

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

January 19, 2017

FINAL

A **Regular** meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, January 19, 2017 at the Hal Fraser Conference Room & Jack Reidy Conference Room, 140 W. Pine, at 12:00 p.m. Those in attendance were as follows:

Board: Karl Englund, Daniel Kemmis, Ruth Reineking, Melanie Brock

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

Public: Jeff Crouch, CTA Architecture; Barry Fisher, Hotel Fox; Janet Fiero, MT Chapter of the Sierra Club/Missoula Community Benefits Coalition (MCBC); Adam Ehlers, MCBC; Mark Anderlik; MCBC; John Wolverton, Bike Walk Alliance of Missoula (BWAM) & MCBC; Mick Harsell, Missoula Area Central Labor Council (MACLC); Linda Gillison, Citizen; Martin Kidston, Missoula Current; Will Greenway, Riverfront Triangle; Robin O'Day, Riverfront Triangle; Lori Davidson, Missoula Housing Authority; John Luhmann, Sovereign Hope Church; Dan Semmens, Dorsey & Whitney LLP; Pat Corrick, Hotel Fox; Kevin Gordon, Mount Stephens Corp.; Philip Gordon, Mount Stephens Corp.; Dieter Huckestein, Hotel Fox; Brian Averill, Hotel Fox; Jim McLeod, Hotel Fox; Jim Gillan, KFGM; Dennis Bragg, KPAX; Peter Friesen, Missoulian; Julie Armstrong, Missoula City Council

CALL TO ORDER

12:00 p.m.

APPROVAL OF MINUTES

November 17, 2016 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS & ANNOUNCEMENTS

ACTION ITEMS

Morrison-Maierle Office – 1055 Mount Avenue (URD III) – TIF Request (Behan)

Behan said the Mount Stephens Corp., Kevin & Kim Gordon, submitted an application for Tax Increment Financing (TIF) assistance for a new office building for Morrison-Maierle. Morrison-Maierle is an engineering company based in Helena, MT that has expanded throughout the Northwest and has most recently picked up several projects in and around

Missoula. Right now, one of their largest projects is reconstruction of the airport terminal. The Morrison-Maierle office building is currently located on Palmer Street. They are in need of expansion of their workforce and need a new location.

Behan said the Gordon family has owned the property on Mount Avenue between Stephens Avenue and Russell Street for two generations. It was the location for the main office for Gordon Construction for several years until they moved to Broadway Street. Behan said the building has recently been occupied by renters, Hoyt Homes and Teen Challenge. Both businesses have relocated.

Behan said the proposal is to build a two-story building on the corner of Mount Avenue and Regent Street. Behan said the interior of the building will be for office use. He said Morrison-Maierle hopes to utilize the sun for solar collection and solar power and are still working out the costs of that. The alley side will be for parking and they are planning to have 45 spaces. Behan said this project is in line with the urban standards that MRA wants to see as far as establishing a corner, building out on the right-of-way and having parking in the back of the building.

Behan said the request is for \$221,366, most of which is deconstruction and demolition. Behan said the Mount Stephens Corporation submitted the paperwork involved with the deconstruction activities. He said deconstruction is tough on this project because it is a concrete building, but the developers have come up with some pretty good ideas for reuse and recycling. Behan said the request also includes sidewalk and curb along Mount Avenue and along a portion of the street next to it. He said MRA is working with Mount Stephens Corporation to preserve the sidewalks that are there right now that MRA put in a few years ago.

Behan said this project is exactly what MRA was hoping for in this area of URD III. He said some of the development has started with onXmaps and the offices the state is in down the street. Behan said this office needs communication infrastructure brought closer to them. Bringing in high speed fiber optics will be allow about 20 other properties to access it, should they choose to use it or redevelop into something that can.

Kevin Gordon commented that Morrison-Maierle put this project out for proposals and received eight different proposals around town to build an office building. Gordon said this location was selected primarily because of the MRA. He said Morrison-Maierle had opportunities to go out on Reserve Street but they really felt like they wanted to stay in town and away from the Reserve Street corridor.

Reineking asked if more landscaping could be added in the public right-of-way on the Mount Avenue side. Behan said it is a matter of how to balance the desire to have buildings built up to the right-of-way, establishing the corner and the street front and figuring out how much landscaping can actually be fit into it. He said the other issue with that part of the building is that it is the only part of the building that doesn't get sun. Gordon replied it is built up tight to the property line on the north edge. He said he will confer with A&E Architects and see what ideas they might have on landscaping. He said they met with the City and do meet the landscaping requirements for the site.

Kemmis asked if MRA has funded fiber extension before. Behan replied yes. He said MRA has funded it twice for onXmaps and funded it for a couple of other nearby properties. Kemmis said he thinks it is a very good investment. Behan said fiber optics has become part of the infrastructure for new businesses and MRA is including conduit wherever it can in its own infrastructure projects.

REINEKING: I'LL MOVE THE STAFF RECOMMENDATION.

Staff recommendation: Staff recommends the MRA Board approve up to \$221,366 in TIF assistance for eligible items enumerated in the TIF Application and this memorandum for the Mount Stephens Corporation Project located at 1055 Mount Avenue and authorize the Board Chairman to sign related documents, subject to the standard conditions for MRA assisted projects including reimbursement being made based on copies of paid invoices from contractors and vendors showing the actual TIF eligible work completed along with copies of contractor payment lien releases.

Brock seconded the motion.

No further discussion. No public comment.

Motion passed unanimously. (4 ayes, 0 nays, 1 absent)

MRL Johnson Street Property (URD III) – Acquisition Update and Request for a Recommendation to City Council to Adopt a Reimbursement Resolution (Buchanan)

Buchanan said as her memo states, the City has a signed purchase and sale agreement with Montana Rail Link (MRL). Phase I Environmental Assessment has been completed. She said there were no surprises, but it did call for a Phase II Environmental Assessment which is currently in progress. The City just received the preliminary title work from Stewart Title. There were a couple of clarifications that needed to be made so it was sent back to MRL today because they need the comments by Friday for the agreement. At this point, Buchanan said everything is moving along smoothly.

Buchanan said the City has been in discussions with all of the tenants on the property. She said the tenants do have concerns about what the future might hold for them. Once the due diligence is completed and a public discussion begins about how the property will be used, she said the City hopes the tenants will participate in the conversations and be a part of the solutions they find for the property.

Buchanan said the other part of this is a request for the Board to recommend adoption of a Reimbursement Resolution for the purchase of the property. She said once the Agreement for Sale and Purchase was signed they had to give \$200,000 in earnest money to Stewart Title per the purchase agreement. She said the City would like to get that money reimbursed through any bonds that may be issued to finance the purchase of the property, develop the trail and ultimately build the park. Buchanan said it is an IRS requirement that allows MRA to go back and recoup the costs expended to date if and when debt is issued.

KEMMIS: I'LL MOVE THE STAFF RECOMMENDATION.

Staff recommendation: Staff recommends that the MRA Board forward a recommendation to the City Council for approval of a Reimbursement Resolution for the purchase of the MRL property establishing compliance with Reimbursement Bond Regulations under the Internal Revenue Code.

Reineking seconded the motion.

Reineking said she thinks this is a great deal for the City and the Urban Renewal District. Buchanan gave kudos to Montana Rail Link for making it happen.

No public comment.

Motion passed unanimously. (4 ayes, 0 nays, 1 absent)

Mary Avenue West (URD III) – Request for a Recommendation to City Council to Approve Construction of Mary Avenue West Improvements Using an Alternative Project Delivery Contract (Marchesseault)

Marchesseault said at the November 2016 Board meeting, the Board approved funding for design and engineering services for Mary Avenue West. At that time, staff mentioned they were exploring how to expedite the project and get it out to bid in a competitive bidding climate using an Alternate Project Delivery Contract (APDC) method. Marchesseault said staff researched this method further and think it is the right way to go using a Contract Manager at Risk (CMAR) model. The project will go out to bid in the first part of March and at around the 70% design level contractors would bid at a guaranteed maximum price. This will allow MRA to lock in prices in a competitive bidding climate before the end of March. Marchesseault said her memo is asking the Board to make a recommendation to City Council to allow staff to proceed with the APDC method.

Buchanan said MRA used this method on Park Place. She said the process staff will go through is to issue a Request for Qualifications (RFQ), pre-qualify and then issue a Request for Proposals (RFP) from the selected contractors. She said this is the method MRA used when Gordon Construction was selected to build Park Place. It is also the construction method being used to do Fort Missoula Park by the Parks and Recreation Department. Buchanan said staff feels this project needs to be bid in a competitive bidding climate and if it can't be bid until April or May then the contractors are already working and it won't get the same attention as it would before the construction season commences.

BROCK: I'LL MOVE THE STAFF RECOMMENDATION.

Staff recommendation: Staff recommends that the MRA Board make a recommendation to the Missoula City Council to approve a resolution authorizing MRA staff and the engineering consultant to use an Alternate Project Delivery Contract (APDC) for streetscape improvements on Mary Avenue West.

Kemmis seconded the motion.

No further discussion. No public comment.

Motion passed unanimously. (4 ayes, 0 nays, 1 absent)

Mary Avenue West (URD III) – Request for a Recommendation to City Council to Adopt a Reimbursement Resolution (Marchesseault)

Marchesseault said this request is similar to the request Buchanan presented on the MRL property. It is a request for the Board to recommend to City Council that MRA get approval for a Reimbursement Resolution for the Mary Avenue West project. She said MRA will be issuing bonds for construction of the project and would like the opportunity to recoup design and engineering fees through issuance of a Reimbursement Resolution.

Englund said the memo states current cost estimates from DJ&A based on conceptual design is just over \$2.8 million. However, the Resolution itself in paragraph 2.03 talks about \$2.5 million in bonds. Marchesseault said it was an error on her part. She said the \$2.5 million is a very conservative estimate of construction costs; if you fold in design and engineering fees it gets closer to the \$2.8 million. Buchanan said staff will amend the Resolution to specify up to \$2.8 million if it is agreeable to the Board.

REINEKING: I'LL MOVE THE STAFF RECOMMENDATION WITH THE CHANGE IN PARAGRAPH 2.03 TO \$2.8 MILLION.

Staff recommendation: Staff recommends that the MRA Board forward a recommendation to the City Council for approval of a Reimbursement Resolution [for the Mary Avenue West project] establishing compliance with Reimbursement Bond Regulations under the Internal Revenue Code.

Brock seconded the motion.

No further discussion. No public comment.

Motion passed unanimously. (4 ayes, 0 nays, 1 absent)

The meeting moved down the hall to the Jack Reidy Conference Room.

Hotel Fox General Development Agreement – Request for Approval and Recommendation to City Council for Approval (Behan)

Behan said the Board packet contained three documents: Fox Site Background 2017, Fox Site Master Development Agreement Terms, and the Dorsey & Whitney LLP Summary of Fox Site Master Development Agreement and Collateral Agreements. Behan said the Fox Site Background 2017 document is the piece that contains all of the history, topography, politics, etc. that has gone on over the last several years. It is up on the MRA website. Behan said the Dorsey & Whitney LLP document sets out the terms and details for his memo.

Behan said the vision for this piece of property, since a good portion of it was donated to the City in 1984, has always been used in a size that maximized the economic benefit to the Downtown and the community. Secondly, excellence in design, because of its location along the riverfront. Lastly, he said the ability to entice leverage redevelopment of the rest of the area adjacent to the property and project feasibility are also parts of the vision.

Behan said to make all those things happen it has always been recognized that the private sector would have to be involved because that is where the greatest amount of money, creativity and ability lies to put together projects that would establish that kind of a vision. Behan said for decades, the efforts to find that project, by MRA and the City, were primarily through standard, competition-type RFPs. He said they never got to the point where all of those factors of the vision were met.

Behan said the RFP they're on the tail end of right now recognizes that for the vision to happen the public and private sectors will have to be very close partners. He said over the last four years, as they have been talking about this project with the selected developer, Hotel Fox, it has become very evident that a partnership is absolutely essential for this to work. The public and private sectors cannot be in competition nor take their sometimes adversarial standpoints. At a minimum, Behan said they must walk together with a great deal of trust.

Behan said the proposed project, in terms of what the City wanted out of it, addresses each of the major goals the City Council, MRA Board and Mayor's office have established for it along the way. First, he said Hotel Fox has invested a large amount of money to purchase the Providence property around the Fox site and have more "skin in the game" than the City does in terms of investment in that area by one or two times. Also addressed is the desire for the City to receive cash or monetary value for the property. Behan said the City has been able to use it in a way to address future exchanges of property and it may be a source for maintenance of the Conference Center in the future. Third, Behan said the Mayor's vision of a large conference center has been addressed, one that "floats all ships". The conference center will be something that will be far in excess of what the hotel being proposed for the site would develop. Behan said this is the project that establishes all of the pieces that are in the vision.

Behan said within the Master Development Agreement that they're working with, the main portion of it actually spells out the execution of several other agreements and their basic terms. He said three main pieces of the Agreement that are essential for the project to happen that are discussed in the Dorsey Whitney LLP document and his memo include land use disposition, construction and later leasing of a conference center and how parking on the site will work.

There was discussion on how to proceed. Englund suggested they go through the business points of the transaction so the Board understands what's being proposed. Reineking thanked the Board members, MRA staff, City Council members and others who sat in on the working committee because she knows it is a lot of hours and work for everybody.

Land Disposition

Behan reviewed the land disposition as outlined on page 3 in his memo (page 2 in the Dorsey-Whitney LLP memo). He said the developer will pay a purchase price of \$2.3 million for the Fox Site, which is based on an appraisal. It will be along the lines of a traditional promissory note/trust indenture type transaction. It will be a 15 year amortization beginning on the closing date and the rate will be a relatively low, federal funds rate. He said payments will be made on interest only until year six and the remaining ten years will be re-amortized for the remaining principal. Behan said sometime during the first five years it is

anticipated that the developer may offer to contribute land for a parking structure that's not on the Fox Site, it would be on the so-called "chicken block" to the north. The Development Agreement would give the opportunity to credit the value of the property given to the City to the purchase price of the Fox property.

Conference Center

Behan said the next major piece is the conference center including construction and how it would be run. He said the Hotel Fox Partners would build a hotel of approximately 200 rooms that includes at least 10,000 sq. ft. of meeting space on the Fox site that they are purchasing from the City. Behan said the Partners will also build an additional approximately 29,000 sq. ft. of conference space in conjunction with the meeting space that would be sold to the City upon completion of the building. Behan said that's the area of the conference center that certainly would not be part of a standard private hotel/conference center development.

Behan said the City would issue TIF bonds to buy the conference center and pay the debt service with TIF revenue generated by the hotel and conference center. He said the hotel's running of the conference center makes it subject to beneficial use statutes which makes them have to pay property tax on the conference center and the hotel. He said the new taxes, based on the construction of those two pieces, would pay the debt service to buy the 29,000 sq. ft. of the conference center. Behan said Hotel Fox would be the managing entity and would assume liability for any conference center operating deficits and would do standard maintenance, furnishings and replacement of such. He said as the developers and City talk thru this, they recognize that most conference centers across the U.S. are publicly owned with the possibility of a lease or management agreement with a private entity. Behan said the City would be responsible for major repairs and major issues with the infrastructure of the building, much like it is with the Civic Stadium. He said one idea, going back to the land disposition piece, is that a portion of that purchase price could be set aside in an enterprise fund by the City to have that money available in the future, should there be a major issue, so it is not a burden to the general fund. Behan said the point of all this is to make sure there's not a major impact or any impact on the general fund. Englund asked what the price is for the 29,000 sq. ft. of conference space. Behan said the estimate they're using right now for the conference space is \$6.525 million or \$2.25 sq. ft..

Public Parking

Behan said Hotel Fox Partners would build a parking structure under the Hotel/Conference Center of approximately 400 spaces. This would consist of two levels below where Front Street level is right now. He said the City would purchase the parking structure from Hotel Fox Partners upon completion of the project and would own the structure. The source of the City's financing to purchase it would be a bond amortized by future parking revenues, and if those aren't sufficient, additional TIF revenue from the increase in taxes due to the hotel and conference center would be used. Behan said the City would enter into a contract with the Missoula Parking Commission to manage the parking. It would be managed as a public parking structure. He said all revenues in excess of what is needed to manage the parking structure will be used to repay debt service on the bonds. Behan said this is important because if it lessens the obligation on tax increment then there would be tax increment available to do other things that people want in the area, such as a bridge across the river, which has been discussed. Behan said that is a big "IF".

Englund asked if the estimate for a parking space is \$22,000. Behan replied yes, for a total of about \$8.8 million. Englund asked if there is a minimum amount of spaces that will be sold to the City. Behan replied it is a matter of whether the amount that is available under forecasted parking revenues and TIF is enough to build all 400 spaces or not. If not, Hotel Fox Partners would have to purchase the additional parking spaces to get to the 400 total. Buchanan added that the developer could choose to buy some of the spaces. Pat Corrick, Hotel Fox, said it will be part of the negotiation in the collateral agreement; if they determine they want 100 spaces that would be part of the conversation. Behan concurred and said each of the collateral agreements has to go through a similar process as the Master Development Agreement. The collateral agreements will be negotiated and brought back to MRA or the Parking Commission, and then onto City Council if there's debt issued that includes tax increment. The disposition agreement will also go through the same process. Behan said this Master Development Agreement opens the possibility for and sets the path on how the other, more specific agreements, will happen. Behan said default under the Master Development agreement would be that the City and Hotel Fox Partners just walk away from each other if they are not able to enter into the other agreements. Behan said the other agreements, however, will have much more specific default provisions that may include more repercussions on the defaulting party.

Jeff Crouch, CTA Architecture, gave an abbreviated presentation of the project (see schematic in Behan's memo). He said this project expanded beyond the City-owned parcel of the Fox Theater site (which is located in the southeast corner of the site). Crouch said the City-owned parcel on the corner will be the hotel with approximately 200 rooms with all of the supporting parking spaces as well as the City conference center. Crouch said many years ago when CTA got involved with the project it was because the request by the Mayor's office to do a "larger-than-you-would-typically-do-as-a-private-developer" conference center forced the architecture to max out the City-owned parcel. He said that process started with a conversation with Providence which has led to where the project is today: a much larger development with multiple buildings on a much larger parcel of land which is now owned by Hotel Fox Partners. Crouch said Hotel Fox Partners have purchased all of the Providence property as well as the corner of Broadway and Orange streets which was held by a third party.

Crouch said the bigger vision led to an opportunity to affect the entire Downtown as well as the site. The hotel is a full service hotel concept. This includes a full service restaurant with riverside seating and other facilities that support ancillary retail; unlike a hotel you might see out by the airport or along the interstate. Crouch said to the west of the hotel is an east/west circular hub to Downtown which also extends Downtown two to three blocks to the west. He said the library and new student housing projects will extend Downtown to the east, creating a new and dynamic east-west corridor where typically the Downtown has focused on the north-south corridor of Higgins Ave. which is the heart of Downtown. He said they hope to create an expansion of Downtown by creating a dynamic access, a place to go. Crouch said the circular hub is a roundabout and beyond it to the west they are proposing to vacate the portion of Front Street shown in green which they are referring to as the greenway or greenbelt. This area is proposed as a pedestrian access so there would be a pedestrian easement granted through that site. Crouch said he likens the area to the brownstones in Chicago/New York City/Boston.

Crouch said there is also a more lively and active pedestrian area radiating out of the hub called the Plaza. It goes from the hub down to the river. He said there is an old special zoning district that was written for this land. Crouch said one of the principal intents of that zoning was to make sure that something wasn't built that would cut off the connectivity to the river. At the time it was written, Crouch said the community was realizing how incredibly valuable the river is to the Downtown and the entire community's heart and soul. The plaza is a much more dynamic place than the greenway. It will be a place to sit and have lunch or listen to a quartet playing music on a First Friday or a Saturday morning; it is a place to spill out from the surrounding retail and housing projects and spend some time outside. Crouch said it is also a place for pedestrians to move through the site and a place to have events.

Crouch said another intent of the special zoning district is the continuation of the Riverfront Trail. Some of the schematics from CTA Architects have shown a future pedestrian bridge from the smaller orange and red circle down on the river at the end of the plaza across to McCormick Park. He said this would add an incredible amenity and community connectivity. Crouch said the Developer is committing to extending the Riverfront Trail beyond where it ends right now at the City-owned parcel all the way through the site.

Crouch described some of the buildings in the surrounding site that are part of the vision not on the City-owned site. He added that everything CTA Architects has done on the site to date has been schematic in nature and it is likely some pieces will be pulled out or added. There are mandates in some of the other documents that are in front of City Council that detail the commitments the developer is making. One commitment is to provide a mixed-use, vibrant site. Crouch reviewed the vision for the site which includes parking, urban-sized box store, interspersed small retail stores, medical office building and housing.

Crouch said in terms of site access and parking access, one of the things they had to do in looking at the proposal to vacate part of Front Street was to take the Developer's land on the chicken block and add a right-hand turn lane on Broadway Street. Crouch added there is a two-story parking garage under the entire hotel site. It is envisioned that in order to support the housing as well as some of the other uses there will have to be parking under the entire housing block. It would be accessed through building entries similar to the ones seen in big cities. The above ground parking deck on the chicken block would have street level parking from either Owen or Front Streets.

Crouch said the street vacation and rezoning request has been submitted and is sitting tabled at City Council. The old zoning was created prior to the current zoning laws. There were some conflicts in the language of the zoning. The other thing about the old zoning was that it was written with sub-districts on the land because at the time there were multiple owners. Because of that, when CTA looks at it as a single development, it was going to force all of the buildings into a convoluted multiple-variance process because all of the buildings laid over multiple districts. Crouch said they worked with Development Services and came up with a proposal to rezone the entire site. As part of that process, they did look at the old zoning and determined the key components that would not carry forward upon rezoning. He said they pulled forward the key components in the Land Use Agreement because it is not legal to condition a rezoning.

Jim Gillan, KFGM, said the multi-access rendering doesn't imply or suggest anything about the skyline immediately behind it. He asked if they anticipate it will obscure some of the taller buildings behind it like the steeple on St. Francis Xavier church. Crouch replied part of the original zoning language was about view sheds. He said they have carried the language about view sheds forward, mandating that this development provides a porosity of views into the site and out of the site. This would allow someone to sit at the hub and see across the river or see part of the County Courthouse and the existing infrastructure and buildings Downtown. He said each one of the buildings will be reviewed from a design perspective so that language does carry forward in the Land Use Agreement.

Kemmis asked from what has been described so far, what is the baseline amount that the percent for art would be applied to within what has been described so far. Buchanan said typically, percent for art is applied to buildings that the City builds. She said the City will be buying these, already constructed, which typically would not kick in the percent for art. She said she thinks it could be a part of this and will need to figure out where the funding would come from. She said if they're going to look into it for the City-owned portions it would include the conference center and parking. Crouch added that the percent for art is one of the key points that carried forward from the old zoning. He said there is language right now in the Land Use Agreement that requires the developer to provide public interpretive areas and art. He said there is not a dollar amount or mandate on a certain included percentage at this point. Kemmis said he brought it up because he recognizes the City is not technically building the project components, but it is making resources available that enable the building to occur. Buchanan suggested maybe the percent for art can be accomplished in a way other than through that ordinance, but similar in product. Englund asked what the percent is in the ordinance. Buchanan replied that it started out as 1% and was raised last year to 1.5%. Kemmis said this process is along the same lines of trying to follow through the implications of various statutes, it is a meandering line of ownership and responsibilities. He asked for clarification of what effect any of that would have on the Davis-Bacon Act and what it would apply to under the Act. Behan replied the components that are being paid for by the City would be subject to the state prevailing wage rates. Behan said the Developer understands this. Buchanan added that Davis-Bacon wages only kicks in when there is federal money involved. Englund said the agreements are written so that the Developer must pay prevailing wage rates on the conference center and parking construction. Dan Semmens, Dorsey & Whitney LLP, said any of the City-owned facilities, meaning the parking facility and the conference center, must comply with the public procurement provisions of state law in connection with the construction, including some of the bidding provisions.

Kemmis asked about the cost of the projected conference center; he said the cost will ultimately depend on the various amenities built into it. He asked if any particular models have been looked to in determining the projected costs and what kinds of amenities are expected to go into the conference center. Crouch said Dieter Huckestein, Pat Corrick, and Jim McLeod, Hotel Fox Partners, did a market study with a company a couple of years ago. The company does nothing but look at these conference centers around the nation. He said in the study there was an enormous amount of comparative information about square footage of floor space for the banquet room. He said architecturally, conference centers are pretty simple – it is one really giant room that can be demised into smaller rooms for a banquet along with a multi-purpose room called an entry hall or grand hall. This is where

everybody sets up their booths to sell wares. Crouch said a perfect example is the Montana Teachers' Annual Conference. There's not a conference room in Missoula big enough to serve their needs ideally, principally because they can't do three things at once: 1) Have a giant meeting in a big room. 2) Have all of the people that want to sell teacher's wares and computers set up their booths in the hallways to sell. 3) Have break out sessions in smaller classroom sizes. Crouch said those are the three principal uses that need to be in the building. He said the square footage of approximately 29,000 is significantly larger than the largest floor plans of similar facilities in town. He said it will bring organizations and events here that otherwise wouldn't be able to come. He said the conference center is also significantly bigger than would fill 200 hotel rooms so the rooms around town would fill up as well. Crouch said storage and support spaces, such as a commercial kitchen and storage to hold tables and chairs, is the last main component. Buchanan clarified that the study that was done by Conventions, Sports and Leisure International (CSL) is the study that was funded by MRA, Business Improvement District (BID), and Tourism Business Improvement District (TBID). There were not two studies done, Hotel Fox Partners did a feasibility study on the hotel and were intimately involved in the conference center study. Englund asked what is included in the 29,000 sq. ft. Crouch replied that is gross square footage of the ballroom and support. Dieter Huckestein, Hotel Fox Partners, said 30%-40% can be deducted when you get down to the net usable space, depending on how big the kitchen and other needed facilities are.

Huckestein said the conference center study was very extensive. CSL interviewed over 1,000 executives in the tourism and conference industry. He said the study clearly showed there is a need and great potential for bringing in new business, new meetings, and new conferences to Missoula, particularly because of where the site is located. The study also emphasized that the triangle development is critical as they both go hand in hand, creating a unique destination. He said there is a lot of potential if Missoula has a first-class conference center.

Brock asked for confirmation of the City being responsible for the long term maintenance and upkeep of the conference center. Behan replied it will be similar to the Civic Stadium. Semmens said it will be negotiated in the collateral agreements. Brock asked if the enterprise fund will be considered, but not a definite piece to it. Behan replied yes. Buchanan said the City does have a model for it, somewhat like a tenant/landlord situation. Englund asked what the interaction is with the City and Developer in terms of what gets built, because in the case of Civic Stadium it was already built. Behan said it will require working with the Architect and Developer as they are designing it. Englund asked what agreement covers that aspect. Semmens said it will be in the conference center agreement. Englund wanted to confirm that the conference center agreement covers construction and use. Semmens said there will have to be an understanding of the construction and there are a lot of pieces along the timeline that the parties will have to have a decent idea about as they move forward. He said the thought is that it will be under the lease and the use agreement. Behan said it will be two agreements: 1) Traditional TIF agreement with regard to the purchase. 2) Long-standing lease/management agreement between the City and the Developer regarding their use of the site and who's responsible for what. Englund asked how the City is assured that it is getting the conference center that it envisions and the quality of construction that it would expect if they were building it. Buchanan said she thinks the City can have a seat at that table. At the end of the day, if it is not what the City

expected it would get, they don't buy it. She said that's the ultimate leverage. Buchanan said the only aspect that is really unique to the conference center, in her mind, is the technology piece. She said the rest of it is standard. Corrick said they will have construction specifications, for example for the carpet, and hypothetically somebody could change the carpet from a 25-year carpet to a 10-year carpet. He said there are all kinds of things that could be done to deliver a different product. Therefore, Corrick said there will be inspections along way on the Developer's side because they understand they are selling the City a conference center built as designed. They have no intention of doing something that would compromise that. He said the City will also be inspecting along the way as they go. There are a lot of checks and balances as they move through the process to make sure that what's been designed, agreed upon and approved by the City is what gets delivered. Brock asked who in the City is part of the process for designing the conference center. Behan said that portion of the project will be in the TIF agreement, so MRA will be a part, other City departments will be utilized, as well as City Council approving it. Buchanan said there will be checkpoints along the way where the parties will check in with the MRA Board and City Council.

Englund asked what it means that the City will contract with Hotel Fox Partners to manage the conference center space. Buchanan said it won't be much different than the Lease and Use Agreement the City has with Mountain Baseball to manage and operate the Civic Stadium. She said it will either be a Lease or a Management Agreement, there are nuances to both that they need to work through. It will say how they use it, who pays for what, who's responsible for what, what are the public concessions that have to be made, etc. Englund clarified that day in/day out it is Hotel Fox Partners that will be running it. Buchanan replied yes. Huckestein said they will market it and through the Missoula Marketing Committee they will also create additional funding to facilitate the advertising of the conference center. He said that piece is critical because typically a convention is booked three to four years in advance. The moment they have all the agreements agreed upon and the architectural designs, Hotel Fox Partners will start selling the conference center. He said his understanding is that they are leasing the conference center for twenty-five years and will be responsible for the management, operations and finances at no cost to the City, as well as pay taxes.

Kemmis asked about the last bulleted section on page 3 of Behan's memo under the Land Disposition (page 2 in the Dorsey-Whitney LLC memo). He said the language seems to be intentionally vague and he understands why it might be so, but in Behan's memo it says it is anticipated that within five years of closing, the Developer would offer to donate land for a parking structure and in the Dorsey-Whitney LLC memo it says the Developer currently intends to transfer to the City a portion of the parking. He said he took it to be as close to being specific and binding as they can get right now. Behan said that is correct. They are working on two different parts of the same conversation and the issue is what happens if the City doesn't want it. He said there's a fail-safe in having the ability to accept it. Englund said as he understands it, to make it work, there will need to be additional parking across what's now Front Street. Hotel Fox Partners concurred. Englund said the City would like to build and own that parking, so the situation as it exists now is that there's an agreement that if Hotel Fox Partners are going to need that parking and want the City to build it, they'll reserve a piece of property for that and if the City then wants to build another parking structure over there, the way the City can pay for the land is to give a credit against the

outstanding principal balance on the Fox site property. He said it is all contingent on the Developer wanting the City to build the parking structure and the City has to want to build the parking structure. He said at the last working group meeting there also has to be a price that's agreeable to everybody. Englund said the City Council is a little nervous about it in terms of either appraising it now or putting in a maximum price or addressing it so they don't feel like they're being put in a box where they have to buy property at a high price. Behan said he has talked to an appraiser and has an idea on how to do that and satisfy Council's questions.

Englund said the request from the staff is for a couple of motions, to approve the terms of the summary and to direct staff to complete the negotiations of the Master Development Agreement. He said as to the second one in particular, there are some concerns from the community. Janet Fiero, Montana Chapter of the Sierra Club/Missoula Community Benefits Coalition (MCBC), said they are really excited that this project is moving forward. She said the representatives of the Coalition have met faithfully with Hotel Fox Partners over the last four months going over all the different points they have in the areas of protecting the Clark Fork, conserving water, housing, pedestrian and bike access, linking the two sides of the city together so pedestrians can move smoothly, the mixed housing and other items. She said missing from their list of accomplishments is how the project will put them on a path forward for creating well-paying jobs and avoiding labor problems such as boycotts and strikes. Fiero said the proposed Master Development Agreement includes a plan for the MRA to issue bonds to help finance this project and to be repaid from the revenues of the hotel and conference center. As public decision makers putting money into this deal, she said the Coalition wants the City to avoid the risk of negative financial impacts that might come about because of future boycotts, strikes or picketing. Therefore, she said they would like the MRA to require the Developer to show the City and MRA that they can reach an agreement with the Coalition so that they can significantly reduce the risk of labor disputes at this future hotel. She said the Coalition recommends, before the project is moved along further, that MRA require the Developer to demonstrate that it has reached an agreement with relevant unions and community organizations which guarantees labor peace, thus protecting the City's investment in the Riverfront Triangle Project. Fiero said the Coalition believes the time to take this step is now, while the MRA is approving all of the other important terms. She said they request the MRA add a clause to the Development Agreement with Fox Partners to require a Labor Peace Agreement covering hospitality workers. Fiero handed out a draft of the clause language for the Board to review.

John Wolverton, Bike Walk Alliance of Missoula (BWAM)/MCBC, thanked the Board for the opportunity to speak. He said he has been one of the people that has been engaging with the Developer. He said they are in solidarity and support of each other's ideals. He said when he heard Behan say this is something that will "float all ships", what came to mind is that there is a ship out there in the flats waiting for the tide to come in and that is the Labor Peace Agreement. He asked the Board to please consider the amendment to the Master Development Agreement.

Adam Ehlers, Good Jobs Missoula/MCBC, said he wants to stand in solidarity with the MCBC. He said he wants to remind everyone that they're talking about creating a lot of jobs. Missoula is in crisis right now and Ehlers said his perspective is that it is because there are not places to live for low income workers and there are too many poverty wage

jobs. Ehlers said he'd like to see a promise that all of the workers that are going to be working at the facility, in general, will be protected and not have poverty wages. Also, he said he's seen conference centers that say they are union or labor friendly and people seeking jobs will look for a conference center that's also union friendly. So, if the parties want to bring income to Missoula and Montana, keep in mind that people will first look for labor friendly conference centers and hotels and then move to other ones. He said he doesn't think it is a good business move or something that adds value to a project to not give value to labor and wages. Ehlers said as far as the housing, if the Developer is going to create low income jobs, the workers can't afford to live in the Downtown or surrounding areas and that won't help with the housing crisis.

Linda Gillison, citizen, said she had a chance over the summer to talk with fellow Missoulians about the idea of the MCBC and how this is a newer model for development in various communities. She said it is a very exciting thing to have MCBC and likes the idea that development should work for everybody in the community. Gillison said she is in solidarity with the MCBC and if this project is going to be a real Missoula community effort it should work for everybody. She said she is a retired instructor at the University and one of the things they talk about in higher education is how to get everybody into college because that's supposed to be the way to create a secure population in the future. She said the idea of supporting apprenticeships is very important and urged the MRA and Developer to think about the kind of jobs that would depend on apprenticeship products and workers for it.

Gillan said this project is very exciting and he can see its potential for attracting people from all over the country and world to come and enjoy Missoula and have a positive experience to take home with them. He said he concurs with all of the other speakers who've had extemporaneous remarks. He said it is vital that those who come visit once in a lifetime are served well and left with a good experience. Gillan added that it is also important that the people who spend every day of their working life here are properly compensated so they can contribute to the community and enjoy what Missoula has to offer as citizens and homeowners.

Barry Fisher, Hotel Fox, said they have spent a significant amount of time working with the various citizens' groups. The MCBC had 13 major points and within those points there were numerous other concerns. He said they tried to address most of the points and participate in discussions and get cooperation back and forth from the Developer and the citizens. He said they have come to the place where they have drawn a "line in the sand". Hotel Fox can't forecast tomorrow to try to bring solidarity to certain aspects. He said they can do some of the things, and a majority of accomplishments desired by MCBC were achieved. He said this is the Developer's response. Englund asked if the Developers were specifically asked about the Labor Peace Agreement that was handed out. Fisher responded he has not seen it.

Huckestein said his wife also teaches at a University and he is meeting tomorrow morning with a professor from the University. He said the idea of apprenticeships is wonderful. The Developer does want the conference center and hotel to give opportunities for every employee to have decent jobs. He said he's been in the hotel business for the last thirty plus years and knows really well that in order to have happy customers you have to have happy employees and their focus will be on that. He said Fisher has spent a lot of time in

trying to meet the MCBC's various points and he's met most of them. Huckestein said the Developer has a lot on their plate to get the project done and what they are saying is to let them get the project going and done and then meet.

Fiero wanted to summarize and said the thing the MCBC is requesting is a Labor Peace Agreement which will ensure working conditions for the hospitality workers. Mark Anderlik, MCBC, wanted to correct Fiero, and said the Labor Peace Agreement doesn't ensure anything except for that the employer will be neutral in any sort of organizing campaign and the union would not do any economically adverse action that could jeopardize the City's financial situation.

Crouch said he's been part of the meetings and they have been very productive. He said this one issue has resulted in the Developer's inability to cross that "line in the sand". He said from the Developer's perspective: 1) There is no management plan for the hotel in place. There is no management company to manage the labor that's being talked about at this time because it is so preliminary. He said the people who will be organizing, hiring and developing HR plans are not in existence today which causes the Developer some concern. 2) They are unable to find examples where these Labor Peace Agreements are signed preliminarily where there wasn't automatic unionization of the labor. He said the root of the difficulty and the root of the "line in the sand" is hesitance by the Developer to make that kind of a commitment right now before they really know how many hotel rooms there will be or who will be managing the hotel. Crouch said he thinks that everyone in the room and in the meetings would say that they share 99.9% of the goals for this project and everybody is enthusiastic about it, but the Developer has been consistent in saying they are not supportive of this Labor Peace Agreement.

Anderlik countered Crouch's comment and said: 1) This Labor Peace Agreement would be binding on whoever the management company is. He said MCBC offered to adjust any sort of Labor Peace Agreement to fit particular management companies, but it is binding on anyone they choose to manage it. 2) While it is not automatic unionization, if a percentage of workers feel that they are not going to be fired for talking to someone like himself, then the rate of unionization goes up tremendously. He said it is not automatic, it is up to the employee. Anderlik said it is an odd and difficult piece. He said the Downtown Master Plan addresses affordable housing, there are state and federal laws that regulate what can go along the river, and to the Developer's credit they have not baulked at those sorts of things. He said there is no such mandate for the Developer on these sorts of labor issues. He said what the MCBC is asking for is very modest and doesn't ask them to endorse unions or do anything but allow this good piece of policy to happen and centrally it helps preserve the City's financial situation in this project.

Fisher said the Developer has agreed to continue working with the MCBC. He said they would like to continue that effort and realize the Master Development Agreement they're asking approval for to move this forward would be a priority; then the collateral agreements and overall project is where they would engage MCBC.

Ehlers said he was not there to endorse unions. He said he felt that when Crouch used the words "automatic unionization" it was an inflammatory statement. He said from a minimum wage worker's perspective, assigning the Labor Peace Agreement means he won't be fired

for going to talk to someone when his manager withholds wages or he gets discriminated against or harassed at work. He said all the Labor Peace Agreement says is that he has protections to not be discriminated against by his employer. Ehlers said there is no automatic unionization, it is automatic employee protection.

Mick Harsell, Missoula Area Central Labor Council (MACLC), said he also attended all of the meetings. He said MCBC had thirteen proposals and have had very good discussions with the Developer and accomplished a lot. However, he said they can't talk about the last three proposals because there's a "line in the sand". He wondered how they would continue discussions. Crouch said they did continue discussions and had a meeting about the last three items.

Englund asked the Board how they wanted to proceed.

BROCK: I WOULD MOVE MOTION 1.

Brock said in making that motion, because there are more negotiations to come as part of the second motion, she thinks the Board can forge ahead without completely curtailing the current discussion.

Reineking seconded the motion.

Motion 1: Approve the terms set out in the Dorsey Whitney Summary of Fox Site Master Development Agreement and Collateral Agreements attached to this memorandum.

Englund said he didn't understand what the Board was being asked to do in the motion. Behan said he was trying to separate out the recommendation to City Council. He said it could all be put together, it is just a matter of being able to provide some assurance to the Developer and be sure the terms of the major Agreement were approved. He said the next part is the recommendation to City Council and the completion of the Agreement. Englund asked for clarification that Motion 1 is to approve the business points as they've been proposed. Behan replied yes. Englund said Motion 2 would actually be approval of the Agreement. Behan said yes, pursuant to the business points recommended to the City Council. Buchanan said it is what the Board typically does on most development agreements, the Board approves the business points and directs staff to create the development agreement. She said the legal document does not typically come back to the Board.

Englund said his concern is with the piece being discussed and the dialogue he heard was a lot of people talking past each other. He said he didn't participate in those discussions, but doesn't think what the Board was handed today by the MCBC is a neutrality agreement, and thinks it goes further than that. He said he's not sure the labor negotiations have really reached a "line in the sand". He said he'd like to see the MRA Board used as a tool to have the parties talk to each other and figure something out before things are approved. He asked if that was possible. Jim McLeod, Hotel Fox Partners, said back in 2011 when the RFP was issued this was not what the Board and City Council put in the request; that the Developer would need to negotiate a Labor Peace agreement. He said they have been

very clear from day one that they are not going to sign a Labor Peace Agreement and still feel that way. McLeod said the Board can send Hotel Fox Partners back to talk with MCBC but he doesn't see what the point is. He said Hotel Fox is not in agreement with their proposal and have been clear with them from day one about that. Englund asked if the Labor Peace Agreement that was just passed around at the meeting is what was presented to Hotel Fox Partners. McLeod said they just saw it today. He said MCBC has presented them with other agreements. He said their position is that they've sat down with MCBC, they have agreed on a lot of points, but when they get to this point Hotel Fox Partners are not in agreement and that's not going to change.

Huckestein said he's done many hotels and has worked with many unions around the United States and has always had a great relationship with them. He said on this particular hotel and conference center, they will build the hotel, open the hotel, hire the employees, and take care of the employees – there will be no discrimination, and then the union can come in and try to convince the employees to become unionized. He said the employees have the right to say what they would like to do. If they sign the agreement they would be taking the choice away from the employees. He said in some of the hotels he's built there was a neutrality agreement, but in many of the hotels there is not. From day one, Huckestein said they have been guided with the philosophy of letting the employees have the choice. He said they need to at least get the hotel open first and this neutrality agreement could jeopardize the whole project.

Buchanan said she wanted to look at the project from a 10,000 ft. perspective and understand what would trigger a requirement of this sort in any project MRA puts public funds into. She said most of the projects MRA funds are businesses and MRA gives assistance as it can within the scope of the law. She asked if this scenario requires that anything MRA puts public funds into that has a private business involved in it would then have to enter into some sort of neutrality agreement, whether it is a hospitality business, retail or something like South Crossing. She said MRA put a lot of money into South Crossing for public infrastructure and got a better project because of it. There was no agreement that said there were certain union obligations or neutrality agreements. Buchanan said she is concerned and wants to understand what it means if this is a path MRA is going to go down. She wondered how it would affect the Mercantile hotel or whatever the next project is that comes through the door. She said for almost forty years MRA has supported projects that created jobs and private enterprise. She said she was having a hard time understanding what makes this project any different than the \$12+ million invested in the Old Sawmill District. MRA created public infrastructure on that project just like it will be creating public parking on this one and creating a conference center that cannot be built without public support that creates a whole new market in this community. She said she's not sure what the trigger is. Anderlik said his understanding is that if City government has a fiduciary interest in the operation then a Labor Peace Agreement can be demanded by the City government of the contractors or operators. He said if there's no fiduciary interest in the operation then he believes it is not something the City can do. Englund said there is a difference because there's an ongoing relationship so it is different than building a road or street and then seeing what happens next to it. The City will own a conference center. Buchanan said she's worried about unintended consequences. Englund said he understands and said Buchanan raises a very important point. Huckestein said they are ready to negotiate, they are ready to sit down and talk, they guarantee fair

jobs, etc. – he's done that all his life – but at this juncture, Hotel Fox Partners are not going to sign any neutrality agreement.

Brock asked if the Labor Peace Agreement is for the hotel and not the conference center. Anderlik said it is intended for operation of conference center. Huckestein said it is intended for the hotel and the conference center. He said the nature of employment at a conference center, to a great extent, is to have big meetings, big dinners, etc. Therefore, they get help from throughout the community on an on/off basis. He said the number of permanent employees is not that high and asked if there really needs to be a neutrality agreement for five to ten employees. He said the other employees will be temporary and will not be unionized, but surely the MCBC wants the hotel employees unionized and that's their objective.

Julie Armstrong, City Council, said the Council would prefer that the project come to them with solidified business points that MRA has approved. She said because there are City dollars being used the Council will get the chance later, through their procurement and purchasing policies and local preference policies, to look at the vendors being used to construct and manage the conference center and parking structure. Therefore, she said they will have a chance to look at these things at a later date. For example, Armstrong said when Buchanan brings something to the Council they want to have it buttoned up and have her able to answer all their questions about the solidified financing, business bullet points, timelines, when the URD sunsets, etc. She said they try not to get into the nitty gritty of labor agreements and what vendors are going to be used at that point because they know they have the opportunity later, when bills come to them for use of City funds and have to fall under procurement and purchasing policies, to look at some of the labor issues if they don't conform. She said it is Council's preference to not get into that at the very beginning until a project is actually a project and this is not actually a project yet.

Kemmis asked how many of the collateral agreements are expected to come back to the MRA Board. Behan said the Land Disposition Agreement, Conference Center TIF Agreement including parking construction, and the Lease and Management Agreement will come back to the Board. He said they are all Agreements the Board could approve and recommend to the City Council.

Englund asked if the basic points of the overall deal are in the Master Development Agreement. Behan replied yes. Buchanan said that's what MRA is dealing with at this juncture. Englund asked if the Lease and Management Agreement for the conference center would be the one that would involve how it gets operated once it is built. Buchanan replied yes, it is limited to the conference space that the City is purchasing and contracting to have managed. She said from what she's heard and from all the discussions over the last couple of years around this subject, the neutrality agreement doesn't mean much unless it is the hotel and all of the meeting space. She said she doesn't know how the City says to a privately owned and operated hotel that they have to enter into a neutrality agreement just because the City wants more conference space than the private sector would ever build in this market. Englund said that's a different question. He said the City has the right, as any purchaser of property has the right, to condition their purchase of the property on conditions that aren't illegal. He said the City doesn't have the right to pass an ordinance that says all businesses in Missoula, MT have to be unionized because that's

pre-empted by federal law. He said it seems to him that this belongs in the Lease and Management Agreement rather than in the basic structure of how a deal is put together when there is no deal without the particulars of all the other agreements falling into place. Buchanan agreed and said that's the proper place for it if that's the desire of the City.

Anderlik said the reason why MCBC is bringing this up now is because TIF bonding is in what's proposed as the Master Development Agreement. He said the hotel and conference center are joined at the hip, the whole project is contingent upon all of the pieces working together. He said it is true that MCBC's interest is mainly in the hotel where there is more permanent work, but it is also in the conference center. Anderlik said because the TIF bonding is in the proposal, the Master Development Agreement is actually the proper place for the Labor Peace Agreement. Englund said there is no TIF bonding if they don't buy it. Behan said there's no TIF bonding until an agreement is entered into that says there is TIF bonding, which is not the Master Development Agreement.

Englund asked if there was still time to see if maybe a line isn't drawn in the sand. Kemmis said he thinks that is fair. He said his own opinion on this is that first of all he is concerned about the "line in the sand" language. He said he hopes over the coming weeks that some other attitude might emerge. He said he understands that there's a fairly basic issue from the Developer's perspective, but there's a fairly basic issue as well from a societal and public policy perspective. He said this country has gotten into a situation where the income and wealth gap has widened steadily further and further. Kemmis said there's an obligation, he believes, on the part of those who have some authority over public funding, to be aware of that and do whatever they might be in a position to do to begin to address this very serious issue. He said what they might be able to do in this case is no doubt marginal, but he hopes that the margin, at least, will be left flexible as they move to later instances of the working through of the details of this project. He said his own personal hope as they do this, would be that they might hear more flexibility on the part of the Developer and continuing creativity on the part of the MCBC about how to address this issue.

Huckestein said over the last five years Hotel Fox Partners have had various versions of different kinds of concepts. He said when Bill Krueger made the presentation to City Council, he clearly articulated a publicly funded, free standing conference center which would have been an annual expenditure to the City of \$1.3 million. He said if the City wants to, Hotel Fox Partners is happy to build the hotel and the City can do the conference center and the general fund will have to pay the losses. Huckestein said in order to have a hotel and conference center there has to be economies of scale. He said he understands the MCBC's points, and is all for bringing wages up. From day one, he said Hotel Fox Partners have always said they do not agree to signing a neutrality agreement. He said it is not a "line in the sand", it is just a statement. Englund said he's not convinced that there isn't some sort of middle ground that can be reached to at least address the concerns of the MCBC. Huckestein said they are happy to sign an agreement that invites the unions to come into the hotel, when it is open, and try to unionize the employees. He said after the hotel opens the unions have an open invitation to come and convince the employees that they're better off being with a union. He said that's fair competition and gives the employees the opportunity to say yes or no. Englund said he understands and said that's why he said he didn't think what the Board was presented today was something that only guaranteed neutrality. He said he thinks they may have stumbled upon where they might

be headed, which is to approve the basic structure of the deal and urge continuing discussions and urge continuing flexibility on both sides to see if they can come to something that the Board is comfortable with because when they do have to approve the other agreements they will want to know where those discussions have gone from today.

No further discussion. No public comment.

Motion passed unanimously. (4 ayes, 0 nays, 1 absent)

BROCK: I MOVE THE SECOND MOTION AS WRITTEN, DIRECTING STAFF TO COMPLETE THE NEGOTIATIONS AND THE DRAFTING OF THE MASTER DEVELOPMENT AGREEMENT PURSUANT TO THE APPROVED TERMS, RECOMMEND THE CITY COUNCIL ENTER INTO THE AGREEMENT, AND AUTHORIZE THE BOARD CHAIRMAN TO EXECUTE THE AGREEMENT FOR MRA.

Reineking seconded the motion.

Englund asked the Board if they want to recirculate the Agreement before he signs it. The Board said yes. Englund proposed to add that language to the motion.

Brock accepted the amendment to her motion.

Reineking seconded the amended motion.

No further discussion. No public comment.

Motion passed unanimously. (4 ayes, 0 nays, 1 absent)

NON-ACTION ITEMS

STAFF REPORTS

Director's Report

Buchanan reviewed the Legislative Updates in her memo. She said LC 2381, which would require county commission and school board approval of the creation of a TIF District or modification of an Urban Renewal Plan, has become a bill.

Buchanan said the other bill that affects the MRA Board is SB 34 which would require a representative from the School District and one from the County to be appointed to the MRA Board. She said when concerns were expressed about the statutory limit on the size of a board of five members, Senator Hoven agreed to amend his bill to increase the size to seven so no current board members would have to be released. Buchanan said the Senate did not accept that amendment. She said the strategy is to get letters from all of the respective School Boards and County Commissions that don't see merit to it.

Buchanan said one of the proposed bills would add energy efficiency measures to the list of TIF eligible items. She said things are changing daily and staff is keeping an eye on things.

Discussion ensued.

Buchanan said staff met with the developers for the Mercantile this morning. She said they've gotten their demolition permit and are preparing to move forward with deconstruction. Kemmis asked for a reminder of where they stand in terms of Proceed Without Prejudice. Buchanan said they were granted a Proceed Without Prejudice in September and it is basically for remediation and demolition/deconstruction. She said MRA is not obligated to pay for anything at this point, however it can't be disallowed because they did it before getting permission and approval on the funding. It will still need to come back to the MRA Board for funding approval. Buchanan said they will give a presentation at the February meeting.

Kemmis said with regard to the design guidelines in Buchanan's memo it states that Development Services is finalizing the contract. He asked if there will be language in the contract to cover what's been discussed at MRA. Buchanan said she has a copy of the draft contract from Laval Means and although she hasn't had time to look at it, she said there should be because it was part of the Scope of Services. She said MRA is very involved in it.

Englund asked what happened on the South Reserve Pedestrian Bridge. Buchanan said the decking was manufactured incorrectly. Gass said they had shipped out one shipment of decking for the main span and it was put into place. The manufacturer then contacted Jackson Contractor Group to tell them that there was a problem with the heating fabric inside of the decking and they needed to remanufacture it, which has caused the delay. He said the new panels are here and the plan is to have the main span panels in place this week and then there's about three weeks' worth of electrical work to get all the lighting put in. Gass said they are anticipating the bridge being usable in February with an official opening celebration in the spring.

Kemmis thanked Buchanan for the legislative updates. He also thanked Englund and Moe for being part of the Fox Working Group. He said it gives him so much more confidence.

COMMITTEE REPORTS

ADJOURNMENT

Adjourned at 2:36 p.m.

Respectfully Submitted,



Lesley Pugh