

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

May 17, 2018

FINAL

A **Regular** meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, May 17, 2018 at the Hal Fraser Conference Room, 140 W. Pine, at 12:00 p.m. Those in attendance were as follows:

Board: Karl Englund, Ruth Reineking, Natasha P. Jones, Melanie Brock

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

Public: Ben Dawson, Missoula Area Central Labor Council; Kelly Lloyd, Southgate Triangle Neighborhood Council; Bob Moore, citizen; Patrick McGannon, City of Missoula Parks and Recreation Department; Geoff Badenoch, Missoula Public Library Foundation; Chris Martison, A&E Architects; Dave Erickson, Missoulian; Karl Olson, Missoula Public Library Foundation; Matt Ellis, Missoula Osprey; Louie Miller, Dick Anderson Construction; Martin Kidston, Missoula Current; Andrea Dahl, Franklin to the Fort Neighborhood Council; Honore Bray, Missoula Public Library; John Engen, City of Missoula; Mae Nan Ellingson, Missoula Public Library Foundation; Eric Meadows (teleconference), DHM Design; Missoula Community Access Television (MCAT)

CALL TO ORDER

12:00 p.m.

APPROVAL OF MINUTES

April 19, 2018 Regular Board meeting minutes were approved as submitted.

PUBLIC COMMENTS AND ANNOUNCEMENTS

Bob Moore, citizen, read an excerpt from a publication.

ACTION ITEMS

JONES: I MOVE THAT WE TABLE DISCUSSION ON THE CIVIC STADIUM, AGENDA ITEM #2, UNTIL THE NEXT MEETING.

Jones said as she reviewed the information, and as the new member of the MRA Board, she realized she needed far more background information before being in a position to

make a decision on things going forward. She apologized to Matt Ellis, Missoula Osprey, but said she needs to take some time and get some background history first.

Brock seconded the motion.

Motion passed unanimously (4 ayes, 0 nays).

Reineking said she appreciated Jones' thoughtfulness.

Missoula Public Library (Front Street URD) – TIF Request (Buchanan)

Buchanan said there was a presentation made at the last Missoula Redevelopment Agency (MRA) Board meeting by the Library designers and supporters from the Missoula Public Library Foundation. That presentation went through design of the library and what it will consist of, the various groups it will serve, and the organizations that will be a part of the building. She said the Library Foundation made it clear it was their intention to come back to the Board and request funding for the new building. She said she received a letter of request and overall budget for the Library that were included in the Board packets.

Buchanan said the Missoula Public Library Foundation is requesting a pledge of \$500,000 from the Front Street Urban Renewal District (URD). She said she, the Mayor and Dale Bickell, City of Missoula Chief Administrative Officer (CAO) have been in extended conversations with the Library Foundation for several months about capacity in the Front Street URD and getting involved in issuing any debt in that district at this point in time. She said what has come forth from the Library is a request for a pledge that would consist of \$200,000 in cash from the District being conveyed to them prior to July 30, 2018. The pledge would also include the balance of \$300,000 paid for in not-to-exceed increments of \$75,000 per year, only if there is excess increment available. She said what is being proposed to be defined as excess increment is the amount of coverage that MRA has to have on the outstanding debt for the Front Street Student Housing project and the refinance of the First Interstate Bank bonds/subordinate loans.

Buchanan said there is currently \$488,000 cash that is unencumbered. She said it has accumulated over the life of the district by not spending all of the money that was received in any given year and then it rolls over to the next year. She said in terms of new revenue this past year based on certified taxable values, the new revenue was \$184,609. Once the coverage of 1.25 is backed out, there is \$101,583 remaining. She said there is about \$83,000 in coverage every year required for the debt that was issued in 2017. Buchanan said the MRA and City Administration have made it very clear that whatever agreements are entered into cannot be construed to be debt, and that the annual pledge will be honored if and when it can be honored.

Mae Nan Ellingson, Finance Chair of the Missoula Public Library Foundation, said they gave the Board a good overview of the project at the last meeting and now she wanted to focus on why they came to the MRA, why they think the MRA should support the Library, and why they think the pledge works for both the Library and MRA. She said A&E Architects told the Foundation they could not deliver the project envisioned for \$35 million and one of the big issues was the number of stories. She said the project was about \$1.25 million over what A&E architects could deliver and one of the logical ways to shave off the overrun was to

remove the fourth story. Ellingson said as someone who has worked very hard on the Library and wanting it to be an iconic establishment for downtown, she was not very willing to let the fourth floor go and neither were the Library Board and Foundation. She said the Foundation came to the Mayor and asked him how important he thought the fourth floor was to Missoula and the district. She said with encouragement from the Mayor that he thought there might be some way to get some help from the MRA, the Foundation proceeded to try and design and build the fourth floor of the project. She said they had to make the decision at that point about whether they could move on because the decision had to be made early on how many stories there would be.

Ellingson said after meeting with the Mayor, Dale Bickell, City of Missoula Chief Administrative Officer (CAO), and Buchanan, the Foundation realized the cash flow was tight in the Front Street URD because of other commitments. She said they looked at other ways to come up with some of the \$1.25 million. Initially they reduced their request to the MRA from \$650,000 to \$500,000. She said the Foundation felt that in order to make the decision to go ahead with the fourth story they needed to pursue some help from the MRA. She said that is why they came to MRA.

Ellingson said there have been conversations with Buchanan and others about help for the Library going back to 2014. She said they started realizing that the money was tight and there are previous commitments that had a priority. She said in looking at the numbers and projections of excess increment and money on hand from the Front Street URD, Ellingson said the Foundation felt this was a reasonable ask for participation by the MRA in what is going to be a \$36.5 million iconic landmark for downtown that will serve not only downtown Missoula, but the whole of Missoula county.

Ellingson said there was an article in the Missoulian about the Missoula Art Museum (MAM) Art Park presenting some problems for the City. She said she wanted to address head on that if the MRA Board makes this pledge to the Library that is all they need to do. She said neither the MRA or the City is going to be responsible for anything else. She said that is because the county is the party that will enter into the construction contract. Also, the Library has a financing and construction agreement with the county that requires that before they will allow the entering into of a Guaranteed Maximum Price (GMP) contract, the Library has to deposit money with them that is necessary to complete the project. She said that is why the Foundation is making sure they have the money before the contract is let. Ellingson said they are absolutely committed to not building more than they can pay for, but really need MRA's help to enable them to build the fourth floor.

Geoff Badenoch, Missoula Public Library Foundation, said in 1985 he had just started as Director of the MRA and then Mayor Toole sent him a letter telling him not to spend a dime in Caras Park and to save the tax increment for the developers. He said the MRA Board did not take that advice and the benefits and dividends that Caras Park has paid to the community show the wisdom of investing in public related projects in a district. Badenoch said the ROAM housing complex and new Merc hotel are facilities that will sell themselves using the Library. He said they will use pictures of the Library to say to guests and residents that this is why they should spend their money and live or reside here. He said it is the most expensive public project undertaken in the downtown and is the most important public structure that is going to be built in the downtown in the foreseeable future. Badenoch

thanked the Board in advance for what he expects will be their support of the Library. He said it is making a small investment in a project that is going to bring dividends to Missoula County for the next two or three generations.

Mayor Engen said the City and voters are clearly in support of the project. He said it is not unlike any other project, whether it's an art park or baseball stadium, etc., where there are always unexpected costs and there are always consequences to those costs and choices that have to be made. In this case, Mayor Engen said he hears over and over again that the Library needs more space for people to meet. He said deleting the top floor of the facility as a function of commitment to the community doesn't make a great deal of sense to him. He said in his opinion this is a function of timing more than anything. If this request were to come two years from now when there is more revenue in the district the conversation would be much different. He said the fact of the matter is that the timing is what it is and he has nothing but faith moving forward that Missoula will get a building that will matter to the community for a long time. Mayor Engen said the relatively de minimis pledge today is perfectly reasonable and something that staff can live with. He said he wouldn't be surprised if over time the City can find some other ways to help. In the meantime, he said it is what it is and hopes the MRA Board can support it.

Englund said when the MRA Board approved the Front Street Student Housing project (ROAM), they had some concerns from the neighborhood that they shouldn't do that because the neighborhood hadn't really planned for what would happen with that large of an influx of people. He said the problem was timing. The project had been carefully planned, but unfortunately in that point in time materials costs were rising rapidly and they needed to get going or the project would have failed. Englund said informally, he felt MRA made a commitment to the neighborhood that they would nonetheless help with planning for what happens as a result of the changes on Front Street. He said MRA hasn't done that yet, but he personally feels the MRA made a commitment to do it. He said what concerns him with the Library is that MRA is leaving itself very short to be able to help with planning in the future if it makes the pledge today. He asked why he shouldn't be concerned.

Mayor Engen said from his perspective if they are sitting in this room a year from now and looking at revenues generated by the Front Street URD, there will be funding available not only to take care of today's pledge, but also funding available to take care of the planning processes. He said he has spoken with Buchanan about that and agrees there is a lot of opportunity down there. Some of it is project based around other activities happening in the district and the ability to capitalize on some of that activity to help pay for those planning efforts. He said his sense is that this district is going to be enormously successful and it's really a function of timing. He said there is a two to three year period where MRA will pay careful attention to its coverage ratios, but that doesn't mean it should stop doing things because of worry. Mayor Engen said he thinks it can all get done.

Buchanan said she has had the same concerns, particularly with respect to street network, ingress and egress. She said it is a mess around Kiwanis Park and they are putting more and more pressure on that as a City as they allow these developments to happen. She said the Downtown Master Plan is going to be updated and this is a perfect opportunity to shine a bright light on that area as one of the areas that needs more consideration than some of the other areas and there will be a team of experts who can look at it objectively. One of the

commitments she said she will make as one of the people spearheading the update is that they will make the area an emphasis. Buchanan said the Downtown Maser Plan update process is scheduled to begin in September. She said more planning may need to be done in that area to honor the commitment, but this will help start it.

Englund and Buchanan discussed what funds would be left if the \$75,000 pledge is made. Ellingson said MRA has a 1.40 coverage ratio on the first series of bonds and a 1.25 coverage ratio on the other series of bonds. She said what that really is is an additional bonds test. Meaning you can't issue additional bonds unless the current and projected revenues show that it will produce 1.40 in current and future years or 1.25 in current or future years. She said MRA does not have a coverage to maintain in its account 125% each year of the amount of increment. Ellingson said some revenue bonds have a coverage requirement like the water and sewer systems that says they have to set rates every year to produce a 1.25 coverage, which is 125% of debt service. She said coverage gets spent because it's excess revenue each year. She said as a legal matter the MRA has plenty of excess coverage now and is going to have more and more excess coverage unless something unforeseen happens in this district.

Ellingson said the Foundation is going to hope they get the \$200,000 in cash but the rest they are going to borrow against just the way they are borrowing against some of their other five year pledges. She said the Foundation is on the hook to pay interest on whatever is borrowed and ultimately pay back First Security Bank. She said the way things are going now they are not going to have to borrow a lot of money because they've already raised \$4 million. She said they believe that over time there will be plenty of increment in the district. Also, Ellingson said the Foundation is not saying that it has to be \$75,000 every year. She said they've tried to make this so it does not look like debt and it isn't debt. She said MRA is not committing to pay a specific amount of money over a specific period of time. She said MRA would be agreeing to pledge to the Library its excess revenues. Ellingson said they were willing to put the maximum amount MRA would pledge at \$75,000/year so there is flexibility. If MRA wants to pay it off earlier it could, but the Foundation would never expect more than \$75,000/year to help give the MRA maximum flexibility. She said the Foundation believes the MRA has plenty of flexibility in this pledge and all they are asking is that the MRA Board make the pledge and not put any pledge higher than this from excess increment that would reduce the likelihood of them being paid. She said the Foundation understands tax increment, cash flows and the risk.

Ellingson added that by the Library buying the Perry Pane Property, there was a loss of \$86,000 of taxable value in the Front Street URD. However, the Library became subject to tax and so it will pay \$112,000 per year of property tax into the district and so far the MRA has not lost any tax base as a result of the Library project, they've actually gained some tax base.

Brock asked if there are any projects in development in the Front Street URD that are meeting with MRA staff now that might come to the Board in the future. Buchanan said yes. She said there is the townhouse project that the Board already approved on Levasseur Street which will include multi-family as a component. She said that developer has purchased additional properties on Levasseur Street and is in negotiation for others that he wants to develop in a similar manner, so there will be demolition, utility work and possibly

some infrastructure. She said there is another developer who has purchased the house on the west side of the woonerf that was occupied by the Sheltons. The developer is trying to decide how he wants to develop it and there are some access issues. Behan said there is always an ever-present sidewalk issue in that district that will probably come up from the neighborhood, although there is nothing specific at this point.

Buchanan said she has had conversations with the City's Engineering Department about how they will deal with the area around Kiwanis. She said she's not sure it is something the City will deal with internally as opposed to bringing in some outside expertise to take a look at it. She said there is no question in her mind that it will ultimately involve some property acquisition.

Brock asked staff if they are confident that for the next year while MRA starts seeing the revenue being generated with the bigger projects that the district will be solvent if this is approved. Buchanan said she has looked at what the 2016 & 2017 property taxes were on both the ROAM student housing project and The Merc. Both went up and as of January 1, 2018, ROAM was pretty far along in construction so MRA will see an increase there and no doubt there will be an increase on The Merc as well. The townhouses on Levasseur are nearing completion in June and there will be some value there. In 2019 all of it will go completely on the tax rolls. Buchanan said she sees increases, but ROAM and The Merc are tying up a lot of the revenue that they are generating for debt service. Brock asked if the ROAM parking agreement is like a self-contained island in the district. Buchanan said it is, and its revenue is being used to fund the debt service for that bond issue. The same thing will happen with The Merc.

Englund asked if there will be any revenue over and above that. Buchanan said it is all based on estimates based on conversations between the developer and the Department of Revenue. What happens at the end of the day is never precisely what is estimated. She said the purchase of the parking was sized based on what they thought was a reasonable estimate on revenue generation from student housing and debt service for the purchase will consume it all unless the project comes in at a higher valuation. She said The Merc will probably not require all of the tax increment it generates for debt service. She said it will value higher because it's completely commercial from top to bottom while student housing is valued as residential. Ellingson said the ROAM coverage was based on a 1.25 coverage so the bonding capacity will still provide the coverage even though Buchanan is saying it will consume it all. Buchanan said she includes the coverage in what is required for the bond issue. Ellingson said she wanted to make it clear that all of the projected increment won't be spent to pay the debt service.

Englund asked what it will cost to plan for the neighborhood. Buchanan said if the initial planning for that neighborhood is rolled into the Downtown Master Plan update, they have raised roughly \$400,000 for the undertaking. She said the update can certainly set a baseline if the neighborhood wants to take it to a higher level of planning. She estimated it would be six figures. She said the planning is already done for the Front/Main Conversion so that doesn't have to be reinvented and they will have the recommendation from the Downtown Master Plan update. She added that it's not just TIF. The city is being driven by growth in that area which is why they have impact fees. Mayor Engen said with regard to the Front/Main conversion, the City has identified some additional revenue working with the

Department of Transportation (DOT) that they think holds tremendous promise for moving that project forward. He said that would relieve the district of considerable burden around funding that project. Buchanan said the conversion to two-way on Front Street will definitely force the issue of how to get in and out of that neighborhood. Englund said that's the transportation side and they also have to look at how the neighborhood will look and act in the future. Buchanan concurred. He asked Buchanan if she was comfortable that that kind of analysis could go on with existing revenues in the district even if the Board makes the pledge to the Library. Buchanan said one of the things that was fairly prominent in the original Downtown Master Plan that will continue to be prominent, is what they call neighborhood protection zones, and understanding that this development and pressure from the downtown impacts neighborhoods like East Pine and what will be saved around Kiwanis Park. She said there's that layer and the transportation and infrastructure layer. Both will address those concerns.

Englund asked what the pledge looks like. Buchanan said that is to be determined. She said she has had conversations with bond counsel, Bickell and Mayor Engen. She said Bickell feels strongly that there is a way to structure whatever agreement takes place between the City and the Foundation or the County or whoever the entities are, in a way that is not construed to be debt. She said MRA does not want to do anything that adversely impacts ability to issue additional debt. She said MRA knows it is going to issue additional bonds to The Merc. The Board has already approved a dollar amount, it just hasn't been brought to conclusion because the Merc is still under construction. Mayor Engen said he believes there can be an agreement that simply pledges excess revenue, which is not a debt instrument. He said it is a promise that if there is extra money it will be inserted into the Library project. He said there is no recourse involved.

Englund asked if it's excess revenue to be determined by MRA or is it excess revenue up to a maximum of \$75,000. Ellingson said she's worked on the language for over six months and has 35 years of experience being a bond counsel and knows they can structure something that would not constitute debt within the meaning of any bond covenant MRA has or any bond resolution or state law. She said MRA is not making an unconditional promise to pay a dollar amount over a period of time. She said the Foundation proposed that MRA would agree to pledge up to \$300,000, aside from the initial contribution of \$200,000, payable over a term until it was paid, from excess tax increment. Ellingson said excess tax increment in the language she proposed is increment in excess of that needed to pay principal and interest on outstanding obligations of the MRA at this point and any additional bonds that are issued on a parity with any bonds that MRA has outstanding. She said that language does not hinder MRA's ability to issue any additional parity debt. It gives the Library the comfort that MRA won't do anything to reduce coverage and that there is some expectation of being repaid. She said the Foundation thinks it is reasonable they will be paid within four years.

Ellingson said the Foundation has \$1.5 million in pledges, payable over four or five years. She said they know that they cannot sue the people who make those pledges. She said it's not like a bond where they are giving you the money and you have to turn around and pay it back. It is a pledge of excess revenues if MRA has them. Mayor Engen asked if the Foundation has a bank that is comfortable with those pledges. Ellingson said yes, they have been working with First Security Bank from the beginning. First Security Bank is going

to lend the Foundation against their pledges in the amount they need to satisfy their obligation on what they now think is June 30, 2018 when they enter into the GMP.

Ellingson said by MRA giving the \$200,000 up front it helps the Foundation minimize the amount they have to borrow. Ellingson said Buchanan has made it clear that she doesn't want to tie up all of the money in that district in case other important things come along. She said the Foundation is cognizant of that and appreciate that. She said she doesn't feel the Library's request should be penalized because people haven't done their work about the neighborhood, and so on. She said this Library and the location of it has been subject to so many public meetings, City Council meetings, public vote, review by city staff, etc. She said she understands what is being said about the neighborhood, but doesn't feel that work should have a higher priority than the Library, which is so fully realized and committed for.

Jones said for her this is a really hard decision. She said emotionally she is completely with the Library. She said she loves the project and the fourth floor and would like to be a part of that. However, she said what the Foundation is asking of MRA seems small in comparison to the bigger project and it's so small that she wonders if there aren't any other options for them to get the funds, for instance from their bank. Jones said while the percentage they are asking of MRA is small in comparison to the Library project, it is large in comparison to the amount of money it ties up. She said she absolutely believes there is a way to do it. Her question is should MRA do this, because whether it's called a debt or a pledge, it still ties MRA's hands because the Board will feel morally obligated to live by that pledge as they should. So in reality the money is tied up and it seems to her that it significantly limits the MRA's ability to participate in other projects when what it is doing to help overall on the Library project is very small.

Ellingson said she appreciates Jones' comment. She simply asked if the MRA wants to participate in this project. She said to her, knowing the history of tax increment and what she thinks MRA should be doing, a pledge is an absolute no-brainer even if it does tie MRA's hands. She said when she looks at the amounts MRA has tied up already for ROAM and The Merc, she sees the Library coming in on the bottom tier because in fact MRA has tied up so much of its money. She said that may keep MRA from doing some sidewalks that have a useful economic life of 15-20 years, but the Library is a 50-75 year building. Ellingson said every decision MRA makes ties its hands up. She said she understands what Jones is saying but that she can't imagine the Library project isn't worthy enough that MRA would not be willing to tie up \$75,000 a year at the most for something like this. Jones said plus the \$200,000 in cash. Ellingson concurred and said it's clearly the MRA Board's decision on how they want to handle this, but it would break her heart if the MRA didn't use tax increment to support something with as long-term impact and vitality on downtown as this project has.

Badenoch said he wanted to comment on the rectitude of MRA's involvement. He said if you go back to the essential reason why there is an urban renewal plan for this area, it's the elimination of blight. He said the Library has eliminated one block of blight. He said they are going to give MRA four block faces of new sidewalks as part of their project. He said the Library ticks off everything the MRA and this district were created to do. He said the plan was created to do this and this project does it. Moreover, Badenoch said the property

taxes in the district that are being assessed for the Library bonds are going to MRA. Brock asked if MRA paid for demolition. Badenoch said no, MRA has paid for nothing so far.

Mayor Engen told the Board that if this district were more flush and less encumbered he would have advocated for more MRA investment in the project. He concurred with Badenoch in that the project checks off all sorts of boxes. He said this ask for him comes back to the but/for question, saying this is but/for money. Having had some experience with a variety of folks raising money for projects like this to support voted bonds, he said he was reasonably sure it would be a lot easier to knock on doors for another six years to get the money than to make this ask. Mayor Engen said he values the effort the Foundation has put in and if you look at the amount of money they've raised based on their commitment to get this project done, MRA and the City stretching a little bit to get this figured out is a pretty light lift.

Reineking said the capital campaign chart says the Foundation needs \$900,000 by September 18th, but the staff recommendation is for \$200,000 before July 30th and Ellingson mentioned they need the money before the end of June. She asked if the County was okay with only having a certain amount by a certain date. Ellingson said a lot of the dates are floating and some are still not etched in concrete because they don't know when they will enter into the GMP contract. She said what the Foundation does know by virtue of their agreement with the County is they have to deposit with the County, prior to the time that they will authorize the execution of the GMP contract and the sale of the bonds, an amount that is equal to the total project budget at that time. She said they expect that will happen at the end of July. Chris Martison, A&E Architects, said they should have the GMP in their hands by the end of June. Ellingson said 30 days after that the County will sell the bonds. She said the Foundation wants to make it so they get MRA's help and don't unnecessarily tie MRA's hands, but a MRA pledge really gives them a boost.

Reineking asked if the Foundation would still be looking to get additional funds if MRA gives \$200,000, with \$300,000 more coming to them down the road. She asked how the Foundation would get the funds. Ellingson said the Foundation is still working on fundraising. She said without MRA's pledge it will be an uphill climb. With MRA's pledge they will make their fundraising goal. She said they have had very few turn downs.

Jones said if MRA says yes, she wondered if it was possible that cost overruns, when they get into details of the project, would eliminate the fourth floor. Martison said the GMP includes the fourth floor. It also includes a construction contingency. He said the project is not going to go over what is being guaranteed on June 30, 2018. He said if the contractor misbid something then it is the contractor's issue. Englund asked if the fixed price is for four floors. Martison said yes. Buchanan asked if they expect the deal with MRA to be consummated before they get the GMP. Ellingson said it could be in and around the same time. She said the Foundation will need something in writing when they go to First Security Bank and hope to have something within 30 days of today's meeting.

Buchanan asked what happens if the GMP comes in well over what the Foundation is anticipating and they have to think about the fourth floor again. Ellingson said they will have to cut other things. She said A&E Architects have spent the last several months designing the fourth floor. She said they would lose so much time and have to re-engineer everything.

She said they cannot go back and not do the fourth floor. Ellingson said they are committed and will have to lose other things at this point.

Reineking and Englund discussed the language in the agreement. Buchanan said there will be multiple sets of eyes on any agreement. Englund asked if staff will be getting a review from bond counsel. Buchanan said yes. Reineking asked Buchanan if she was comfortable with Ellingson's pledge that there will be a fourth floor and wondered if that needed to be a contingency on the recommendation. Buchanan said she thought there could be a contingency that says "...contingent on the GMP coming in at a level that will construct the library...". She said she didn't think MRA was in the business of worrying about the finishes or furniture quality. She said if they can't get it down to the GMP then they won't build the library right now. Martison concurred. He said the project has to hit their budget and if it doesn't they will go back to the drawing board. Jones said she personally didn't think MRA should put that specific of a contingency in there. Reineking asked about a contingency related to the GMP being sufficient to construct the Library. Jones said she was fine with that. Buchanan concurred and said the Library right now is defined as four floors.

Reineking asked if it was necessary to have the contingency. Jones said it would mean that if things go off the rails the Foundation would have to come back to MRA to discuss it again. She said she was fine with that. Englund concurred. Ellingson said entering into a GMP contract for the Library is totally an okay condition. Discussion ensued regarding wording of the motion.

JONES: I MOVE THE BOARD APPROVE A CONTRIBUTION OF \$500,000 TO THE LIBRARY FOUNDATION CONDITIONED UPON SUFFUCIENT FUNDS BEING AVAILABLE TO ENTER THE GUARANTEED MAXIMUM PRICE CONTRACT TO BE PAID BY A \$200,000 PAYMENT OUT OF EXISTING UNCOMMITTED CASH IN THE FRONT STREET URBAN RENEWAL DISTRICT PRIOR TO JULY 30, 2018, AND DIRECT STAFF TO WORK WITH THE FOUNDATION AND BOND COUNSEL TO CREATE A PLEDGE FOR THE BALANCE OF \$300,000 THAT DOES NOT CONSTITUTE DEBT AND AUTHORIZE THE CHAIR TO SIGN THE PLEDGE AGREEMENT.

Englund asked if they need to include the maximum annual amount. Buchanan said that will be part of the pledge agreement, but can be reflected in the motion as well.

Buchanan suggested making the amendment "...to create a pledge for the balance of \$300,000, the maximum amount of which will not exceed \$75,000 per year, that does not constitute debt..."

Brock asked if it will hinder the MRA if it wants to pay the pledge off in any given year. Englund said no, it's the pledge. Buchanan said they can make the language in the pledge agreement so that it provides flexibility.

Jones accepted the friendly amendment.

Reineking seconded the motion.

Englund asked that before he is asked to sign the agreement it be circulated to the Board electronically for comment.

Jones thanked the Foundation for their efforts. She said it is a wonderful project and she knows they have worked hard on it. Englund agreed and thanked Mayor Engen. He said this decision was hard for the Board and his leadership is greatly appreciated.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

Civic Stadium – 700 Cregg Lane (URD II) – Request to Approve Refinance Proposal (Buchanan)

Tabled

Montana Rail Link (MRL) Park – 1930 South Avenue (URD III) – (Marchesseault)

A. Final Budget, Park Furnishings and Public Art – Request for Approval

Marchesseault said for the last six months Montana Rail Link (MRL) Park has been on the agenda regularly. This project has been moving on a fast track because there was a real desire to have it constructed by the end of this year. She said typically staff would have a pretty good budget established before coming to the Board, but this is a slightly unique circumstance and staff has been very appreciative of the Board working with staff through this process. To date, the Board has approved funding in the amount of \$441,537.46 for activities including hauling excess soil from Fort Missoula Regional Park, getting a geotechnical report in place, getting the design consultant team and construction manager in place, getting the playground contractor in place separate from the overall park project, and soil remediation to bring lead levels down to the residential standard.

Marchesseault said construction of the Park went out to bid and bids were received on May 1st. She said because it was a Construction Manager At Risk (CMAR) project it was bid in six different packages. There were multiple bidders on most of the packages except for earthwork and structures, which had only one bidder. Marchesseault said when all of the bids were evaluated they felt that all of the prices were reasonable and within the acceptable range of what was expected. She said the bid numbers give them what they need to get a final price for the project.

At this point, before going into the numbers, Marchesseault wanted to show the Board the full vision of what the design team, DHM Design, has put together. She said the property for the Park was made available to the City of Missoula by MRL at a greatly reduced price which could be viewed as a donation to the community. She said it allows completion of the Bitterroot Trail. Gass is working on that and it is planned to be finished sometime in June. It also allows construction of a neighborhood park in a neighborhood that is sorely lacking in parks. In addition to the property, MRL made available to the Park some artifacts from their railyard as elements that can be placed in the Park to give it some visual interest. Eric Meadows, DHM Design, gave a Power Point presentation via teleconference. He described the overall vision and design for the Park, as well as different elements within the Park.

Reineking said she loves the push cart benches in Meadows' presentation. She said she hopes they get some signals for the Park as well. Marchesseault said they do have two signals, one that will be a large cantilevered signal truss that will be located at the South

Avenue and Johnson Street intersection. She said MRL also donated a small signal house. They will be fabricating buffer stops for the Park as well. Marchesseault said MRL loves their track carts and are not willing to donate them, but they can be fabricated locally. However, when budget numbers came back, some of the items that DHM Design showed in the sketches were beyond the reach of what is available for the project. She said they bid the project in bid packages with alternates. Those were evaluated and the evaluation team selected alternates they felt were essential to the Park and its infrastructure, with the vision that there are some pieces that can be added if there is money left over; or if they aren't added now they can also be added at some point in the future. Marchesseault said the push cart benches are in that category right now. Reineking said they could conceivably come from "friends of the parks" or something like that where the neighborhoods could raise funds for them.

Reineking asked who will be managing the community gardens. Marchesseault said Garden City Harvest will take over long-term management. She said part of the Park project consists of putting in fencing, preparation of the site, and getting water/spigots in the appropriate locations. Garden City Harvest will then come in and build the beds, garden shed and put together whatever else they need to make it happen.

Reineking said she and her husband rode their bikes past the location for the Park the other day. She said it is exciting even to see big dirt piles and know that something is going to happen there. She said her husband asked her what MRA was expecting to spend on it and what has already been spent/committed. Reineking said when she told him the price for the property was \$2 million and that it's 12 acres including the property to the north, he was amazed at the price. She said this is an amazing gift from MRL and appreciates that it is happening. Buchanan said the principals at MRL are very excited about it. They love the Park design and artifacts.

Jones asked if the push cart benches will move. Marchesseault said knowing there will be a lot of children in this park, everything will be locked down, safe and unmovable. Louie Miller, Dick Anderson Construction, said they will have to weld some things so there are no pinch points or things of that nature. Marchesseault said the cantilevered signal truss will be made so that people cannot climb to the top.

Marchesseault said the project bids put it above the \$1.5 million initial budget that was established. She said they looked at every possible way they could reduce that number. For instance, the furnishings were taken out of the bid price and an agreement was made with the City of Missoula Parks and Recreation Department that they will build the furnishings and MRA will purchase the furnishings from them which saves about \$20,000. She said the furnishings they will put together are quite similar to ones they would have purchased. Another cost savings was with the bike racks. She said MRA worked with the City of Missoula Bicycle Pedestrian Department to fabricate the city-standard bike racks seen all over Missoula. The Bike Ped Department has pledged \$800 to the project toward the purchase of the bike racks.

Marchesseault said when everything was said and done the project was still \$230,000 above the \$1.5 million budget. She said she sat down with Buchanan to talk through it. Buchanan said she took all of the front end costs for the purchase of the property, due diligence, legal

fees to get the closing done, survey work done to get a Certificate of Survey, and cost of issuance on the bonds because this project will be bonded soon, and said the district will pay for those things. She said what will come out of the bond issue is the cost of the Park. The district will be reimbursed for the purchase of the land and all of the design fees paid to date on the Park and the trail project because it is all coming out of cash right now. Buchanan said what MRA will end up with is a \$5 million bond issue that will get purchase, Park, trail, and the Fairgrounds trails that were approved on April 19th. She said it all comes to just under \$5 million. She said it means a little more burden on the district because it's not going to get reimbursed for the front end costs, but the City gets a complete and better Park. She said the neighborhood deserves a good park. Buchanan said the development the City ends up doing north of this on the balance of the property will have access to a wonderful park as they are looking at doing housing there. She said the Park is important. She met with bond counsel yesterday and they are working through what aspects of it will be taxable and tax-exempt. They will put it out to a couple of banks and see who is interested in buying the debt. She added the bond issue will not cover the soft costs involved in the purchase of the property from MRL. The district will absorb that.

Englund asked if the amenities being built by the Parks and Rec Dept. will all fit within the construction schedule. Buchanan said they will be built over the winter and be installed after the Park is open, likely next spring. Marchesseault said they hope to close out the construction project this fall if construction is completed on schedule. She said the price from the Parks and Rec and Bicycle Pedestrian Departments are installed costs by those entities, not the contractor. Miller said they will have the infrastructure/foundations in place and most of the amenities are surface mounted.

Kelly Lloyd, Southgate Triangle Neighborhood Council, said their neighborhood will benefit greatly from this. He said they have been involved in the whole process and have nothing but good input. He said the Neighborhood is behind the project 100%. Lloyd said Mark Foss, another member of the Neighborhood Council, agrees with the benefits of the project.

Andrea Dahl, Franklin to the Fort Neighborhood, said the only park they have is Franklin Park. She said from her residence it is a 1.5 mile round-trip walk and that is a long way to go to enjoy a park, so she and the neighborhood were quite impressed when the plan came about. She said she really likes that MRL is donating so much, as she grew up a railroader's daughter and sister. Dahl said she has talked to several of her neighbors who have children and they are so excited that there will be some place close to go.

Marchesseault said she put together three memos. One is specific to the overall budget and because MRA is purchasing some pieces directly through MRA rather than through the contractor it also asks for authorization to make those purchases. The second memo is specific to the contract with Dick Anderson Construction to accept the GMP based on the bids and alternates received. The third memo is a request to add construction inspection services to DHM Design's contract during construction. She said it wasn't initially included in their contract because they weren't sure what the scope of the project would be.

REINEKING: I MOVE THE BOARD APPROVE THE FINAL BUDGET FOR MONTANA RAIL LINK PARK IN THE AMOUNT OF \$1,730,270.00.

Brock seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

REINEKING: I MOVE THE BOARD APPROVE FUNDING IN AN AMOUNT NOT TO EXCEED \$36,803.32 TO PURCHASE AND INSTALL FURNISHINGS AND PROVIDE FUNDING FOR PUBLIC ART FOR MONTANA RAIL LINK PARK, DIRECT STAFF TO ENTER INTO AGREEMENTS FOR THESE ITEMS, AND AUTHORIZE THE BOARD CHAIR TO SIGN THE AGREEMENTS AS APPROPRIATE.

Jones seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

B. Dick Anderson Construction Contract – Change Order #1 and Guaranteed Maximum Price #2 – Request for Approval

Miller said they have had to test the soil twice because of the requirements of Republic Services on what can go into the landfill. He said they also had to go deeper into the soil for the sampling. Englund said he wasn't looking for fault, but asked if it was typical that the environmental engineer says they have to do one thing and the landfill says another. Behan said that's just what happens. Englund asked why it happens. Marchesseault said in this particular instance the consultant, NewFields, anticipated a different method of testing that would be accepted by the landfill to take the contaminated material. She said when it came down to making the negotiations, the landfill was asking for a different type of testing. Patrick McGannon, Parks and Rec, said when NewFields was coordinating the soil removal, they knew they had to take a toxicity characteristic leaching procedure (TCLP) sample and were working with the local landfill. When NewFields submitted the soil profile for final approval it went up the Republic Services corporate chain so the people in Seattle said they needed a TCLP, but a different type of TCLP.

JONES: I MOVE THE BOARD APPROVE AMENDING DICK ANDERSON CONSTRUCTION'S GMP #1 FOR CHANGE ORDER #1 IN AN AMOUNT NOT TO EXCEED \$7,265.23 FOR UNEXPECTED SOIL REMEDIATION ACTIVITIES, AND AUTHORIZE THE BOARD CHAIR TO SIGN THE CONTRACT AGREEMENT.

Reineking seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

Marchesseault said when MRA established a contract with Dick Anderson initially it was for pre-construction services and then as the GMPs came in they became amendments to the initial contract. She said GMP #2 is for construction services in the Park. GMP #1 was for

soil remediation. Miller asked the Board to recall when they were asked for GMP #1. He said if they would have waited, there was a very good chance there would not be a park this fall.

BROCK: I MOVE THE BOARD APPROVE AMENDING DICK ANDERSON CONSTRUCTION'S CONTRACT IN AN AMOUNT NOT TO EXCEED \$1,206,931.07 TO INCLUDE THEIR GMP #2 PROPOSAL FOR MRL PARK CONSTRUCTION, AND AUTHORIZE THE BOARD CHAIR TO SIGN GMP #2.

Reineking seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

C. DHM Design Contract – Request to Amend for Construction Inspection and Testing

Marchesseault said this request is to amend MRA's contract with DHM Design who is leading the design team. DJ&A Engineers is part of that team. She said construction inspection services are needed and DJ&A would provide those as a part of the team so the contract needs to be amended to include those services.

REINEKING: I MOVE THE BOARD APPROVE AMENDING THE CONTRACT WITH DHM DESIGN IN AN AMOUNT NOT TO EXCEED \$37,728.35 TO INCLUDE QUALITY ASSURANCE TESTING AND INSPECTION SERVICES DURING CONSTRUCTION, AND DIRECT STAFF TO ISSUE THIS CONTRACT AMENDMENT.

Jones seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

Englund thanked DHM Design, Dick Anderson Construction, Parks and Rec and MRA staff for their work on the Park. Marchesseault said it has been a full team effort and they are very excited about it. Reineking said she thinks it's great that the City also gets more crossings across the railroad as a result of this, so it really does provide a neighborhood connectivity that has not been there. Buchanan gave kudos to MRL's generosity not only with the land but also the easements. Englund also pointed out the leadership in the City not giving up on this. Reineking thanked the representatives from the neighborhoods for being involved and talking with the Board.

Jones exited the meeting.

Holiday Village Sidewalk – 1916 Brooks Street (URD III) – Request to Amend WGM Group Professional Services Contract (Gass)

Gass said last fall the Board approved a Professional Services Agreement with WGM Group for design, engineering and construction services related to the Holiday Village sidewalk project. The project involves installation of about 450 feet of sidewalk on the east side of

Brooks Street and adjacent to the Holiday Village Shopping Center. Gass said the project is nearing completing and there are just a few punch list items to finish up. He said WGM Group to date has exceeded the hours they originally estimated in their Scope of Services which has resulted in a deficit on the Professional Services side of the project in a little under \$4,500. Gass said through WGM Group's efforts and extra hours they were able to contribute to a cost savings on the construction side of the project. This is projected to leave a \$6,600 surplus on the construction side. Overall, Gass said there is a deficit on the Professional Services side which has led to a surplus on the construction side. He said if the budget with WGM Group is amended to make it whole, MRA would still realize a \$2,200 net savings to the project. He said staff is recommending the Board approve an amendment to the WGM Professional Services budget for the Holiday Village sidewalk project in an amount not-to-exceed \$4,478.49.

Reineking asked if MRA has already amended the WGM Professional Services contract once. Gass said yes. Reineking said amending it again takes the amount over the Director's spending limit. Gass concurred, he said it is cut off at \$5,000 and is not looked at individually.

REINEKING: I MOVE THE BOARD APPROVE AN AMENDMENT TO THE WGM PROFESSIONAL SERVICES BUDGET FOR THE HOLIDAY VILLAGE SIDEWALK PROJECT IN AN AMOUNT NOT-TO-EXCEED \$4,478.49.

Brock seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (3 ayes, 0 nays).

STAFF REPORTS

Director's Report

Budget Reports

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Adjourned at 2:02 p.m.

Respectfully Submitted,



Lesley Pugh