility at the plant; the URA's financial contribution to the plant upgrades due to Area 4 activities; industry participation in plant upgrades; IMP's competitors and the cost of construction; and, milk curtailment and dairies looking for places to take milk. Mr. Williams stated the new project would create opportunity for improvements on Yakima that would benefit Area 4 and the community as a whole; he will have a draft of the letter prepared for the next URA meeting. He further stated a final decision on the project should be made by January.

ASSIGNMENT OF SUMMIT CREEK DEVELOPMENT AGREEMENT:

Mr. Williams presented new information regarding the agreement with Summit Creek Capital ("Summit"). The original plans for Blocks 55/56/66, a 3-parcel project, included a multi-family development plus two commercial buildings [College of Southern Idaho (CSI) and Boys and Girls Club] and open space on the west end. Plans changed when CSI announced that a lease/purchase arrangement was not in their best interests and that they were going to build their own building with cash. Additionally, the residential portion of the project was not going as planned as there were issues with the supply chain for the modular units they had planned to construct. Mr. Williams stated Summit determined the development would no longer be feasible for them to continue. Tyler Davis-Jeffers with Summit has been communicating with several different multi-family housing developers and one developer, New Earth Development, showed interest in the project as they specialize in multi-family units (i.e. townhomes). Mr. Williams stated that he, Mr. Richey and former City Planner Ida Clark toured one of their facilities last year. The new developer connected with Mr. Davis-Jeffers and are considering an assignment of the existing Disposition and Development Agreement (DDA).

A concept plan of the proposed new development was shown to the board and Mr. Williams noted the similarities between this development and the Summit plans. Each residential building will include a townhome complex of four units, and the plans include a total of sixty units versus thirty modular units in the Summit plans. The concept plan also includes a private road with access for first responders. Mr. Williams stated if an assignment were agreed upon, the development would occur in phases and access easements for parcels to the east would have to be considered. An example of one of their developments in the Idaho Falls area was also shown to the board, and Mr. Williams noted the desire to have an attractive façade to the buildings located downtown along with quality landscaping. Upon inquiry by Commissioner Peterson, Mr. Williams stated whether the units will be sold or leased/for rent is yet to be determined although maintenance and landscaping will be managed by one company. Commissioner Peterson also

spoke of maintenance by one company versus individuals, and Chairman Cone expressed concerns regarding maintenance. Mr. Williams stated the board has the option of choosing to consider assignment of the contract to another entity to carry forward the goals in developing the parcel. Should the board move forward, certain concerns will need to be addressed (timing and phasing requirements, financing and construction costs, etc.). Infrastructure costs eligible for reimbursement will also need to be reviewed. Mr. Williams noted he is pleased with the townhome proposal as it will increase the taxable value of the property.

Dennis Hourany, the President of New Earth Development (NED), appeared via Zoom and stated they have had strong interest in Jerome for the last year; the challenge has been to find suitable land for development. The product they build include individually platted units aka townhomes with layers of firewall and their own utility services. Negotiations with Summit began approximately six months ago but Mr. Hourany stated the dynamic for development has changed in the last six months. NED would need flexibility on the timeline to develop the property. NED has been operating since 2017 but Mr. Hourany has been developing in Idaho since 2009. He stated 349 units have been completed with an additional 72 that will be completed next fall. He inquired about the amount of time his company can have to start and complete the project; they are paying market price to Summit for the assignment option. Two different scenarios were proposed: start the development in five years to complete within three, or start in three years and complete in five years.

Upon inquiry by Commissioner Craig, Mr. Hourany confirmed that one of the proposals was to start building in three or five years. Mr. Hourany also explained the timeline on project development (9-12 months for entitlements, another year to get streets/sewer/sidewalks in place, etc.). Councilman Peterson inquired about Mr. Hourany's statement regarding market volatility, and he replied that costs of construction have been the biggest challenge until rates began to rise. He further stated that the increase in rates is impacting construction costs. Brief discussion ensued and included: increased rates; recession; costs to service debt; a national housing shortage; the cost of housing and inability to purchase homes; demand and affordability of homes; homeowners associations; and, maintenance of existing projects. Mr. Hourany encouraged the board to review some of NED's recent developments and stated the townhomes are individually platted but owned by NED and rented out. He spoke of 172 units plus 55 single-family lots all built to sell in Idaho Falls.

Mr. Williams thanked Mr. Hourany for the introduction, and he stated there is no agreement in place for approval at this time. He asked the board for direction on how to proceed in terms of assignment of the contract, proposing different scenarios based on the board's expectations, and looking into timeline options to consider. He stated the current agreement is floundering, and the assignment option is available to continue with the project. He reminded the board that when the Request for Qualifications was released only one response was received (Summit Creek's); had there been additional responses the board could have looked into other options for the contract besides the reassignment. Mr. Armbruster stated a term sheet can be developed which would lay out some of the needed amendments to the existing DDA. Based upon this particular development concept the board could layout major terms (timings, scope of development, etc.) and ultimately move forward with a formal assignment signed by both Summit and NED along with amendments to the DDA. Discussions have been held regarding the DDA and the need for a new site map. He stated the DDA is a voluminous document, and that a term sheet summarizing major terms to be negotiated can be developed moving forward.

Discussion ensued regarding options and recommendations, and topics of the discussion included: the development opportunity currently presented to the board; terms with Summit and the new developer's willingness to take over the assignment with an amended DDA; termination of the DDA with Summit would require seeking new proposals and starting the development process from the beginning; due diligence information from the new developer and the board's trust in the new proposal to move forward with the assignment from Summit to the new entity, NED; waiting 3-5 years to begin construction with other developments are currently happening; the ability to get more proposals for this development and the same challenges any new developer would face; restricting what is being developed on that property versus selling the property and risking an undesirable development; the need for housing in Jerome and not wanting to wait for development while considering the vision of the Agency to develop the property as planned; the option of requesting new qualification statements which would delay the development of the property by approximately one year; the opportunity to put the proposal and language together to satisfy all parties; the concern about doubling the amount of residents in the new proposal; the benefit of a higher density population in downtown; the inability to control certain aspects of developing a property; and, the need to have the property well-maintained. Chairman Cone inquired about a new site plan for the development, and Mr. Williams stated once negotiations take place a new site plan will be included. Commissioner Peterson commented that he liked the proposal without carport but agrees a homeowner's association should be considered for management purposes. Chairman Cone noted the stick-built homes are more favorable to modular units.

NELSON JAMESON SITE MITIGATION REQUEST DISCUSSION:

Mr. Williams expressed appreciation to those board members in attendance at the ground-breaking ceremony for the Nelson-Jameson project. He noted that, in development discussions, there was no mention of site mitigation. The project manager advised Mr. Williams of the lava rock found during excavation for the roadway. The excavation will serve current and future phases of this project, and Mr. Williams spoke of a reimbursement agreement with the project manager. He asked the board about considering assistance for the rock removal as this was an unanticipated condition on the part of the developer. All board members agreed to move forward with a proposed reimbursement agreement of approximately 10% of taxable value. Taxable values and reimbursement estimates were briefly discussed.

LEGISLATIVE UPDATE:

Mr. Armbruster had nothing to report this month, and he stated there may be information to report after the election.

STAFF REPORTS:

Mr. Williams reported Area 2 is officially closed out, and he expressed appreciation to all parties involved in the extensive process.

Meetings about the new park design have been held, and renderings may be presented at the November meeting. For downtown, Mr. Williams stated a design professional will be secured for the downtown road projects.

ADJOURN:

There being nothing further to discuss, Chairman Cone adjourned this October 6, 2022 special meeting at 3:05 p.m.

Chairman Kathy Cone

Secretary Jason Peterson