Heyburn Urban Renewal Agency

2025 ANNUAL REPORT

December 31

2025

The Annual Report provides an opportunity for the Agency to update the City of Heyburn, the public, and its constituencies on activities undertaken by the Agency during the respective calendar year. The Agency holds an open public meeting to allow comment by the public on the contents of the Annual Report.

Activities of the Agency

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Heyburn Urban Renewal Agency
2025 Annual Report

Under the Idaho Urban Renewal Law, an urban renewal agency is required to file with the local governing body and the State of Idaho Controller's Office, on or before March 31 of each year, a report of its activities for the preceding calendar year, which shall include a complete financial statement setting forth its assets, liabilities, income and operating expense at the end of the calendar year. Idaho Code, §§ 50-2006(5)(c); 67-1076 By virtue of certain amendments to the Idaho Urban Renewal Law adopted in 2002, the fiscal year of an urban renewal agency has been established as October 1 through September 30. Consequently, any formal financial statement would be limited to a report through the end of the agency's fiscal year.

Under an amendment to Idaho Code Section 67-450B adopted in 2009 and amended in 2025, an urban renewal agency is required to prepare certain audited financial statements as described in that section depending on the agency's overall expenditures. Agencies with expenditures that do not exceed $200,000 have no audit requirements. Agencies with expenditures between $200,000 and $300,000 are required to prepare audits on a bi-annual basis. Although the Heyburn Urban Renewal Agency ("Agency") expenditures have not exceeded these thresholds, the Agency has taken the position that it has a fiduciary duty to report the finances of the Agency in a transparent process. To this end, the Agency has engaged the auditing firm of Poulsen, VanLeuven, & Catmull, PA to examine the Agency's finances. The audited basic financial statements for Fiscal Year 2025 are attached hereto as Exhibit 3 and will be filed, with the State of Idaho Controller's Office as required by Idaho Code, §67-1076.

The budgetary process the Agency completed resulted in a budget approval that depicts budgeted figures for Fiscal Years, 2023, 2024, and 2025. A copy of the approved budget for Fiscal Year 2025 is attached as Exhibit 1 to this report. A Year End Budget to Actual report for Fiscal Year 2025 is attached as Exhibit 2 to this report. Additionally, during the period covered by this report, the Agency prepared a proposed budget for Fiscal Year 2026 which began October 1, 2025, and ends September 30, 2025. A copy of this budget is available for review in the office of the City Clerk.

Under new reporting requirements set forth in Idaho Code § 67- 1076, the Agency must submit certain information to the Office of the State Controller by December 1, 2025, for the fiscal year 2025 period ending on September 30, 2025. The Agency did file this report prior to the statutory deadline of December 1, 2025. As a result of legislative changes in 2016, the Agency is also required to submit certain information to the Idaho State Tax Commission, which information has been submitted.

AGENCY BOARD MEMBERS, OFFICERS, CONSULTANTS AND SUPPORT STAFF

The Board saw minor change in its five-person membership this year. The following individuals served on the board for the period indicated:

Mark Williams	1/1/2025-12/31/2025
Leann Osterhout	1/1/2025-12/31/2025
Chris James	1/1/2025-12/31/2025
Pat Merrigan	1/1/2025–12/31/2025
Roy Belnap	1/1/2025-12/31/2025

Chris James served as Chair and Leann Smith served as Vice Chair. The Agency retained its contract with Outwest Policy Advisors for administrative services and pursuant to the by-laws, named Brent Tolman of Outwest Policy Advisors as Secretary\Treasurer.

Abbey Germaine, of the law firm of Elam and Burke served as legal counsel.

AGENCY ACTIVITIES

The Agency's major activities during 2025 are addressed in the following categories:

- Northwest Heyburn Industrial Urban Renewal Area
- 208 Business Park Urban Renewal Area
- The Boulevard Urban Renewal Area
- Northgate Development Urban Renewal Area
- INH-Heyburn Urban Renewal Area
- Downtown Urban Renewal Area

Northwest Industrial Urban Renewal Area

The Heyburn City Council formally approved the Northwest Heyburn Industrial Urban Renewal Project Urban Renewal Plan on October 26, 2011, through Ordinance No. 541. The ordinance became effective upon publication on November 10, 2011. Ordinance No. 541 was amended by the Heyburn City Council to correct the legal description of the Northwest Heyburn Industrial Urban Renewal Project Urban Renewal Plan (the "Plan") on December 28, 2011 and became effective upon publication on January 2, 2012. The plan contemplated a total public infrastructure investment of $909,000. Water system improvements were contemplated at $238,000 with other public infrastructure contemplated at $671,000. In December of 2012, the Agency approved an additional $32,272.26 in improvements. Since that approval, the Urban Renewal Agency has commenced with the implementation of the Plan.

Major activities associated with this plan are the continued payments to the owner/developer of the Magic Valley Business Park project and to the City of Heyburn according to the Owner Participation Agreement and the City Promissory Note respectively.

On March 19, 2012, the Agency and Kenneth and Leanne Lebsack (Lebsack) entered into an Owner Participation Agreement (the Agreement) that addressed the Agency's participation in the funding of certain public improvements as set out in the Plan. Under the terms of the Agreement, as amended, the Agency has agreed to reimburse Lebsack an amount not to exceed $710,272.26 for public infrastructure authorized in the Plan. In 2012 the Agency disbursed an amount of $238,000 to Lebsack reflecting the costs of certain water improvements from funds advanced by the City of Heyburn. In 2015 the Agency subsequently authorized the issuance of a Note to Lebsack subject to verification of eligible activity. The Agency issued its Note in the amount of $507,297 bearing an interest rate at 5% beginning retroactive to January 23, 2013. The estimated unpaid principal amount for the Lebsack Note at the end of Fiscal Year 2025 was $314,725.

Separately, the Agency entered into a Memorandum of Understanding with the city of Heyburn for funding in the amount of $268,000.00 to cover the disbursement to Lebsack for the water improvements and to fund the Agency's administrative expenses. The Agency issued its note to the City on March 26, 2012, and the City accepted the note on April 25, 2012. The unpaid principal amount for the City Note at the end of Fiscal Year 2025 was $82,152.

The principal amounts will be confirmed in the audited financial statements. At the conclusion of the construction of the first facility built in this Revenue Allocation Area, the business requested a tax exemption from the Board of Commissioners for Minidoka County. After taking public testimony, the

Board of Commissioners approved a 25% property tax exemption for a period of five years. The final year of exemption was 2017 and the Agency received an increase in incremental tax revenue because of the termination of the exemption. The agency received incremental tax revenues of $24,667.96 in Fiscal Year 2025. This was significantly lower than budgeted revenues due to delinquent taxes on the largest development in the project area. It is anticipated that this delinquency will be brought current during Fiscal Year 2026.

208 Business Park Urban Renewal Plan

In 2018 the Agency was approached by a group of local investors requesting approval of an urban renewal district at the site of the former Knudsen Industrial Subdivision. The group proposed the development of the 208 Business Park and requested assistance from the Agency to fund public infrastructure improvements. City Council held a public hearing on November 14, 2018 and subsequently approved the 208 Business Park Plan on November 28, 2018 through Ordinance 2018-604.

The required public infrastructure construction activities were completed in the project area in 2022 with the exception of the extension of 2nd Ave which was completed in 2025. Budget Truck Sales moved into their building in early 2020, Electric Wholesale opened a new facility in 2025, and Dan Bailey Trucking began leasing a site with shop improvements in 2025.

The Agency entered into an Owner Participation Agreement (OPA) with the developers of the project, MBB Properties agreeing to reimburse the developer for certain costs, not to exceed $625,000 with no interest, associated with the public infrastructure improvements made within the project area. The Development Agreement between MBB Properties and the City of Heyburn required that 2nd Ave be extended to the adjoining property to the east. That extension has now been completed. The storm drain system that was installed experienced significant flooding issues during heavy rainstorms in 2024 and 2025 and have yet to be accepted as completed by the City. It is anticipated that these improvements will be corrected and accepted by the city in 2026. Once all improvements are accepted by the City, the Agency anticipates issuing a reconciliation of costs document describing a "not-to-exceed" amount and will utilize incremental tax revenues to reimburse the developer. The Agency received incremental tax revenues of $21,542.19 in Fiscal Year 2025.

The Boulevard Urban Renewal Plan

In early 2018, the Agency was contacted by Terra Firma Development, LLC and asked to participate in a project that had been presented to the Agency previously in 2012. Initial efforts to pursue an urban renewal plan for this development stalled in 2012 after the Agency and City Council accepted and approved an initial eligibility report. Due to the lapse in time, the Agency requested an updated eligibility report be completed which was subsequently accepted by the Agency on June 25, 2018, and the City Council on June 27, 2018. The Developer requested that an urban renewal plan for *The Boulevard* be developed. On November 5, 2018, the Agency approved *The Boulevard Urban Renewal Plan* (the "Boulevard Plan") and submitted it to the City Council with a recommendation to approve the Boulevard Plan. The City Council held a public hearing and approved the Boulevard Plan on December 12, 2018, through Ordinance 2018-605. The Ordinance Summary and Legal Description of the Urban Renewal District and Revenue Allocation Area were published on December 27, 2018. The City

adopted The First Amendment to The Boulevard Urban Renewal Plan on November 13, 2019, through Ordinance 2020-619.

Construction of sewer utilities which began in late 2021 still have not been completed and no new activity has occurred in this project area. The landowner applied for an agricultural exemption for tax year 2025 resulting in a decrease of budgeted revenues for FY2025 of approximately $2,300.00. In Fiscal Year 2025, the Agency received incremental tax revenues of $719.09.

Northgate Development Urban Renewal Area

In 2022 Lightning Land and Development approached the City for a proposed development north of Interstate 84 and west of 500 W. The City then recommended the developers meet with the Agency to discuss potential eligibility for an urban renewal area. Following a presentation by the developers, the Agency authorized Outwest Policy Advisors to complete an eligibility study for an expanded area to include additional property contiguous to the proposed development. The Agency accepted the Northgate Urban Renewal Area Eligibility Report (the "Report") on August 8, 2022, by adopting Resolution 2022-5. The Report was forwarded to the City Council with a recommendation to find that the area is eligible for inclusion in an urban renewal project area. The City Council issued such finding on August 24, 2022, by adoption of Resolution 2022-4 and instructed the Agency to prepare an Urban Renewal Plan for the area. The City Council approved the plan in 2024. The Agency will receive the first tax increment revenues in 2026.

INH-Heyburn Urban Renewal Area

INH-Heyburn approached the agency during 2022 and requested consideration for an urban renewal area to encompass the general vicinity of Exit 211 on Interstate 84. On April 29, 2022 the Agency entered into an MOU for the funding of an eligibility study of the proposed project area with INH-Heyburn. The Agency instructed Outwest Policy Advisors to conduct the eligibility study. The Eligibility report was approved by the Agency on March 13, 2023. A portion of the study area does not lie within the city limits and thus required the Minidoka County Commissioners approval of the Eligibility Report. The County Commissioner's approved the Eligibility Report via Resolution 2023-4-17-B on April 17, 2023. The City Council adopted the Eligibility Report via City Resolution 2023-5 on May 10, 2023, and instructed the Agency to prepare an urban renewal plan for the area. The Agency approved and adopted the Urban Renewal plan for the INH-Heyburn Urban Renewal Project Area on November 13, 2023 via Agency Resolution 2023-5 and forwarded the report to the City Council for further consideration. The final urban renewal plan did not include any property outside of the City limits and therefore did not require County approval. The INH Urban Renewal Plan was adopted by the City in April of 2024. The Agency will receive the first tax increment revenues in 2026.

Downtown Industrial Project

A new potential project was presented to the board in 2023. This project would incorporate much of the downtown area of the City and could help alleviate significant deteriorated conditions in the area. The eligibility report was accepted by both the Agency and the city Council and preliminary work on an urban renewal plan began in 2024. Work on this project continued into early 2025 and then stalled due to interruptions in the developer's plans.

FINANCIAL STATUS

Revenues

The Agency receives incremental tax receipts as the primary source of revenues. The Agency has established a policy of assessing costs of the planning process to developers seeking assistance through tax increment financing. As such, the Agency, in addition to the primary income source of tax increment revenues from time to time, may receive revenues from assessed developer fees.

Fiscal Year 2025 tax increment revenues received by the Agency were:

- Northwest Industrial Park $ 24.667.96
- 208 Business Park $ 21.542.19
- The Boulevard $ 719.09

EXPENDITURES

Leverage of Agency Dollars

An integral component of the Agency's program is to develop outside funding sources to leverage Agency dollars for improvements within the urban renewal area. The Agency coordinates with property owners and public entities in an effort to determine redevelopment opportunities.

Review and Approve Requests for Agency Funding of Projects

The Agency intends to seek, review and approve funding, where appropriate, for other projects that positively impact the urban renewal area and its residents.

OPERATING EXPENSES

The Agency has minimal operating expenses as it has no paid staff members, instead utilizing services from consultants during 2025. Those expenses are shown on Exhibit 2 of this report.

ASSETS

The Agency's assets are comprised solely of cash accounts, developer fees receivable, and property taxes receivable. The major portions of property taxes are received twice per year (end of January and end of July) with smaller amounts of delinquent taxes, if any, received during the course of the year.

LIABILITIES AND DEBT

The Agency's liabilities consist only of current accounts payable and deferred revenue. The Agency's only long-term debt is the obligation to repay the City and developers for the funds advanced on the project areas as described above.

SIGNIFICANT CHANGES IN AGENCY'S FINANCIAL POSITION

The City advance and Note and the Lebsack Note have provided the Agency's flexibility to participate in the Magic Valley Industrial Project. The Agency continues to consider how to better leverage Agency funds. The 2025 Idaho Legislature passed a bill that allows fire protection and ambulance districts the ability to withdraw from existing urban renewal areas subject to certain obligations of the Agency. The bill also requires that such districts must supply their direct consent to be included in any new urban renewal districts created after July1, 2025.

In May of 2025, The West End Fire District petitioned the Agency to withdraw from the NW Industrial Park, the Business Park 208, and the Northgate urban renewal districts. Due to obligations of the Agency the petitions to withdraw from the NW Industrial Park and the Business Park 208 were denied by the Agency. The Agency did approve the petition to withdraw from the Northgate urban renewal district as it has not incurred any debt obligations prior to the petition to withdraw.

This provision of law will have an impact on the Agency in the future as it will decrease the potential tax increment revenues of certain districts if such consent is not received prior to petition of such districts.

Chris James, Chair
March 9, 2026

EXHIBIT 1

FISCAL YEAR 2025 APPROVED BUDGET

	FY2023	FY2024		FY2025 (Proposed)
REVENUES	**ACTUAL**	**BUDGET**	**ACTUAL***	**BUDGET^**
OPERATING REVENUES				
CASH CARRY FORWARD	$ 68,570	$123,332	$70,022	$ 110,205
TAX INCREMENT REVENUE				
NW Industrial Park	$45,001	$ 78,268	$38,053	$ 72,552
208 Business Park	$6,390	$ 16,460	$9,727	$ 20,966
The Boulevard	$3,370	$ 3,966	$1,804	$ 749
Sub Total Tax Increment Revenues	**$54,761**	**$98,694**	**$49,583**	**$94,267**
TOTAL Cash Forward + Tax Revenues	**$123,332**	**$222,025**	**$119,605**	**$204,472**
CITY ADVANCES				
TOTAL CITY ADAVANCES				
DEVELOPER FEES & NOTES				
TOTAL DEVELOPER FEES & NOTES	$0	$73,000	$47,000	**$15,000**
TOTAL FUNDS AVAILABLE	$123,332	$295,025	$166,605	**$219,472**

				FY2025 (Proposed)
EXPENDITURES	**ACTUAL**	**BUDGET**	**ACTUAL**	**BUDGET**
OPERATING				
ADMINISTRATIVE SERVICES	$4,832	$10,100	$5,742	$10,100
LEGAL EXPENSE	$11,905	$52,500	$3,580	$52,500
LEGAL NOTICES	$152	$3,000	$2,651	$3,000
CONSULTANT FEES	$8,343	$20,770	$9,133	$12,500
LIABILITY INSURANCE	$1,693	$1,947	$1,947	$2,374
AUDIT/BOOKKEEPING SERVICES	$5,500	$5,800	$5,840	$5,800
PROFESSIONAL SERVICES/DUES	$450	$450	$450	$450
OFFICE/MISC. EXPENSE		$250		$250
MILEAGE	$190			
COPIES	$289			
TOTAL OPERATING EXPENSE	**$33,354**	**$94,817**	**$29,342**	**$86,974**
DEVELOPMENT COSTS\REIMBURSEMENTS				
NORTHWEST INDUSTRIAL PARK				
REIMBURSEMENT - CITY	$11,250	$19,567	$9,424	$18,138
REIMBURSEMENT – NORTHWEST DEVELO	$22,500	$39,134	$18,848	$ 36,276
NORTHWEST INDUSTRIAL PARK SUBTOTAL	$33,751	**$58,701**	**$28,272**	**$54,414**
THE BOULEVARD				
DEVELOPER REIMBURSEMENT	$0	$2,974		$421
CITY REIMBURSEMENT	$0	$0		$0
THE BOULEVARD TOTAL		**$2,974**		**$421**
208 BUSINESS PARK				
DEVELOPER REIMBURSEMENT	$0	$12,345		**$15,725**
CITY REIMBURSEMENT				
208 BUSINESS PARK TOTAL		**$12,345**		**$15,725**
TOTAL DEVELOPMENT COSTS\REIMBURSEMEN	**$33,751**	**$74,020**	**$28,272**	**$70,560**
TOTAL OPERATING AND CAPITAL EXPENSES	**$67,105**	**$168,837**	**$57,614**	**$157,534**
CONTINGENCY	**$0**	**$126,188**		**$61,938**
NET OPERATING PROFIT\LOSS	**$ 123,332**	**$295,025**	**$ 166,605**	**$ 219,472**

* Actual amounts are as of June 30, 2024. Additional revenues and expenses will be realized prior to fiscal year end

^ Cash forward is based on actual Fiscal Year to Date amount and subject to change based on additional revenues and expenditures that will be realized prior to the Fiscal Year End of Sept 30, 2024. Revenue Projections are based on 2023 levy rates and are subject to change once the 2024 levy rates are finalized in November 2024

EXHIBIT 2

FISCAL YEAR 2025

BUDGET v ACTUAL

Heyburn URA

2025 FY Actual versus Budget YTD

October 01, 2024 to September 2025

G/L Code	Account Title	Actual	Budget	Remaining $	Remaining %
1000	Tax Increment Revenues	$ 46,929.24	$ 94,267.00	$ 47,337.76	50.22%
[illegible]	[illegible]	$ -	$ -	$ -	0.00%
1100	Developer Fees	$ -	$ 73,000.00	$ 73,000.00	100.00%
	TOTAL REVENUES	$ 46,929.24	$ 167,267.00	$ 120,337.76	71.94%

OPERATING EXPENSES

G/L Code	Account Title	Actual	Budget	Remaining $	Remaining %
2000	Administrative	$ 15,216.77	$ 10,100.00	$ (5,116.77)	-50.66%
3000	LEGAL	$ 29,200.76	$ 52,500.00	$ 23,299.24	44.38%
4000	Legal Notices	$ 2,552.89	$ 3,000.00	$ 447.11	14.90%
5000	Bank Fees	$ -	$ -	$ -	0.00%
6000	Consulting	$ 15,844.12	$ 12,500.00	$ (3,344.12)	-26.75%
7000	Insurance	$ 2,374.00	$ 2,374.00	$ -	0.00%
8000	Audit	$ 6,400.00	$ 5,800.00	$ (600.00)	-10.34%
9000	Membership Dues	$ 200.00	$ 450.00	$ 250.00	55.56%
10000	Office\Misc	$ -	$ 250.00	$ 250.00	100.00%
TOTAL OPERATING EXPENSES		$ 71,788.54	$ 86,974.00	$ 15,185.46	17.46%
CAPITAL IMPROVEMENT EXPENSES					
15000	City Loan Reimbursement	$ 5,878.65	$ 18,138.00	$ 12,259.35	67.59%
16000	Developer Reimbursement	$ 11,757.28	$ 52,422.00	$ 40,664.72	77.57%
TOTAL CAP IMPROVEMENT EXPENSES		$ 17,635.93	$ 70,560.00	$ 52,924.07	75.01%
CONTINGENCY			$ 3,600.00		
TOTAL EXPENSES		$ 89,424.47	$ 161,134.00	$ 68,109.53	42.27%

EXHIBIT 3

FISCAL YEAR 2025

AUDITED FINANCIAL STATEMENTS

EXHIBIT B

NOTICE OF FILING

PUBLIC NOTICE

As required by Idaho Statute 50-2006(5)(c) and 67-1076, the Heyburn Urban Renewal Agency has filed a report of its 2025 activities with the office of the Heyburn City Clerk and the Idaho State Controller's Office. The report is available for inspection during business hours in the office of the City Clerk, 941 18th Street, Heyburn, Idaho.

If you have any questions, please contact the Agency at HeyburnIDURA@gmail.com.

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