

# MISSOULA REDEVELOPMENT AGENCY

## CONDENSED BOARD MEETING MINUTES

September 21, 2020

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Monday, September 21, 2020 via Zoom in the Council Chambers, 140 W. Pine, at 12:00 p.m. Those in attendance were as follows:

**Board:** Karl Englund, Nancy Moe, Ruth Reineking, Melanie Brock, Tasha Jones

**Staff:** Ellen Buchanan, Chris Behan, Annette Marchesseault, Tod Gass, Jilayne Dunn, Lesley Pugh

**Public:** Chris Anderson, DJ&A, PC; Doug Harby, WGM Group; Missoula Access Community Television (MCAT)

### **CALL TO ORDER**

12:00 p.m.

### **APPROVAL OF MINUTES**

August 24, 2020 Regular Board Meeting Minutes were approved as submitted.

### **PUBLIC COMMENTS AND ANNOUNCEMENTS**

Englund announced the numbers to be shown to call in for public comment. There were no public comments.

### **ACTION ITEMS**

#### **URD II Inez, 1<sup>st</sup> and 2<sup>nd</sup> Sidewalk Project – Request to Approve Professional Services (Gass)**

Gass said at the August Board Meeting, the Board authorized staff to issue a Request for Professional Services for the Inez, 1<sup>st</sup> and 2<sup>nd</sup> Streets Sidewalk Project in URD II. There was a selection committee formed of MRA and City Staff to review and rank the proposals. WGM Group demonstrated a superior understanding of the project area, mostly due to the previous work they did on the California Street design project. WGM Group has quite a history of working with MRA on previous sidewalk projects and with the City on public infrastructure projects.

Gass shared a map of the project area. He said staff worked with WGM Group to develop a Scope of Services for Inez, 1<sup>st</sup> and 2<sup>nd</sup> Streets and he is calling that the “base area”. There will be a public process built into the Scope of Services including several mailings to the property owners and an open house to work directly with them. The Scope of Services also covers easement acquisition, preliminary final design, bidding services, and contract administration through project close-out. The budget set for the base area is \$112,458. Gass said this fee is pretty average as far as what staff has been seeing the last few years.

Gass said staff also had WGM Group break out a separate piece, called Alternative Phase 01. He said WGM Group identified that 2<sup>nd</sup> Street between Inez and Dakota Streets does not exist in a right-of-way (ROW). The Alternative Phase 01 is work to acquire ROW in that leg of the project. Gass said it is quite a length of road, but has only three property owners including the City of Missoula, Missoula Housing Authority, and Missoula Irrigation District. He said WGM Group will enter into discussions to acquire ROW for 2<sup>nd</sup> Street. If that work is able to proceed on a timeline that is consistent with the base area, then construction of 2<sup>nd</sup> street will be included with the current sidewalk project. If it doesn't, that leg of 2<sup>nd</sup> Street will be taken out of the current sidewalk project and MRA will continue with the ROW acquisition talks. That piece of construction can be taken up with a future sidewalk project. The budget for Alternative Phase 01 is \$17,624.

Gass said the staff recommendation is that the MRA Board move to approve the Professional Services Agreement and Scope of Services including the Alternative Phase 01 with WGM Group for design, engineering, public outreach, easement and ROW acquisition, and contract administration related to the URD II Inez, 1<sup>st</sup> and 2<sup>nd</sup> Streets Sidewalk Project for a cost not to exceed \$130,082, and authorize the Board Chair to sign the agreement. He said Doug Harby from WGM Group was present to answer any questions.

Harby mentioned the east end of 2<sup>nd</sup> Street was also included in the base area. Gass said that piece was set to be included in this year's sidewalk construction, but the property owner on the north side of the cul-de-sac petitioned the City to vacate a portion of the ROW there. That came about at the same time the project was being designed and was not happening on a timeline that was working with the overall design and construction of the project on 2<sup>nd</sup> Street, so it was deferred. Gass said he talked to the owner, Mike Morgan, last week. Morgan indicated they ended up dropping their vacation request because it became too complicated and they weren't agreeable to some of the conditions placed on it. Gass said the plan is to try and pick it up again for this project, and try to get an easement for trail access at the cul-de-sac. He said the 20-foot easement the City of Missoula Parks & Recreation is requesting through there would take away too much of the parking the developer was hoping to have. He said they want to follow through on that with this project and see if it is something the neighborhood and City want. If so, they will try to pursue and acquire that in working with the property owner.

Moe asked what the timeline is for the work. Gass said they hope to put it out for bid in February. If they can give the contractor some flexibility on the start date, construction could start right away in the spring or in May, June or July if it brings a better bid. He said the goal is to have it constructed by the end of September 2021. It will be a 60-day contract so they could start as late as July if that brings a better construction price.

Reineking asked what the status is of the curbs on 2<sup>nd</sup> Street between Inez and Oak Streets. Gass said that was part of this year's project and it was completed this summer. He said it looks very nice and urged everyone to check it out.

Englund asked for the numbers to be shown for public comment.

**REINEKING: I MOVE THE BOARD APPROVE THE PROFESSIONAL SERVICES AGREEMENT AND SCOPE OF SERVICES, INCLUDING ALTERNATIVE PHASE 01, WITH WGM GROUP FOR DESIGN, ENGINEERING, PUBLIC OUTREACH, EASEMENT AND RIGHT-OF-WAY ACQUISITION, AND CONTRACT ADMINISTRATION RELATED TO THE URD II INEZ, 1<sup>ST</sup> AND 2<sup>ND</sup> SIDEWALK PROJECT FOR A COST NOT TO EXCEED \$130,082 AND AUTHORIZE THE BOARD CHAIR TO SIGN THE AGREEMENT.**

**Jones seconded the motion.**

**No further discussion. No public comment.**

**Motion passed unanimously (5 ayes, 0 nays).**

**South Reserve Pedestrian Bridge (URD III) – TIF Request for Upgrades (Buchanan)**

Buchanan said since the South Reserve Pedestrian Bridge was built there have been issues in the winter months with the heating panels functioning properly. She said the heating panels do melt snow and frost, but do not stay heated long enough for the moisture to drain from the bridge, so it sometimes refreezes. She said the decision was made to use composite panel for a couple of reasons. One was weight. Composite panels are not as heavy as concrete decking, which saved a lot of time and money because of the difference in weight. Composite also reduced the amount of steel needed, and the availability of steel wasn't great during that period of time. Buchanan said the system has turned out to be a really good system and everybody is happy with it, but there is a programming issue with the panels. She said it is not a manufacturing issue, it is the design of the programming for the heating cycles. The Parks & Recreation Dept. reached out to Anchor Electric/Anchor Controls last year for recommendations for modifications that might correct the problem. Anchor Electric has come back with a two-part proposal that. One part addresses those items believed to be deficient in terms of the system design and its inability to meet the specifications that were a part of Jackson Contractor Group's construction contract. The second part of the proposal is a programming enhancement that makes it more efficient and more immediately responsive for Parks & Rec to operate the system. The total cost of the proposal is just over \$30,000. It splits almost exactly half and half between what is needed to provide the system that was specified versus the upgrade that would make the system more efficient to operate.

Buchanan said there has been a lot of negotiation with Jackson Contractor Group. She said they have been extremely cooperative and are working hard to help the City resolve this situation. She said they recognize that the system is not working as anticipated or specified. The thing that is a little different about this situation compared to a straightforward construction project is that the specifications actually required the panel manufacturer and supplier to provide the system that would operate those panels. She said Missoula was a bit of a guinea pig because it was the first time this system had been used. The parties are

confident that if the proposed programming modifications are made then the system will stay on long enough to melt snow and frost and convey the moisture off the bridge deck so it does not refreeze. Right now the system melts the snow and frost, but it doesn't stay melted long enough to get the moisture off the bridge deck. It refreezes and there is a liability issue.

Buchanan said Missoula is facing cold weather and has already had one frost. It needs to be done in a timely fashion so this issue doesn't continue through another winter with the City carrying liability. She said MRA sent Jackson Contractor Group a Demand Letter which puts them on notice that the City expects them to do what is necessary to make the system functional. They have gone to their subcontractor, Composite Advantage, because they designed, manufactured and installed the system. The programming and software was per Composite Advantage's design.

Buchanan said her proposal is that the MRA Board approve an allocation of the entire amount needed for both the improvements that are necessary to meet specifications, which MRA expects to get reimbursed from Jackson Contractor Group, and for the upgrades to the system which will allow Parks & Rec to operate it much more effectively and save the City money by doing so. She said at the end of the day, MRA is asking that the MRA Board approve an allocation of \$31,150 with the expectation that MRA will be reimbursed \$15,250 of that by Jackson Contractor Group. MRA will pay for the upgrades that are deemed necessary for more efficient operation of this system. She said Chris Anderson from DJ&A, PC was present to answer any questions. DJ&A, PC is the firm that designed the Bridge and managed the construction when it was being built by Jackson Contractor Group. Buchanan said MRA was assured by Parks & Rec that if these modifications are made and there are still issues it is no longer an MRA issue, it is a Parks & Rec issue. Buchanan said the other piece of this is that MRA is proposing that since Parks & Rec entered into an agreement with Anchor Electric, this will be a contract between Parks & Rec and Anchor Electric and that MRA will simply pay for the work that will be done under that contract.

Englund said the issue does not appear to be with the panels themselves, but with the software/operating system. He asked Anderson how comfortable he is that this solves the problem. Anderson said DJ&A, PC hasn't had a chance to really evaluate the proposal that Parks & Rec has put together on a technical level. He said Anchor Electric was the original programmer of the system and nobody is more familiar with it than them. Composite Advantage, the panel supplier, designed the system and programming and sub-contracted to Anchor Electric to implement it. Anderson said if there is anybody in a position to fix the system it is Anchor Electric. They are standing by and saying they are confident it is going to create a system that will allow Parks & Rec to operate it more efficiently. Anderson said the panels are heating just fine and are melting snow. The problem is with the programming. The zone is not heating for a long enough duration to not only melt the snow, but to convey it off the Bridge.

Moe said it appears to her that the deal has been done and MRA is being asked to fund 50% of it. She said MRA is not going to be a party and is not substituting for anybody, and there is a release of Jackson Contractor Group that should be considered by Parks & Rec, not MRA, because Jackson Contractor Group is being released from liability before they make any payment. Moe asked about a guarantee of the work by Anchor Electric because

MRA is not participating, but it is a question for Parks & Rec to be satisfied with. She said she questions that \$30,000 needs to be paid now, except to get it done right away. Moe asked if she was looking at this correctly. Buchanan said that is a fairly accurate assessment of the situation. She said MRA asked Composite Advantage for an extended warranty on the panels because it was a system that had not been previously used with these particular panels also becoming heating units. Composite Advantage has said that the modifications being proposed will not void that warranty. What MRA is being asked to fund are the enhancements to the system. Parks & Rec have determined that if they can operate this system remotely it will increase the efficiency of their internal operations considerably. These upgrades were not part of the original specification and not something that Jackson Contractor Group was obligated or expected to provide. Buchanan said staff is recommending that MRA pay for those upgrades. She said staff is not recommending that MRA pay for the upgrades that should have been there as a result of the specifications in the construction contract. Moe said she understands that, but said Jackson Contractor Group is being released at the end of 60 days. She said it seems to her that they should step up and pay the balance of the contract to Anchor Electric to move forward with this so it can be done before the Bridge freezes and it has to be controlled manually or physically. Buchanan said this is warranty work and the warranty on this Bridge has expired with the exception of the contract on those panels. She said it is a little bit different than if it was being done right after construction had been completed. She said these discussions have been ongoing for the entire life of the Bridge. The urgency right now is winter coming on. The way she reads the Demand Letter, Jackson Contractor Group is not relieved of responsibility until 60 days after MRA has received the reimbursement from them. Anderson concurred. He said the release of Jackson Contractor Group occurs because they are not party to the solution, they are simply asked to pay the fee for coming up with the solution/correcting the problem. He said this isn't running through Jackson Contractor Group. Parks & Rec came up with the solution that they felt was going to work and Jackson Contractor Group hasn't necessarily bought off on that, although they agree with it in concept. That is why they are being released from further liability associated with the operating system of the Bridge. Buchanan said that was the intent of the Demand Letter.

Jones asked if there is an agreement by Jackson Contractor Group that they will reimburse MRA or if it is a hope that will happen. Buchanan said the Demand Letter demands that they reimburse MRA for that amount of money. If they don't, the next step would be mediation, arbitration or going to court. She said Jackson Contractor Group was legally bound to provide a system that did certain things and it is not performing today. Anderson said the intent of the system was not achieved with the original design and construction of the panels, so that is the purpose of the Demand Letter. He said Jackson Contractor Group understands the situation and have been cooperative thus far. They have been trying to work through what he would characterize as a very difficult sub-consultant; Composite Advantage has been challenging to work with. Jackson Contractor Group understands they are the prime contractor and ultimately everything falls under their responsibility. Anderson said while there is no guarantee of payment right now, he is very optimistic the payment is forthcoming from Jackson Contractor Group.

Moe asked if this is a situation the City Attorney, Jim Nugent, needs to review. Buchanan said he did review the Demand Letter, and understands the situation and how MRA is progressing. Englund asked if Jackson Contractor Group needs to buy off on the fix before

they send the money. Anderson said the challenge is that they are probably not qualified to even evaluate the fix. He said it is a fairly complex control system and they would probably be going to Anchor Electric anyway to perform that type of an analysis, or to Composite Advantage, who haven't been very cooperative. At this point, Parks & Rec feels this is the answer and what they need to have efficient operation of the Bridge. Jackson Contractor Group is more or less saying that is fine, and if they choose to pay they would ask for a release as they will not have any control over Anchor Electric or their work. He said they will essentially be cutting a check for Anchor Electric to do the work, and without Jackson Contractor Group's supervision and buy off on that, it is difficult to place any additional liability on them for further issues with the Bridge. Buchanan clarified that if this is approved, MRA will pay for this work to be done and will be reimbursed by Jackson Contractor Group in the amount of \$15,250. MRA will absorb the balance of \$14,900.

Englund asked if MRA is being reimbursed by Jackson Contractor Group or Parks & Rec. Buchanan said MRA is being reimbursed by Jackson Contractor Group. He asked if MRA will be buying itself the litigation if Jackson Contractor Group doesn't do it. Buchanan said the contract is between MRA and Jackson Contractor Group. That contract has not been satisfied with respect to the operation of the heating panels on the Bridge. Englund said what MRA is doing is relying on Parks & Rec to say that it is a fix that will work. Buchanan said that is correct, and to say that if the fix doesn't work it is Parks & Rec's problem going forward, which has been confirmed by Donna Gaukler and David Selvage from Parks & Rec. That will be part of the Memorandum of Understanding (MOU) between MRA and Parks & Rec in order to convey the money to them to get the work done by Anchor Electric.

Jones asked if the original agreement with Parks & Rec was that they would maintain the Bridge upon completion and there was not going to be a remote option. Buchanan said the intent from the beginning was that once the Bridge was built it becomes part of the trail system of the City and belong to the City under the management and maintenance of Parks & Rec. Jones said the additional \$15,250, separate from the reimbursement issue with Jackson Contractor Group, is to allow Parks & Rec to be able to operate this system remotely. Buchanan said yes, that is a big part of it. Jones asked why that should be MRA's money to spend rather than Parks & Rec using their budget to make their agreed maintenance of the Bridge more efficient for them. Buchanan said as this system was being designed no one was in a position to have operated, maintained or managed a system of this nature in the past. One of the things that is unique about this Bridge is that it crosses over Montana Department of Transportation (MDT) ROW. One of the conditions of being allowed to build the Bridge was that snow had to be removed in a fashion that had no impact on the street below. Thus, the heating, gutter and downspout systems. She said those are not necessarily standard for a bridge, but because of the conditions placed in order to be able to have the trail on the Bridge over an MDT street, a system had to be designed to take care of drainage.

Buchanan said it could be argued that MRA has no obligation to assist Parks & Rec in making the operation of this Bridge more efficient. However, Parks & Rec does not have the funding to do that. Buchanan said she feels like it is not an unreasonable request to make the Bridge as efficient as possible. It would have been wonderful if it had been designed to do that to start with. It wasn't. MRA would have paid for it if it had been part of the original design, just as it paid for the cost of building the Bridge. Buchanan said she did

not have a problem recommending that MRA spend the extra \$15,000, but it is the Board's decision. Englund said the other piece is that permission from MDT was difficult to get, so the conditions that were placed on here were accepted. He said the City wasn't in a position to argue since it was touch and go that permission would even be granted in the first place. Buchanan said this aspect of achieving permission from MDT to have the Bridge there pales in comparison to the cost of having to design and construct the Bridge in a way that the whole center section can be removed in the event that an oversized or mega load needs to come up Reserve Street. She said it was an upgrade that doesn't exist on any other bridge in the state of Montana that she is aware of. She agreed with Englund and said it was challenging, at best, to even get permission to build it.

Reineking said from a big picture look, if MRA gets reimbursed by Jackson Contractor Group for the \$15,250, and what MRA is putting in is \$14,900 for an upgrade to the controls that improves the safety issue of the Bridge, she thinks it is worth the money whether it is the City's liability or not. She said she is in favor of the proposal. Englund said the other piece is that thanks to the work of DJ&A, PC, it was a pretty smooth project. He said if this would have come up as a change order in the middle of construction, MRA would have been delighted that it was the only change order. Buchanan said it is a huge asset to the trail system and people are able to go to Fort Missoula Regional Park safely.

Englund asked for the numbers to be shown for public comment.

**REINEKING: I MOVE THE MRA BOARD APPROVE AN EXPENDITURE OF UP TO \$30,150 FOR THE CITY PARKS DEPARTMENT TO USE TO CONTRACT FOR IMPROVEMENTS TO THE DECK HEATING OPERATING SYSTEM ON THE SOUTH RESERVE STREET PEDESTRIAN BRIDGE (ALSO KNOWN AS THE MIDTOWN BRIDGE) WITH THE UNDERSTANDING THAT STAFF WILL CONTINUE TO WORK WITH JACKSON CONTRACTOR GROUP FOR REIMBURSEMENT OF \$15,250 FOR MODIFICATIONS REQUIRED TO MEET THE HEATING SPECIFICATIONS FOR THE BRIDGE PANELS AND FURTHER AUTHORIZES MRA STAFF TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE CITY PARKS DEPARTMENT.**

**Brock seconded the motion.**

Anderson referred to Reineking's motion and asked if "Midtown Bridge" was a new name for the Bridge. Reineking said the Missoula Midtown Association wanted it to be known as the "Midtown Bridge". Englund asked Anderson how he thinks the Bridge is working. Anderson said it has been working splendidly. The heating panels work great and do melt the snow, the issue with the operating system is a bit unfortunate. It has been weathering well and the overall performance is exactly what they hoped. Moe said she would vote in favor of the motion. She said her objection was to giving a waiver of liability to Jackson Contractor Group without them having to do anything apparently to obtain that waiver.

**No further discussion. No public comment.**

**Motion passed unanimously (5 ayes, 0 nays).**

## **NON-ACTION ITEMS**

### **Missoula Economic Partnership – Update (Grant Kier)**

Grant Kier, Director of the Missoula Economic Partnership (MEP), gave an update of the Opportunity Zone (OZ) work they have been doing. He said Julie Lacey, Economic Development Director, gave the Board a summary of their work accomplishments in February. As a reminder of the goals of the grant MRA awarded MEP, Kier said they were setting out to: increase Missoula's knowledge and understanding of their OZ; developing and sharing local expertise MEP with the community and stakeholders as interest was shared with them; identifying models for public and private investment to achieve community goals for the OZ tool in terms of the kind of development they could see; and encouraging private investment in the OZ that would follow those models and develop the kind of facilities or infrastructure they are hoping to see as they learned what the community is interested in and what this tool might achieve. He said things changed pretty dramatically in March with COVID-19 and they have had to adapt and retool.

Kier said since COVID-19, MEP has continued to track changes to the OZ regulation and tool. On the policy side it has mostly resulted in changes to deadline extensions for when investments could be made into an OZ and still realize the bulk of the financial gain. That extension has been provided through December 31, 2020. MEP has also been tracking practices and changes in trends and the way the tool has been utilized across the country and in the region, what the appetite of investors is, and if models are migrating towards more complexity. He said in the initial stages of the OZ, MEP was seeing single investors and single projects and the tools used as a tax advantage for that particular investment in a project. They were also seeing primarily projects only being done that had been on the books before the tool was developed. They weren't seeing new and innovative projects responding to this tool. They were just seeing people use it as a way to add a little bit of extra leverage in their capital stack. He said last winter they were starting to see more sophistication and complex deals. MEP has learned in the last six weeks that the increased sophistication and complexity is getting squelched again. Kier said they have been hearing that some of the tempered enthusiasm for the tool and the lack of complexity is fundamentally about the upcoming election. He said some sense from the Biden camp is that if they were to win the White House in all likelihood they would do what they could to dismantle this tool as a primary means of investing in underdeveloped communities. Kier said there is uncertainty around people trying to develop whole new models and longer-term plans around how to do this.

Kier said MEP has adapted their thinking and tried to expand it around how to use the OZ they have and the momentum they've created to do other things. He said realizing that an OZ is a relatively small additional incentive anyway, but a really powerful tool for catalyzing focus, MEP has really tried to focus on some of the ancillary benefits they have already realized in the OZ. He said they have heard that one of the things investors like most about the tool is that it has forced communities to get really serious and focused around the places they want to invest. Kier said that level of seriousness of having goals, priorities, timelines has given larger investors a lot more confidence that they have a predictable pathway to developing projects where they might otherwise run into a lot of hurdles and challenges with regulatory frameworks or a lack of cooperation from the city or regulatory body.

Kier said in the process of talking to some investors, MEP has elected to expand their thinking beyond just the OZ to now include Payne Library Block and Riverfront Triangle parcels to showcase to potential investors and developers who are showing an interest in Missoula.

Kier said in the last few months, because of the progress that has been made through the City, MEP added the Scott Street Property as a specific site they are promoting and investing resources in. They also added West Broadway and the Sleepy Inn. Another big change is in regard to two final events they proposed within the context of their grant. One was a developer showcase to tour various sites to give people an understanding of the places and get a sense of the potential opportunity to invest here. They have abandoned the showcase due to COVID-19 and have shifted gears to old-fashioned word of mouth networking. They are looking around very strategically for the kinds of people who are investing in projects they might want to see more of in Missoula.

Kier mentioned specific accomplishments that have happened since MEP's last update to the Board. MEP has secured a \$25,000 grant for planning at the Payne Library Block. It is a matching grant for the MRA to expand its planning around what the community would like to see there. MEP also just applied for another \$25,000 grant for the West Broadway Corridor and Sleepy Inn. They have been examining how to leverage business expansion and job creation grants to support the OZ. MEP has been working with an OZ investor who was looking at real estate and acquired a building tenants with a local business in the building. That local business had potential to expand. Because of that opportunity, Kier said, MEP worked to identify their potential for a job creation grant through the Big Sky Trust Fund. They were awarded a \$25,000 grant to create five new jobs for a business that is operating in the OZ.

Kier said MEP has also been assessing their online marketing tools. They know they will need to find ways to showcase and promote project opportunities to the private sector for strong partnerships with MRA and the City to develop around some of their goals. He said they looked at the Opportunity Exchange which is a very specific online tool that allows communities to showcase OZ projects they are committed to furthering. Based on what they've learned, MEP will be making an investment in the next six to eight weeks to redevelop their website to have a component that showcases the properties they have reached agreement on with the City and MRA to try to promote. Their website will become the primary vehicle for the online presence for some of their marketing work. They are going to populate it with information that comes from the planning grants they have, and also from existing planning documentation. MEP has initiated a site evaluation and utility and infrastructure evaluation for the Scott Street Property. Kier said it is clear from the community's voice that MEP needs to keep focus on mixed-use and housing that Missoula's workforce can afford.

Kier said the most exciting news is that MEP has met with several investors and developers, who, in large part due to the work of MRA and the City, are quite bullish on Missoula. He said MEP provided a presentation to a large western U.S. developer a few weeks ago to show sites across the community to talk about the planning work and Downtown Master Plan, along with some of the investments that have been made and the vision for some of the places. The developer noted that "Missoula is a beacon of hope at a time where there

isn't very much hope." Kier said it is a profound realization from folks outside of the community that there is a lot happening here, great work is happening, and it is a community that wasn't on the radar before that is starting to become on the radar. Kier said this is a developer that has a strong track record for doing projects of the scale like the Riverfront Triangle and for working with public agencies and communities to develop really exciting mixed-use – both affordable and market-rate housing projects – in the scale Missoula desperately needs. MEP is also talking to local developers and investors who have a proven track record and reputation in the community for doing the kinds of projects that a lot of folks who are apprehensive about this tool will feel really good about, knowing these investors and folks are behind them. Kier said there is some really promising work being done right now and it puts MEP into a good position to work with the City and MRA staff to start talking about specifics of what these sites could look like and what deal structures need to happen. Kier said there are additional developers who, knowing MEP is working on the Payne Library Block, Scott Street Property and Riverfront Triangle, have expressed interest in supporting the kinds of development the Northside and Westside Neighborhoods have expressed interest in supporting.

Kier said MEP's next step is to meet with leadership at MRA and the City and talk specifics about some of these sites and the kind of accommodations the MRA and City are interested in making in partnership with developers to leverage interests and goals. He said they December 31<sup>st</sup> is a looming deadline by which some investors want to have a project nailed down using the OZ tool. If they don't have a project site ready by December 31<sup>st</sup> to put money into a fund, they might miss an opportunity. He said it will be important to come back to MRA to give an update after December 31<sup>st</sup>.

Englund asked what needs to be done before the December 31<sup>st</sup> deadline. Kier said the OZ benefit phases down its total value to an investor over a time frame. The maximum value that an investor can get for the 10-year duration that they hold money in an OZ starts to scale back after December 31<sup>st</sup>. The value of the incentive starts to diminish and the ease with which MEP can attract investors will become more challenging. To maximize the benefit there has to be cash in the fund by December 31<sup>st</sup>.

## **STAFF REPORTS**

### **Director's Report**

Buchanan said she was happy to answer any questions from her Director's Report and said Behan would give an update on the Riverfront Triangle/Fox Site in light of the recent changes seen there in terms of players and investment. Reineking said she wanted to thank Brock for representing the MRA Board on the Communications Plan and Englund for sitting on the committee for the Scott Street Redevelopment. Buchanan said in light of Kier's presentation, her Director's Report is a microcosm of things that are whirling around and stirring in Missoula. She said we're on the map and people are interested in Missoula. The money MRA invested with MEP is as good an investment as MRA has made as an Agency in a while. She said the time is right and Missoula is a hot commodity on a lot of fronts, and some of it is attributable to the MRA Board and its decisions made over the years. She said it is an honor to be a part of this. Jones echoed that and said it seems MRA's commitment to having a focus on affordable housing is more important than ever right now. She said this is all interrelated and the opportunity for partnership and affordable housing is something MRA should be looking very deeply at committing resources towards.

Behan said Nick Checota is not interested in continuing with the Drift project, at least in the form he thought it was going to be in. As far as legal deadlines, the Resolution of the City Council that agreed to the executed agreements and amendments of the past carries forward. The next hard deadline, which has an out, is November 22, 2020. At that point, Checota was supposed to apply for a building permit with approved plans and drawings. Checota did several presentations in the spring to various groups that explained and showed very detailed drawings and plans of what he was doing. Behan said the application for permits starts out "subject to unavoidable delay". He said if there was ever an example of what "unavoidable delay" would be, it might be a worldwide pandemic like COVID-19 that shuts down the community. Behan said Kier pointed out that there is interest in Missoula in that site and others that may pick up a lot of kinds of things the City wants to move forward on. Checota set a very high bar to reach in terms of design and benefit to the community.

Behan said MRA has at its discretion the ability to extend the November 22, 2020 deadline six months, should it want to do that with the current agreements the way they are. He said there are lots of ways to move forward with flexibility and hopefully the private sector can be as creative as possible over the next several months. Behan said his take is to not do anything drastic right now or take any measures until they are needed, and wait to see what MEP might bring.

Englund asked what the situation is in terms of Checota and his project. Behan said Checota has made clear that he is not interested in being the general developer for this project. He and his wife have decided that they need to focus on existing businesses and try to get employees back to work and those businesses running again before they can even think about anything else. Behan said Checota put a huge amount into design of the Drift and thinking about what that site could become which may be useful to someone in the future if they choose to work with him in terms of acquiring the design, etc.

Englund said the City has a contract with Checota to perform certain things. He asked if Checota is interested in hanging onto that contract, or abandoning it now. Behan said his understanding is that Checota does not want to be the developer of that site right now. Behan said rather than start everything all over again, maybe the City ought to let things play out in the short-term to see if there is a better way forward than starting over at ground zero. Buchanan said she has talked with Checota and he has also had extensive conversations with Mayor Engen. She said there is not a whole lot of urgency about voiding or doing anything with contracts in anyone's mind right now. She said from her perspective, what makes sense is to see how this moves forward, not in terms of the Checota's interests of being developers, but should someone come along who wants to develop that property it would seem an assignment of their rights to that entity is a far easier thing than starting over. She said it is much like Hotel Fox Partners assigning their development rights to Checota last year. She said rather than modifying or voiding legal agreements it may be best to be patient and see what the future holds and what is out there. She said at this point she doesn't know what the future holds in terms of another hotel downtown, or in the entertainment business, the conference business, or any of the components Checota was going to undertake with his project. She said the only thing she thinks would be secure right now is the housing that was planned. She said there seems to be a need for every strata of housing in this city, whether it is the lowest or highest end. She believes the City is

fortunate to be in a position to be patient right now and see what the future holds. Jones said the patience can only really extend for the next two months. She said in order to extend the deadline there needs to be a party to whom the City is extending that deadline. She said she is all for remaining patient and being hopeful that in the next two months someone steps forward that might be willing to step into the development shoes as they currently exist. However, she does not think they can unilaterally extend the deadline for that contract when they know the person on the other side of that contract is not interested in proceeding. Buchanan said there need to be conversations to decide what the best route is and have a clearer path.

Englund said his concern is that the City has a very extensive contract with a specific purpose and deadlines with a specific person who is no longer interested in doing that. He said it is about the most understandable thing that has happened during COVID-19, that Checota has chosen not to do this. Englund said the City is going to be in a position where it has to start doing this again. His view is that the City would be in a stronger position if it didn't have contractual relationships hanging out there. If somebody steps in and wants to do what Checota did, they have the model for what they are willing to do and don't have to start all over again. He said being flexible for a while makes some sense, but sooner rather than later there need to be serious conversations with Checota to find out if it is his final decision. If it is, Englund said the relationship needs to end and the City needs to get the piece of property back in the City's hands without any clouds on what the City might be able to do with it.

Moe asked if Hotel Fox Partners retained rights on the west end of the property to develop residential there. Behan said their successor, Riverfront Triangle Partners, owns the former Western Montana Clinic property along the Riverfront and the hospital and clinic property north of Front Street, between Front and Broadway Streets. He said they were close to coming up with a solid residential/commercial plan in March and were about to reach out for equity financing. That has been put on hold. They have received interest from out of state folks in pushing that project forward, and Riverfront Triangle Partners are moving ahead. He said it looks like what was going to be the tail of the project will now be the nose, which is the 601 W. Broadway site where Tire Rama was for many years and is currently a vacant lot. It may change hands and was recently rezoned for a substantial residential building. Behan said it may keep interest alive in that area and show the kinds of things that may be able to happen there.

Behan said staff hopes to have a presentation for the Board in the next month or two on where the City stands. He said the City Attorney and perhaps the consultant attorneys will look at where they're at so staff is able to present a good concrete base for where things are and where they could go. Englund said it goes without saying, but assumes it will also be run by the Checotas. Behan said it absolutely will. Englund said MRA would still love the opportunity to work with them because that was quite the vision.

### **Budget Reports**

Dunn reviewed the Budget Reports for Fiscal Year (FY) 2020 and FY2021. She said there are still some taxes yet to be received and MRA is waiting to get that report from the County and have it posted by the City. If affects MRA's final revenue. Brock asked what the timeline is like before MRA has a solid picture of things. Dunn said MRA should see the tax

receipts from the County by October. MRA does not get final mill levies until mid to late October.

**COMMITTEE REPORTS**

**OTHER ITEMS**

**ADJOURNMENT**

Adjourned at 1:55 p.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Lesley Pugh".

Lesley Pugh