

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

April 16, 2020

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, April 16, 2020 via Skype for Business in the Council Chambers, 140 W. Pine, at 12:00 p.m. Those in attendance were as follows:

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

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

Public: David Erickson, Missoulian; Benjamin Brunsvold, Citizen; Eran Pehan, Department of Housing and Community Development; Jamie Bowditch, Boone Karlberg P.C.; Mayor John Engen, City of Missoula; Dale Bickell, City of Missoula; Adriane Beck, Missoula County; Ellen Leahy, Missoula County; Jordan Hess, City Council; Gwen Jones, City Council; Amber Sherrill, City Council; John Beal, Citizen; Missoula Community Access Television (MCAT)

CALL TO ORDER

12:00 p.m.

APPROVAL OF MINUTES

February 20, 2020 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS AND ANNOUNCEMENTS

Englund announced the phone number and meeting ID throughout the meeting for members of the public to call into the meeting. The number was also posted on the live feed from the City's website.

Chris Behan, Missoula Redevelopment Agency (MRA), said at the May 2019 Board Meeting the Board approved a request from Consumer Direct to proceed without prejudicing a future application. It is essentially a waiver of the MRA rule that anything started prior to Board approval is automatically ineligible under the Tax Increment Financing (TIF) program. At that time, Consumer Direct was talking about a second phase of building their campus in the North Reserve-Scott Street Urban Renewal District (URD). The potentially eligible items were standard things MRA deals with including right-of-way (ROW) improvements and perhaps some utility infrastructure. Behan said Consumer Direct wanted the Board to know that Phase 2 will not happen when they thought it would, however they still expect to do it

and expect their business to continue being successful. There was no deadline in the Board's action last May and staff feels the rule waiver continues to be in place.

Englund asked for any public comment from callers on the line. There was none.

ACTION ITEMS

Sentinel Property Medical Offices – 1900 West Broadway (URD II) – Request to Approve Collateral Assignment of Development Agreements (Marchesseault)

Marchesseault said MRA has Development Agreements with Engineering Support Services (ESS) and Broadway Opportunity Fund (BOF). Sentinel Property is purchasing property from ESS, and in the event that ESS were to default on the work they had agreed to do under the TIF agreement with MRA, Sentinel Property is requesting that they be allowed to ask ESS and BOF to assign the Development Agreements as collateral in the event that there is a default and Sentinel Property needs to do the work on their own. Marchesseault said Jamie Bowditch from Boone Karlberg P.C. was on the line to answer questions.

Moe said she understands the agreement is subject to the terms of the Development Agreement. She understands what the agreement is and that the City Attorney approved the assignment. Reineking said her understanding is that this would allow Sentinel Property to be reimbursed for any of those approved expenses, rather than ESS or BOF.

Marchesseault concurred.

REINEKING: I MOVE THE MRA BOARD APPROVE SENTINEL PROPERTY'S REQUEST TO ALLOW ESS AND BOF TO ASSIGN THE DEVELOPMENT AGREEMENT BETWEEN MRA AND BOF DATED DECEMBER 13, 2019, AND THE DEVELOPMENT AGREEMENT BETWEEN MRA AND ESS DATED DECEMBER 19, 2019 AS COLLATERAL, AS OUTLINED IN THE ATTACHED DOCUMENT TITLED "COLLATERAL ASSIGNMENT OF DEVELOPMENT AGREEMENTS", AND AUTHORIZE THE BOARD CHAIR TO SIGN THE COLLATERAL ASSIGNMENT OF DEVELOPMENT AGREEMENTS.

Moe seconded the motion.

Englund announced the phone number to call in for public comment and asked for public comment from people already in the meeting and from the public calling into the meeting.

Bowditch said the closing of this transaction has not yet occurred, so the timing of this approval is fantastic. He said they are still trying to set a closing date and hopes it will occur by the end of April. He will have the parties sign the Agreement and send it over to Buchanan for execution by the Board Chair.

Jones said given her law firm partner's involvement she will defer from voting at this time. She said she did not think her vote was necessary at this time, given the full Board was on the call.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays, 1 recusal with Jones recusing herself).

URD II 2nd & 3rd Sidewalk Project – Request to Award Construction Contract (Gass)

Gass said there are two sidewalk projects coming before the Board today to award construction contracts. MRA received good bids on both projects. This request is for the URD II 2nd & 3rd Streets Sidewalk Project. Seven bids were received and the low bid was submitted by Shadow Asphalt, Inc. of Missoula. The project engineer, IMEG (formerly Territorial Landworks, Inc.) has reviewed their bid and finds it to be correct and complete. IMEG issued a letter to MRA recommending awarding the contract to Shadow Asphalt, Inc. **Gass said staff is recommending the Board move to award the construction contract for the URD II 2nd & 3rd Streets Sidewalk Project to Shadow Asphalt, Inc. in the amount of \$343,467.98, and authorize the MRA Board Chair to sign the construction contract and authorize staff to sign the necessary contract documents to award the contract and proceed to construction.**

MOE: I MOVE THE MOTION GASS RECITED, EXCEPT TO SAY THAT THE AMOUNT IS AN “UP TO”, AS IS MRA’S STANDARD PRACTICE.

Jones seconded the motion.

Englund announced the phone number to call in for public comment and asked for public comment from people calling into the meeting.

No further discussion. No public comment.

Motion passed unanimously (5 ayes, 0 nays).

URD III Northern Sidewalk Project – Request to Award Construction Contract (Gass)

Gass said this request is to award the construction contract for Phase 1 of the URD III Northern Sidewalk Project. Six bids were received and the low bid was submitted by Knife River Corp. from Missoula. WGM Group is the project engineer. They have reviewed the bid and find it to be correct and complete. WGM Group issued a letter to MRA recommending awarding the construction contract to Knife River Corp. Staff is recommending the Board move to award the construction contract for the URD III Northern Sidewalk Project to Knife River Corp. in an amount not to exceed \$383,899, and authorize the Board Chair to sign the construction contract and authorize staff to sign the necessary contract documents to award the construction contract and proceed to construction.

Reineking said because the memo clarifies that this is for Phase 1 of that sidewalk project, she would like to see the motion amended to include that this is for Phase 1. She added that like Moe said with the last action item, it should be an amount “not to exceed”.

Moe asked about the contractor proceeding. She said she knows construction activities are not part of the Governor’s COVID-19 restriction and asked if this project will be started soon. Gass said Knife River Corp. have indicated they would like to start around mid May. He said on both contracts they added an addendum related to COVID-19 construction protocols that were put out by the City last week. He said those protocols require the contractors to take certain measures of maintaining social distancing, sanitizing common areas, etc. The

contractors have agreed to that and Gass said they are okay to proceed to construction and hopefully by mid to late May the restrictions will be eased.

Englund said the memo notes the bid from Knife River Corp. is \$56,400 below the engineer's estimate. He asked Gass if it is a good bidding climate. Gass said it is and staff really likes the bids on both projects. Englund said it is also important that these projects keep people working.

REINEKING: I MOVE THE MRA BOARD AWARD THE CONSTRUCTION CONTRACT FOR THE URD III NORTHERN SIDEWALK PROJECT PHASE 1 TO KNIFE RIVER CORPORATION IN AN AMOUNT NOT TO EXCEED \$383,899, TO AUTHORIZE THE MRA BOARD CHAIR TO SIGN THE CONSTRUCTION CONTRACT AND AUTHORIZE STAFF TO SIGN THE NECESSARY CONTRACT DOCUMENTS TO AWARD THE CONTRACT AND PROCEED TO CONSTRUCTION OF THE PUBLIC IMPROVEMENTS.

Jones seconded the motion.

Englund announced the phone number to call in for public comment and asked for public comment from people calling into the meeting.

No further discussion. No public comment.

Motion passed unanimously (5 ayes, 0 nays).

Sleepy Inn – 1427 West Broadway (URD II) – Request to Approve Purchase (Buchanan)

Buchanan said the world has changed quite a bit with the introduction of the COVID-19 virus. It has created some challenges for Missoula, as well as other cities across the country in terms of how they deal with people who need to be either quarantined or isolated and have nowhere to do that because they have no home. City staff and MRA have been looking at the property (1427 West Broadway) on the corner of Broadway and Russell Streets for some time, understanding that it is a wonderful redevelopment opportunity of an underutilized property in that location. The City entered into discussions with the property owner about the possibility of acquiring the Sleepy Inn motel in order to use it as a non-congregate shelter to house folks that have special needs right now that don't have a place to shelter in place. She said they arrived at a price the City thinks is equitable for the property. She said staff consulted with Craig Kosena, a commercial appraiser, and a realtor who handles both commercial and residential properties. She said Kosena had recently done an appraisal on an independently owned small motel in western Montana. There were seven sales that were the data set for that appraisal and based on the room values, the median sale indications were between \$41,000-\$43,000 per room. Buchanan said they were smaller properties than the Sleepy Inn and so even if they discount the number to \$35,000 per room, which is how a motel property is going to sell regardless of what the proposed use for it is down the road, it is still in excess of the \$1.1 million sale price. She said it is closer to \$1.2 million, and if you apply the numbers found on the other sales, it is more like \$1.4 million in value. She said the other difference is that Sleepy Inn sits on a piece of real estate that is considerably more valuable than any of those other comparable sales that were used in the appraisal done previously. Buchanan said the City feels like this

is a fair price. They know the need is there and we have people from the County present to speak to the need.

Buchanan said she did an analysis, pointed out in her memo, of what MRA has obligated in URD II. She also looked at what projects have been approved that are not going to be completed in Fiscal Year 2020. There are two fairly large projects, Sentinel Property Medical Offices and a housing project (Ponderosa Village), that were approved at the last Board meeting and those projects will not see completion until 2021, or possibly even 2022 in the case of the Medical Offices. There is more than adequate cash in the District that is not needed in this fiscal year that could be used to secure this property. It will need to go to City Council for approval and is slated to go before them on Monday, April 20, 2020 for their consideration because MRA cannot own property. City Council has to approve the purchase of property that they will own. She said the facility would be operated by the County's entity that is managing this crisis and she will let the County representatives speak to that. Buchanan said negotiations are ongoing between the City and the County and the agencies involved around the operation of the Sleepy Inn. There have been several drafts and redrafts of how the operation will take place and who will be responsible for what. They hope to have that resolved quickly. Buchanan said if everything is approved, the closing is set for April 27th, if not sooner. The closing will be driven by getting the agreements in place and by the owner being able to get the property ready to turn over to the City. She said currently there are some occupants of the property. The owner stopped renting rooms when the virus outbreak happened and the Governor issued a stay at home order. The owner has agreed to make his other property, Citi Lodge, available to the tenants that will be leaving the Sleepy Inn. Everybody that is occupying the motel today will have an option for relocation.

Mayor Engen said Buchanan's staff report is excellent and concise. He said since the outbreak of COVID-19, the City and County have been dealing with emergent issues and having a non-congregant shelter has been an emergent issue since day one. That is, if you are a person who is unsheltered today and you are tested and waiting results, where do you go? He said a series of band-aid solutions have been put together and the talented staff at the Emergency Operations Incident Command have cobbled together a program that is far from ideal and they have been able to manage so far. Having non-congregate shelter is a best practice as Missoula has learned from cities to the west of us, including Seattle and Kent, WA. It is an incredibly vulnerable population and their vulnerability puts other members of the community in a vulnerable situation as well. Without a place for these folks to go to be safe and cared for while it is determined whether they're positive, or while they're recovering, there are folks on the street who are potentially spreading the virus. Containment is critical.

Mayor Engen said there is some serendipity here, before the crisis the City was looking at this property and others along West Broadway as opportunities for redevelopment in conjunction with the property the City owns at Missoula Water. He said the City believes that if they are going to accomplish community goals around housing they will need to be in the land banking business and in the business of using TIF dollars to ensure it is providing mixed and low-income opportunities for housing for folks in the community. Mayor Engen said the short-term play here is addressing a critical need during a crisis. The second play is that there is an opportunity when all of this is over to redevelop the property for the benefit

of the community over the long-term. He said those are goals that are explicit in the MRA's mission. Criticism to date is that the City should not be using TIF money; he said this is exactly what TIF money should be used for. Mayor Engen said criticism of TIF dollars in the past has been that it has been "corporate welfare", a notion with which he does not agree. This use of TIF funds benefits not only the lowest income people in the community, but protects the community as well in the short-term and will provide long-term benefit to the low-income community.

Mayor Engen said the City also has the advantage of the opportunity to use some reimbursement through FEMA (Federal Emergency Management Agency) based on the protocols around COVID-19. Further, the motel lives in an Opportunity Zone (OZ). The City believes that after the property is used appropriately for a non-congregate shelter, there is another great opportunity to partner with the private sector and get something really nice done there for the larger community. He said this is a winner on all fronts in his opinion. He said the Board will hear from Ellen Leahy, Director of the Health Department, why this is necessary and why she wrote an Order that allows the City to purchase this for the purpose of a non-congregate shelter. He said the Board will also hear from Adriane Beck, Director of Emergency Operations, with regard to the challenges to date with not having a permanent and intentional facility.

Adriane Beck said as the Director for the Office of Emergency Management and having an intimate relationship with FEMA, as well as state Disaster and Emergency Services (DES), this notion of non-congregate sheltering is brand new amid this COVID-19 pandemic. Therefore, FEMA has really been in a dead heat sprint to find out how cities can help support this vulnerable population to not only protect the community, but also to protect the individuals as they recover from the disease. She said with congregate sheltering, the social distancing issues around that led to the notion of non-congregate sheltering.

Beck said the band aid approach Mayor Engen referred to is just that, it is a band aid amid an immediate need. To date, since mid-March, the County has had to find non-congregate sheltering options for over 25 individuals. She said that gives a sense of the need in a very short period of time for an incident they feel will last quite a while. The challenge they face is the unknown, and securing non-congregate sheltering opportunities at a moment's notice can be challenging to say the least. Also, they need some level of predictability as well as continuity of operations, so finding a facility that is in government control, whether that's the City or the County, is most ideal for this going forward into the long-term and the short-term.

Beck said the basic tenet here is that it is an eligible activity under the Presidential Disaster Declaration. This makes the operations of the facility, as well as the costs associated with it, eligible for federal reimbursement to the tune of 75% of total costs. Englund asked if that is 75% of total operations costs. Beck said operations costs for it in the specific use as a non-congregate shelter. One of the things that is a requirement with FEMA is that the shelter have an approved plan. The County has been working for the last month with the City, Health Department, FEMA and the state of Montana, to draft a plan that maximizes the County's ability to provide the non-congregate sheltering in the framework that FEMA is providing. Beck said the Sleepy Inn does hit all of those marks and when they look at what they'll need to do to operate it for that specific purpose, those are the operational costs that the County would seek reimbursement for. Englund asked if the reimbursement is

something that is ongoing or one of these Cares Act things where there is a pot of money now and who knows if there will be a pot of money six months from now. Beck said the non-congregate sheltering activity is approved on a 30-day period and can be renewed in 30-day increments. The policy recognizes the emergent nature as well as the finite nature of the situation in that eventually this pandemic will be over and the public health emergency surrounding it will be over. She said their activities will be approved on a 30-day basis and renewed on a 30-day basis going forward. Beck said the pot of money the funds are coming out of is not the Cares Act money. In fact, she said they have to be very careful and cautious to ensure they are not double dipping. Federal funds need to be specific to different categories and this specific federal funding is under FEMA which falls under the Emergency Protective Measures, or what they typically refer to as Category B expenses. Beck said this is why her office is involved for the most part. She said Category B expenses and FEMA funding typically are funneled through the state DES department and then down to local DES agencies which fall within the Office of Emergency Management.

Moe asked if the FEMA reimbursement applies to acquisition costs. Beck said no it does not. She said the funding can be used for lease payments as well as those operating costs such as food or any modifications that would need to be made to the facility itself, on-site staff and those kinds of things. She said she wanted to be very specific in saying this is not and cannot be a medical facility. There is no intention that there will be medical treatment provided at this facility; it is simply a non-congregate shelter for individuals who need to be isolated or quarantined, or fall into the high-risk category of being 65 or older with underlying health conditions. If they need medical care in any way, they will rely on the medical system to facilitate that. Beck said individuals that may be housed here may be released from a hospital. She said that is an important point because a lot of the activities around non-congregate sheltering and all of the impacts they have seen relative to COVID-19 are really designed to prevent overwhelming a hospital. This particular population that may not have anywhere else to go to recover, but doesn't need hospitalization, can stay here. She said it is the perfect opportunity to alleviate additional stress on the hospitals because in many cases, without another alternative, they would end up in the hospital where they do not really need to be.

Englund asked Beck what falls under the category of FEMA reimbursement for "modifications to the facility". Beck said through some very preliminary site visits, they do not believe there will be a tremendous amount of modifications that need to occur at the facility. For example, if they needed to remove or replace carpeting, bedding, and those kinds of things, that would be considered operational costs. The facility's water, sewer, garbage services, etc. are the wrap-around costs associated with running the facility as well. Englund asked if any physical modifications have been identified that need to be done, and if so, how they are paid for. Beck said they don't anticipate any physical modifications, or moving of dirt in any way, shape, or form. She said this building being operated as a motel is really an ideal use "as is" when they look at needing to provide for someone to be in a room and to be comfortable to ride this out for whatever duration that may be. Buchanan said a group of folks did an inspection of the building yesterday and one of the things they found out, which was a pleasant surprise, is that many of the units are two and three bedroom so if they have families that need to be accommodated then they can do that. She said it was in much better shape than they anticipated they would find when they went through it.

Ellen Leahy, Director of Missoula City-County Health Department, said there has been some great creativity and coming together to come up with something workable. She said what they are attempting to do is approvable for the maximum 75% FEMA reimbursement somewhere down the line. FEMA requires the shelter be used for those who either have to isolate or quarantine and do not have a suitable location to do that. She said while they are thinking about the homeless and have tried to isolate nearly 30 homeless folks with, at best mixed success elsewhere in the community in the last month, it is not just for the homeless. She said it is for folks who cannot, in their home or their group setting or other type of shelter, be in a separate location and not come into direct contact with others. It is also to house persons who are 65 or older with underlying health conditions. They do not have to be in isolation or quarantine. Leahy said this particular shelter cannot house everybody that fits that description, but their intent is to make it useful for isolation or quarantine for that population. The main purpose is to protect the community.

Leahy wanted to touch on the difference between isolation and quarantine. She said when you understand that difference, it helps make it clear why individual units are needed. When someone has been tested for the disease they are considered contagious until such time that their test comes back negative or positive. Separation for this period is called isolation. Leahy said you can put two people that have tested positive in one room, so for example those rooms that are double can host two people that both tested positive for COVID-19. She said she isn't saying they will, but it does have that capacity and follows isolation practices. Quarantining is different. Quarantining are people that have been identified and known to have been exposed to someone who actually has the disease. Leahy said one of their main operations at the Health Dept. is that with every single case, nurses are identifying through interviews exactly who is exposed to the disease in a way that they could develop it. Those folks are to be separated individually from everyone else and they cannot be co-located. She said you can't force someone who may or may not have a disease to co-locate and live with someone who may or may not have the disease. Doing that is counterproductive to quarantine and actually creates an incubator situation. Leahy said those folks really do need a separate room with non-shared hallways and a separate bathroom.

Leahy said the Sleepy Inn is ideal for isolation and quarantine purposes. She said there has been a need for this for nearly 30 people to date. It does require the County to shelter and provide food for the person. Site security and facility management are also required. She said they have been doing all of that outside of the few willing motels that are thankfully taking these folks. This will give the County a way to centralized those services and have a predictable way to house people because we don't know we need to house them except on a moment's notice when we find out someone was tested and they need to go into housing. All of that was built into the County's budget for the preapproval and they actually used the government services accounting rate to try to stay below that, as it is considered a reasonable rate.

Eran Pehan, City of Missoula Office of Housing and Community Development (HCD), said individuals without a home have a higher risk of contracting COVID-19. She said Missoula has as many as 370 individuals in the community experiencing homelessness, with about 70 of them being unsheltered. Without targeted screening, isolation and quarantine, which

the Sleepy Inn would provide, it is estimated that up to 40% of those individuals may contract COVID-19. That would dramatically increase community spread. Pehan said they also know those folks often have preexisting conditions and untreated health issues. Sleeping outdoors in cold weather often causes chronic respiratory issues as well. Contracting COVID-19 for these individuals can be incredibly dangerous.

Pehan said the purchase of hotels and motels is becoming more of a go-to tool for communities. She said King County purchased an 84-unit motel in early March when Washington state had only 70 confirmed cases. This tool ended up being really instrumental for King County and managing community transmission within this specific population. She said they also know that Travis County in the state of Texas is in the process of purchasing an \$8 million motel to support their COVID-19 response efforts. Like Missoula, they see the value in redeveloping that site after the immediate crisis to support their growing need for affordable housing in their community.

Pehan said one concern that has been presented regarding motel purchases is potential methamphetamine exposure. She said the unfortunate reality is that you would be hard pressed to find any motel or hotel in Missoula that has not had some level of methamphetamine exposure. She said it is on the money we use every day, it is on the soles of our shoes, it has permeated the community. It has become a regular aspect of property management as well. Many of the local property managers HCD works with have trained their own staff to remediate exposure. She said absent the presence of a clandestine laboratory, which is highly unlikely in a motel environment, cleanup is relatively uncomplicated and largely includes proper washing, ventilating, and removing contaminated items like carpet. Pehan said luckily with independent heating and cooling units at the Sleepy Inn, it also means that if one room was exposed the entire facility wasn't exposed as well.

Pehan said they do have access to federal grant funds to support the cost of cleanup, should that become an issue. They also have access to federal entitlement funds through a Community Development Block Grant (CDBG) COVID Supplement, which will be coming Missoula's way in the next couple of weeks to the tune of about \$340,000. These funds will be important for isolation and quarantine because they will support the ability to offer some of the supportive services to assist individuals in staying in isolation and quarantine for the appropriate period of time that FEMA doesn't cover. It speaks a little bit more to the operational side, but is an important factor to note.

Moe asked about the status of this with the City Council. She said she knows it is going to the City Council for approval, but asked if they already had some discussion about this and what the feeling of the City Council is about the project. Mayor Engen said he has talked with a number of individual City Council members about this. He said with three notable exceptions, who have expressed their opinions in writing, he has not heard opposition.

Moe asked why there was no formal appraisal done. Buchanan said there just hasn't been time. This is an immediate need. City and County staff have done their due diligence to the extent they can, but an appraisal under the best of circumstances would have pushed it out a month or a month and a half.

Moe said the Order from the City-County Health Department directs the County to provide this non-congregate shelter. She asked what the County's participation is in this. Leahy said the Missoula City-County Health Department is a City-County entity. The Health Officer's Order is hers, as she serves as Health Officer of the City and County of Missoula, under statute from the Health Board and through the interlocal agreement. The Office of Emergency Management is also by interlocal agreement through the City and County. Leahy said the Health Officer's Order is a City-County order and it is also a necessary Order. She said somebody has to have an order for quarantine and isolation in Missoula's local jurisdiction, which is the office she holds, for FEMA to even consider their application. She said she wrote the Order on April 8th and amended the order today when FEMA guidance came through for suitable locations. As far as what becomes City and what becomes County, outside of the City-County Health Department, some of those terms need to be delineated. She said she expects some of that to be done through the Memorandum of Understanding (MOU) that is being negotiated by the City and the County for this particular use right now. The next negotiation is this afternoon. Leahy said she believes some of that will address the participation and funding, liability, etc. It is not finalized at this point.

Moe thanked Buchanan for including those sections from state law regarding TIF funds being used for acquisition of property. In reviewing that authority and also the requirements, she said it seems MRA does have the authority to acquire property. That authority is subject to an Urban Renewal Development Plan being in place in the district where the property is to be acquired. There is a Plan in place for URD II and the Plan does review housing as a purpose of the Plan and it also includes a list of specific objectives. In Section 3 of the Plan, pages 49-50, there is a list of objectives for providing housing in this District.

Reineking said Moe covered her questions. She also thanked Buchanan for providing the comments on MRA's authority to purchase this, and also noting that MRA cannot hold the property and it is going to City Council because they have to approve it as being City owned. She said after this possibility was published in the Missoulian and the Missoula Current, she heard from a friend who is a former bank executive who said she thinks this is a great idea. She said planning for the future and not just the immediate need, feels like a very comforting concept right now and she appreciates that and wanted to pass the comment on.

Brock thanked everyone for their work and said she is proud of Missoula for following what is working well in other municipalities and thinking ahead to get it done now. She asked if it is an estimate of 40% of the vulnerable population being affected by COVID-19 and needing to be quarantined or isolated, and if it happens all at once, what are the other options being explored after the Sleepy Inn rooms are exhausted. Leahy said 40% is an estimate over the long run and unfortunately she emphasized we are in for the long run. She said she doesn't know what percentage of the 40% would actually need to be hospitalized from the beginning or at some point, but expects many would. She wanted to draw the distinction that this is not a medical facility and someone who needs medical care or hospitalization would not be in this facility. She thinks hospitalization would take whatever that ultimate number is, down.

Leahy said there are other locations that are being used differently in the community for non-homeless. She said the purpose from FEMA is to protect the community and those at

highest risk, and to protect the community and those at highest risk would also include health care providers. They happen to be using a different motel right now, but they would ultimately, separately from everything they're discussing today, be eventually eligible for FEMA reimbursement for emergency medical, first responders, etc. Leahy said some of those folks that have a similar need, but have a home shelter, are actually using those alternate shelters. She said she included those in her amendment to the Order so that those entities can also be reimbursed. She said this shelter is not going to solve the problem if everyone that is homeless needs the shelter all at once because it can't accommodate that. Pehan added that the 40% is an estimate by the United States Interagency Council on Homelessness (USICH) if communities take no action. What we've learned by working closely with peers and King County, where Seattle has a relatively large homeless population and purchased an 84-unit motel and is using about 60 additional hotel units scattered across the community, is that early response was able to dramatically reduce community transmission amongst the homeless community. Pehan said their hope is that Missoula will see a similar trend by having the ability to provide that isolation and quarantine at a very early juncture and will be able to prevent that 40%. Leahy said Missoula is in a good position right now to really take advantage of the preventive aspect of moving fairly early. Missoula's incidence rate (the number of people per 100,000 that have actually been shown to be infected with COVID-19) is at about 26, which is lower than the State incident rate which is at 46. Leahy reiterated that the earlier we act the less likely we are to get the exponential spread.

Jones said looking to the future; it is her understanding from her non-expert research into COVID-19, that even if we are successful in flattening the curve in the short term, there is a significant risk that in the fall there would be a resurgence. She said she sees this opportunity as being good for Missoula in the very near short term, but also looking to the fall given the fact that chances of an effective vaccination is many months out. She asked if anyone could speak to their understanding of what the fall may bring in terms of a resurgence and this population's vulnerability under that scenario. Leahy said she is only willing to repeat things that Dr. Anthony Fauci, Director of National Institute of Allergy and Infectious Diseases (NIAID), has said publicly. She said the first risk of having a spike in cases is actually when restrictions begin to be released. Whenever that is will be much earlier than the fall. She said Missoula's cases are presenting in more of a linear fashion right now and they have been arrested from an exponential rate of doubling. She said Missoula will still see a lot of cases. The flattening of the curve is to protect the health care setting. If you do that, it doesn't mean you will have significantly less cases overall, it's just that they may be strung out over time. Leahy said Dr. Fauci has made it clear that they don't know about the seasonality of this. Lifting restrictions is dicey, it needs to be done, but it needs to be done carefully or there will be a spike. She said world-wide, experts in infectious disease have no indication that this virus is going to go away given how deep seeded it is right now. Jones thanked Leahy for her comments and said in her mind the concept that our needs are short lived is not accurate and so for that reason she thinks this is a very responsible move for the community right now and she endorses it fully.

Jones said in light of the current economic environment, it is her understanding that traditional requirements for appraisals, even in mainstream lending environments, are being loosened or waived as long as there are other indices of value that are reliable. She said she is comfortable with the purchase given the experience level of Craig Kosenko and that

there has been adequate due diligence around value, especially given the location of this property and its strategic importance to our community. She is very interested in the opportunity for our community to have a seat at the table in the redevelopment of property in that location and the opportunity to make sure that property is redeveloped in a manner that keeps in mind our community needs for mixed use housing and low income housing. She said both on a short-term basis and a long-term basis she is very pleased about this project and the community's response to this emergency situation and keeping our eye on long-term opportunities to meet the needs of our community.

Englund asked Leahy about the fact that there are 25-30 people in isolation and quarantine with "mixed success" and asked what that means. Leahy said they have a hotel manager that is and continues to be willing to work with them. The folks they have sheltered so far have been in isolation only. That isolation has been required because they were sick enough and their medical screening and evaluation was consistent with possible COVID-19 disease, and so a test was drawn. She said they are considered a suspect case until they learn they either have it or are negative. Those are the folks they have been housing so far. The day will come, at any point, where one of those folks actually needs to stay throughout the course of the disease unless they need hospitalization. The mixed results are that there are a number of issues with security, which is two-way security. There is the security of someone who needs to be in that shelter and is willing to go into that shelter, but then decides to walk away. That has involved a lot of individuals in the community, starting with our nursing staff and including Partnership Health Center, the Homeless Task Force and the Poverello Center, who all try to help that person go back. There has also been the reverse problem. Leahy said she is not typifying the entire population of the 30, but these are real problems that don't seem to have an easy fix at this point. She said the County doesn't control or operate the rooms they are renting. She said at this point she also has not paid to have any security there. They are working very hard on figuring out immediate security needs and eventual security needs. Leahy said that is really where the mixed results are. There have been a couple incidents where a particular individual already had some behavior in the past whereby that motel would not take them, which was quite a dilemma to try to work through. She said the mixed success is largely security issues, both from the inside and the outside. She said they certainly don't want this facility to be letting people in that don't belong there, nor do they want anyone to harass or otherwise threaten people that have been ordered to be there.

Englund asked if law enforcement will provide security if the idea is that this is a public facility. Leahy said those conversations are still occurring. So far, law enforcement has been willing to respond when the task force has used their other non-law enforcement tactics first, which do tend to work a lot of the time. She said there is another discussion that will occur with Mayor Engen, the Police Department, Sheriff's office and others to talk about the current need and what they are and are not able to do. Leahy said she is also surveying her colleagues across the state and trying to get a sense of whether or not they are using private security, if it is adequate, who is paying for it, and so on. She said they do know that law enforcement will respond when they are called. However, in respect for law enforcement's time, the task force is also trying to use their own methods for getting people to willingly return to the site. Englund asked Beck if it is a cost of operation if private security is used. Beck said when they talk about operation costs it is the holistic operational costs including a security plan, food and water delivery, sanitization, site management,

utilities and those kinds of costs. Leahy said they are all included in the FEMA proposal and currently under negotiation in the actual "on the ground" use of it in the MOU. Englund asked if they envision the MOU being completed by the time City Council has to decide whether or not to accept the property. Leahy said she can't make a prediction on that. She said they are moving very quickly, but they've only had one meeting and there is another discussion with City and County officials this afternoon. Englund asked Mayor Engen if the lease agreement/MOU will be important to City Council to have in place before they decide whether or not to accept the property. Mayor Engen said their hope is to have it in place in advance of the City Council meeting on Monday. If that is not the case, they will still provide the agreement for Council's consideration. He said he doesn't think they are worlds apart on the agreement right now.

Englund said Buchanan's memo talks about how she's been to the Sleepy Inn and has seen the property and done an inspection as well as a Phase 1 Environmental Report. He said her memo states that due to the fact that some of the rooms are occupied, they were not able to inspect every unit. He asked if they have now been able to inspect every unit. Buchanan said no because there are still occupants there. She said they have looked at a majority of the units and they are in far better shape than they dreamed they would be. Englund asked if they will be able to get into all of them before City Council meets. Buchanan said she did not think so. Englund asked if that could be a problem or if not, why. Buchanan said what they have seen is probably typical of what the entire place will be. There are some units that have had long-term tenants in them and will require more cleaning than the unoccupied ones. She said someone will have to go in and sanitize the units whether or not they're occupied. She said they know some of the bedding will have to be replaced and the carpet removed. She said they have not seen anything that has caused concern at this point and have been pleasantly surprised. There was an inspection weeks ago that involved the Fire Department, Health Department and Building Department. The findings in order to transition to this use for a non-congregate shelter are very minor in terms of being up to code.

Moe said she wanted the record to state that all the members of the MRA Board did receive a copy of the letter from the members of the City Council. She said if the letter writers review this discussion they will see the concerns that they raised were addressed in the discussion. She said she was pleased to see the Board members address those, as well as Buchanan and Pehan. On the financial aspect of this, the budget for the District does show that there are funds that are available and considering the uncertain situation, this as a certain expenditure is one that can be handled by the District. Englund said Buchanan mentioned the Sentinel Property Medical Offices as a big portion of the available funds. Buchanan said yes, it is larger than the request here. Englund asked if it has closed. Buchanan said no. She said she will be surprised if they have a Certificate of Occupancy in fiscal year 2021 and for sure won't have one in this fiscal year.

Leahy thanked everyone who is trying to respond to a really difficult problem. Englund reciprocated the thank you and said she has a big job right now.

Englund announced the phone number to call in for public comment.

REINEKING: I MOVE THE MRA BOARD APPROVE THE PURCHASE OF THE REAL PROPERTY LOCATED AT 1427 WEST BROADWAY IN THE AMOUNT OF \$1,100,000 PLUS THE CITY SHARE OF CLOSING COSTS, ESTIMATED TO BE \$3,000, AND MAKE A RECOMMENDATION TO THE CITY COUNCIL THAT THEY ACCEPT OWNERSHIP OF THE PROPERTY FOR THE SHORT TERM USE AS A NON-CONGREGATE SHELTER AND THE LONG TERM GOAL OF REDEVELOPMENT OF THE PROPERTY.

Brock seconded the motion.

Englund opened the meeting up to public comment. He announced the phone number to call in for public comment and asked for public comment from people in the meeting and those calling into the meeting. Buchanan noted that she just forwarded an email to the Board that just came in under public comment and it is an objection to the expenditure from a citizen. Englund asked if it would be put in the record or read aloud. Dunn said her understanding from the City Clerk's office is that email can be received by the staff and Board at any time and it is feedback that just goes to the staff and Board. It does not need to be recorded in the public record of this meeting. She said there was a drop box outside of the MRA building that people could drop off public comment that would have been read into the meeting record. There were no comments in that drop box and right now public comment is open on this topic for folks to call in and have their comments recorded in the public record. Englund asked if the letter from the three City Council members will be put into the record. Dunn said it could be attached to the minutes of the meeting, unless they wanted them read officially, but she wasn't aware of that. Englund said they asked that the letter be distributed. The Board members received it and the points that they raised in the letter were points of discussion here and he appreciated them raising those points.

David Erickson, Missoulian, asked Mayor Engen if he would specifically respond to the part in the letter talking about the \$675,000 offer price of the motel six years ago. Mayor Engen said his response to that is that it was six years ago and much has changed. He said the City had a credible appraiser who gave it his best shot; and a credible real estate agent who has provided them with some market comps and he is perfectly comfortable with the price.

Englund asked Leahy to address the issue of what happens if they have to wait 30/60/90 days to complete this process. Leahy said the City-County Health Department have issues to address in their current motel setting and she is not waiting to try to address those, it is just finding out how to address security. She said they would be able to use this particular owner's property for those that they are willing to accept, which has been most. They would not be able count on this particular owner determining that they no longer wish to provide this service. Her understanding from Beck is that this particular owner is not entering into any sort of a long-term agreement, so that does leave the future unpredictable if the Sleepy Inn is not an option.

Jon Beal, citizen, said he has sat through and listened to the meeting as well as read the memo. He said it is a laudable goal on the part of MRA and the City. However, he said a lot of information is missing to make an informed decision for the use of local and federal taxpayer funds. His first concern would be that there has been no analysis of the true need and cost benefit analysis of spending \$1.1 million for a motel that has an assessed value of

\$717,000, and whether there may be more cost-effective, short-term methods for dealing with the perceived or actual incidence of COVID-19 that may occur.

Beal said his second concern is that there is no appraisal or market analysis to tell what the value of the property is. He said the public has heard that Mr. Kosena is the appraiser that gave a thumbnail sketch of the property, but the public doesn't even know who the realtor is that was spoken to. He said there have been no assurances that the population sought to be served will actually utilize the premises and follow the regulations to protect themselves from the very purpose that this expenditure is being made for.

Beal said he is also concerned about the City using federal FEMA dollars to purchase the motel for an admitted short-term need that is approved for operational subsidies from FEMA only on a 30-day basis, when the real purpose is to control that real estate for future development. He said it does not seem appropriate to take this property off the tax rolls; it currently brings in \$13,000 per year and with a sale price of \$1.1 million it's probably \$16,000 per year. That is lost revenue to the City and that burden will be pushed upon other business owners.

Additionally, Beal said the memo indicates that these funds can be used to rehabilitate blighted areas, but the memo reflects that this is a prime location in the center of Missoula. Therefore, he said it would seem that at least the law cited in the memo is at odds with the characterization of the property as being a prime location, which it is, on a very high traffic count corner. Beal said it should be reserved for private enterprise to develop and to increase tax revenue generation for the City. He said it becomes troubling to think that we have a very high traffic count area in the heart of Missoula right across from a multi-million dollar new bridge that will be taken out of the tax rolls and potentially reserved for City controlled low-income housing. He said it seems to be an improvident business decision; although the goals are good, the execution, the expenditure of money and the timing without appropriate documentation to inform the taxpayers of the financial viability of the deal, seems improvident at this point in time. Beal said he respectfully asks that the Board to reject this motion, send it back for a full vetting so that all typical information can be obtained to determine the financial value of the property, the use and whether there are lower comped alternatives, and also to make sure they get into those rooms they haven't seen. If only three quarters of the rooms have been seen, it would cause him great pause that the owner of the property has not notified the people living there and given them 24-hour notice that the City can come in and inspect so it can see the conditions of the rooms. He said he doesn't see any reason why that was hidden from the City.

Finally, Beal said the inspections of the Building and Fire Departments and others should be reduced to writing and put in the public record so that the taxpayers can analyze and see if they think appropriate inspections have been done. Beal said he appreciates the Board's time for the comment and thanked them for their work.

Dunn said no one else had called into the meeting and asked if anyone else was on the line for comment. No further public comments were given.

No further discussion.

Motion passed unanimously (5 ayes, 0 nays).

Englund thanked everyone for joining the meeting and providing information.

NON-ACTION ITEMS

STAFF REPORTS

Director's Report

Buchanan said she had no additions to her report. Englund asked if the Board will get requests to extend deadlines coming down the pike. Buchanan said it may on some projects, but staff doesn't really know. She said it seems like construction is moving forward on the things she can see going on downtown. She said she doesn't know what impact this has had on some of the smaller projects, but as she drives around she sees projects MRA has funding in continuing to progress.

Moe asked Buchanan if she's talked with Dover, Kohl & Partners. Buchanan said she has not. She said she knows they are still working on the Build Grant Master Planning area west of Reserve Street, but she has not talked with them about the Payne Block.

Budget Reports

Dunn said she was happy to answer any questions on the reports.

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Adjourned at 1:45 p.m.

Respectfully Submitted,



Lesley Pugh