

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

July 20, 2020

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Monday, July 20, 2020 via Zoom in the Council Chambers, 140 W. Pine, at 12:00 p.m. Those in attendance were as follows:

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

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

Public: Jodi Pilgrim, Missoula Parking Commission; Peter Walker-Keleher, DJ&A, PC; Gwen Jones, Missoula City Council; Bryan von Lossberg, Missoula City Council; Dale Bickell, City of Missoula Chief Administrative Officer; Mike Stevenson, Scott Street LLP; Phillip McCreedy, McCreedy Law; Ed Wetherbee, Old Sawmill District; Bridget Baxter, Old Sawmill District; Leslie Wetherbee, Old Sawmill District; Missoula Access Community Television (MCAT)

CALL TO ORDER

12:00 p.m.

APPROVAL OF MINUTES

June 18, 2020 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS AND ANNOUNCEMENTS

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

ACTION ITEMS

FY21 Capital Improvement Projects – Request for Approval (Gass)

Gass said the Missoula Redevelopment Agency (MRA) Capital Improvement Projects (CIP) from FY20 involved Urban Renewal District (URD) II and URD III Sidewalk projects which are currently under construction. Completion is anticipated next month. He said staff has submitted two new CIP items for the FY21 Budget. One is the URD II Inez 1st & 2nd Streets sidewalk project. The other is Phase 2 of the URD III Northern Sidewalk Project. Board approval of the CIP items will memorialize the projects in the FY21 City Budget. Gass said it does not mean that the Board is approving the projects or a dollar amount today. It is just a placeholder in the City budget and a way of sharing information with other City departments and City Council as to what the MRA infrastructure projects are.

Gass said in URD II MRA has made a \$3.5 million investment in over four miles of sidewalks to date. The URD II Inez 1st & 2nd sidewalk project will likely come before the Board next month with a request for authorization to issue a Request for Proposals (RFP) to begin the process of designing and engineering for construction next summer.

Gass said MRA has invested over \$5 million in 10 miles of sidewalk in URD III to date. He said WGM Group is the current project engineer on Phase 1 of the URD III Northern Sidewalk Project. Staff anticipates making a request to the Board this fall to amend their Professional Services budget to account for the addition of Phase II of the project next summer.

Gass said the staff recommendation today is that the MRA Board move to approve the FY21 CIP items identified in the staff memo and recommend that the City Council approve the CIP items for inclusion in the FY21 City Budget.

Englund asked for the call in phone numbers to be shown for public comment.

MOE: I MOVE TO APPROVE THE MRA FISCAL YEAR 2021 CIP ITEMS IDENTIFIED IN GASS' MEMORANDUM AND RECOMMEND THE CITY COUNCIL APPROVE THE CIP ITEMS FOR INCLUSION IN THE FISCAL YEAR 2021 CITY BUDGET.

Reineking seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

FY21 Budget – Request for Approval (Dunn)

Dunn presented the FY21 Budget. There were some changes to be made including a formula error in URD II for the CIP item for the Inez 1st and 2nd Sidewalk Project, which would reduce the contingency by \$450,000. Also, the Public Works expenditure detail contingency number in URD III needs to be adjusted. Moe said she noticed there are significant decreases in the contingency funds for Public Works compared to the previous year for all of the districts that have that contingency. She said in looking at the North Reserve-Scott Street (NRSS) URD, the contingency for Public Works is approximately one-half of the amount it was in the previous year's budget. Dunn said there are two possible explanations. She said if there was a recent project that was approved and money needed to be taken out, then it was allocated. For example, the Villagio Apartments took money out. It also could have been that last year the NRSS URD may have ended up with a larger amount in Public Works versus the Clearing and Demolition category or Planning and Management. She said those are the top three contingency categories that are most used. Dunn said when a project comes in, the majority of the funds that are required end up being in the Public Improvement category. Dunn said there isn't really a rhyme or reason and she usually puts the majority of the contingency into Public Improvements and it may have been a larger amount last year and this year she spread it out between Clearing and Demolition and Planning and Management because of the Scott Street property. On the back end, Dunn said it doesn't make much difference because when the Board approves a new project and she adds it to the Budget Status Report she reduces the contingency and it can

be moved around wherever it is needed. Moe said the significant amount there is that last year the budget was \$1.5 million and the FY21 budget lists an amount of \$700,000.

Englund asked if the Board approves this as a Preliminary Budget because the revenues are estimated. Dunn said that was correct. She said in the past the Board has always approved it as a Preliminary Budget. It's preliminary because MRA doesn't have the taxable values from the state. The taxable values will be available on August 3rd. Also, MRA doesn't get the final mill levies set by the taxing jurisdictions until October. Dunn said the Board adopts this because MRA has to provide a Preliminary Budget of what it anticipates doing in the new fiscal year. She amends it and updates the Board as the numbers come in.

Englund asked for the call in phone numbers to be shown for public comment.

REINEKING: I MOVE TO APPROVE THE PRELIMINARY BUDGET FOR FISCAL YEAR 2021 WITH THE CORRECTIONS THAT DUNN ALREADY NOTED.

Moe seconded the motion.

Dunn said to further answer Moe's question on the Public Works number in the NRSS URD, the reduced number is a factor of the Villagio project that was approved at the last meeting. She said the Budget Status Report for June reflects that number. Last year there was \$1.7 million in the contingency and Villagio wiped that number out and it ended up at -\$386,000. She said the project will not be completed for some time but the reduction in contingency occurs when the project is approved, which was in June 2020. She said that is why there is a much lower contingency number in FY21, Villagio used up all of the remaining FY20 contingency and some of the FY21 contingency. Moe said the new Scott Street Property Purchase may affect that number if the MRA Board approves it. Dunn said that was correct.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

Scott Street Property Purchase (North Reserve-Scott Street URD) – TIF Request (Buchanan)

Buchanan said staff came to the Board in January with the prospect of the City being able to purchase 19 plus acres that fronts Scott Street as part of the old White Pine and Sash wood manufacturing and treatment facility. It's laid fallow for a long time and the City was able to negotiate a Buy-Sell agreement with the owners in December. In January when it came to the Board the request was for an appropriation of up to \$55,000 to conduct due diligence around the purchase. At this point the due diligence has been completed and an appraisal has been done which justified the purchase price. A consolidation of all the environmental studies that have been done over the years by WGM Group has also been completed. She said MRA spent \$31,200 on due diligence, leaving \$23,800 of the \$55,000 that was approved. Buchanan inserted a paragraph in her memo from January that gives the background on this.

Buchanan said there are 19.15 acres of total property at the location. The front 9.8 acres has been cleaned up to residential standards and can be developed. The City has been

working through some legal issues with the sellers based on the deed when Huttig conveyed that property to them quite a while ago, and with the Department of Environmental Quality (DEQ) to release some restrictions that were placed on it a number of years ago. She said those have been worked through to the satisfaction of City Administration and City Attorney's Office at this point. She said the way everything looks now, the City believes if it buys the property they are free to embark upon planning and redevelopment of the property.

Buchanan said the planning will be a very public process. On the front end of her memo there is a public engagement link. The City has purchased software called Engagement HQ and the City now has a page called Engage Missoula where staff can take projects that the public might want to comment or give input on. Buchanan said the City believes it can move very quickly with a public process with the Engage Missoula link. Then staff can formalize and bring it to a place where a Request for Qualifications (RFQ) can be issued for potential partners. Buchanan said there may be a number of different forms that this redevelopment can take. It could be a public/private partnership with MRA or some other department within the City and a private developer, it could be a private developer and a non-profit, or public/private and non-profit. There are many variations and the City, along with the Northside/Westside Neighborhoods and Missoula citizens, what it is they want to see there. Then the City will know how to structure an RFQ to go out looking for partners and/or pursue redevelopment of the 9.8 acres.

Buchanan said the City is reasonably certain that one of the things that will be a topic of discussion as they get into the public comment and input aspect, is traffic. There is Scott Street Village, which has been developed and has changed the feel of that area of the NRSS URD. MRA just approved Villagio for financing, which is a 200-unit permanently affordable housing project at the north end of Scott Street. The third phase of Scott Street Village has not yet taken place and will be a multi-family component which could be up to 60 additional units. If it is approved there will also be the 9.8 acres that the City can do housing and other things on. She said there will be a lot of discussion around how to deal with traffic and Scott Street being the only way in and out of that area unless you cut through the Northside Neighborhood. There will be discussion around what needs to be done to facilitate that kind of impact. One of the major components of the NRSS Master Plan that MRA commissioned after the URD was created is that there is basically no infrastructure to speak of and that has to be a primary focus if redevelopment is encouraged.

Buchanan said the Public Works City Shops facility is currently on the site. It is separated from another large piece of property the City owns to the north and to the east of the Cemetery that is currently being used by the Streets Department and some other City department, for storage of materials. This purchase will allow the City to take the western 9.33 acres of this property and consolidate the City Shops area into a Public Works compound. There is currently a strategic planning effort in progress that will create a Public Works Facility Master Plan that will talk about how that larger piece might be used efficiently. One of the constraints right now is that a portion of the westernmost acreage is being used for environmental cleanup of the larger area. There will be what is called a Land Treatment Unit (LTU) put there that will be used for material which is coming from the property to the south that was part of the White Pine operation. The unit will be used to place that material there until contaminates dissipate and it can be disposed of at the

landfill. Right now the schedule is that the LTU would be constructed in 2021 and remediation would be completed in 2024.

Buchanan said the City will be looking at what kind of neighborhood support, commercial or retail, would make sense at the easternmost 9.8 acres of the Scott Street property. There is virtually nothing that serves the fairly dense neighborhood to the east. Residential density is being developed within the NRSS URD and to be able to put some neighborhood services there would be of benefit.

Buchanan said MRA has been working with First Security Bank (FSB) relative to financing. This would be a private placement as have been all of the bonds that have been sold over the last number of years. She said MRA's financial advisor Baker Tilly (formerly Springsted) has determined FSB's loan terms are very good. The FSB local loan committee met last week and approved these terms. Part of the bond will be taxable and part will be tax-exempt. Buchanan said the tax-exempt portion would be the westernmost acreage that will be part of the City's Public Works operations because it will always be in public use. The front 9.8 acres will be a taxable bond and will give maximum flexibility in terms of redevelopment scenarios taking place there. The taxable status on the bonds will do that without any repercussions. It is a little higher interest rate, but right now the spreads are really good compared to what they have been at times in the past. Buchanan said because of the way the appraisal numbers worked out and the relative acreages, it conveniently ends up being a 50/50 split in the opinion of the bond counsel. She said the taxable piece is 4.5% interest and the tax-exempt piece is 3.8% interest. The origination fee will be 0.5%, which has been consistently what FSB has charged the City, a term of 25 years, coverage of 1.20% and right now the coverage numbers Baker Tilly has been running range from 2.4-3x so the debt to revenue ratios are acceptable. Buchanan said the local loan committee approved up to \$6.8M in total bonds. The City right now is looking at a total of \$6.604 million. She said the numbers all look good, as well as revenues for the URD. She said the City feels it is a sound financial structure. They have a willing purchaser of the bonds and a willing seller of the land. The NRSS URD has the capacity to make this important purchase and move forward with the Master Plan that was created shortly after the URD was created.

Englund asked where the cleanup process is. Buchanan said the front eastern 9.8 acres of the Scott Street LLP property has been cleaned up to residential standards and has a Record of Decision from DEQ on it. The LTU is needed for other soils that are coming off of other parts of the larger White Pine property that will be remediated on the back acreage. It will have a liner that takes up 1/3 or less of that back acreage. The Public Works Department is confident they can start using that portion of the property that is not needed to complete the cleanup immediately and start moving their materials off of where they are stored today. Englund asked how long the LTU will be there. Buchanan said they think it will be completed in 2024. It will be constructed in 2021 and will take 2-3 years for the toxins to dissipate and be taken to the landfill. Some of the material can be taken to the landfill today. It is Huttig's responsibility to construct the LTU. She said it does not, in any way, impact the ability to develop the front easternmost 9.8 acres. Englund asked what the long-term use of the back 9.33 acres is. Buchanan said it will be part of the City Shops Public Works operation. She said their operation is separated by the Scott Street LLP property.

Moe asked if the purchase will result in no tax revenue from the acreage until that 9.8 acres is developed. Buchanan said that is correct. Right now the revenue is \$22,000/year so it is not a big hit. It will go off the tax rolls if it is transferred to the City. Moe asked who did the appraisal and when. Buchanan said Kembel, Kosena & Company, Inc. did the appraisal after MRA approved the due diligence funding in January. Moe asked if Gwen Jones, City Council member, had a comment about the property and the planning that will go into it. Jones said she was mainly at the meeting to observe.

Englund asked Buchanan how long she anticipates the public process taking to decide the kind of development that the City and neighborhoods want, and how long of a period it may be before development starts. Buchanan said the closing specified in the Buy-Sell is August 14, 2020. If the City purchases it by then, it will need to determine how to go about conducting the public process and what kind of costs will be involved. She said she can see it coming back to the Board for approval of some funding to go through that public process. The City went through an extensive public process for the creation of the NRSS Master Plan. That would be piggybacked on so as not to duplicate or replicate that. The City has also gone through a lengthy process in the development of the Housing Policy and Plan that the City has adopted. This will build on that as well. She said there is a great foundation and doesn't see the planning process being lengthy because those have already been done to create the foundations for how this property would develop. The City needs to take public input and involve particularly the Northside/Westside Neighborhoods. They also need to involve stakeholders in the world of housing. She said everyone is lined up and ready to do that because it is something the City has aspired to do for a long time and now there is an opportunity to close the deal. She said they could put out an RFQ for developers in less than a year. Buchanan said the market will have an impact on this, but housing doesn't seem to be a shaky investment in Missoula right now.

Peter Walker-Keleher, DJ&A, PC. said he is involved with the Public Works Facilities Master Planning effort that Buchanan referenced. He is also involved with Mountain Line's Facility Master Planning effort. He said Mountain Line is currently on a two-acre site and are overflowing that site. They have recognized the need for a larger site for a number of years and have been actively working on it for the last two years. He said they need roughly a 10-acre site in order to accommodate their projected growth over the next 40 years. He said when they look across this City, this is their preferred site to be a part of the City's Public Works Master Planning effort. He said the Scott Street property, through its acquisition, goes from several disjointed pieces of City property to an aggregated piece of property that is close to 30 acres. There is virtually nowhere else in the City today that Mountain Line can readily move to that is in a desirable location. He said because of the way their financial models work, it is important that they are located close to the core of downtown. In addition to solving some of the City's needs around consolidating Public Works facilities, it is also an opportunity to meet other interests for the community, such as Mountain Line. Walker-Keleher said the Montana Department of Transportation (MDT) is another prospective partner for the City in terms of consolidating like-typed facilities. He said if MDT were able to find a new home then they could potentially vacate their current 14 acre site on West Broadway which could be used for higher and better purposes than it is today. He said he wanted to relay this information as additional context around what this acquisition can mean for the community as a whole. He said he fully supports and appreciates the efforts of MRA and the City in this pursuit.

Dale Bickell, City of Missoula Chief Administrative Officer, said along with planning efforts of the NRSS Master Plan and Missoula's Housing Policy, the MRA is participating in an effort with the Missoula Economic Partnership (MEP) to discuss the Opportunity Zone (OZ) designated area of the City. The City has had working meetings with MEP, engineers, private sector folks, and realtors. He said as part of that process this site and sites on West Broadway have been prioritized as high interest for OZ investment.

Bryan von Lossberg, City Council, said he wanted to mention that a little bit of history is valuable here. He said when the cleanup plan was initially produced by DEQ the original version of that plan did not call for a cleanup to residential specifications for any of the property. One of the very first things he did when he was on City Council was carry a Resolution that the Council unanimously passed requesting that DEQ revise that plan to cleanup at least the eastern portion to residential standards. He said this was because the Neighborhood Plan and constituents in that area recognized the opportunity and value of residential development mixed in with some community services and light industrial. He said it is valuable for the Board to have that Resolution and he can forward it onto Buchanan to share. von Lossberg said he wanted to speak in support of this. The community has long seen and had a vision for residential development mixed in with other supporting developments. He said it is consistent with the planning efforts that have been described. He said he appreciates Buchanan mentioning that there are some challenges to work through, as will always be the case with respect to traffic and transportation infrastructure around Scott Street and the adjoining areas.

Englund asked for input on how comfortable those on the call are that the back 9.33 acres is going to be available for development and use of something other than an abatement field for other polluted materials at a time that fits within the City's plans. Bickell said John Adams was present and he is the City's Brownfields Coordinator and can provide specifics related to the cleanup and what the City is looking at in the future. He said at the moment, the proposed LTU doesn't impact the City's ability to use the property the way it is being identified today. He said in meeting the goals related to the NRSS Master Plan and Housing goals, what the back 9.33 acres does is give the City the opportunity to consolidate Public Works operations in the short term. That essentially means moving the materials and piles there. That can happen with the LTU there. Developing plans and partnerships will take years to come to fruition, but the City can immediately start using the land.

Adams said the Record of Decision calls for a LTU in there. He said DEQ is ready to get that done. It is only because of COVID-19 that installation of the LTU was pushed off. The only thing that could jeopardize completion and removal of the LTU is Huttig and solvency. Adams said there is no indication that the City is at risk of that right now. von Lossberg said that was top of mind for himself and Heidi West, City Council. He said the short answer is those are inconsequential considerations, but they are solvable. Moe asked if the abatement aspect of the western section of the parcel has to be shielded or screened in some manner from residential/commercial development on the eastern part. Adams said there will be fencing to keep people out, but there is no particular impact on neighboring areas. He said they try to keep LTU's away from residences and that is why it is in the southwest corner away from Scott Street Village.

Englund asked for the call in phone numbers to be shown for public comment.

JONES: I MOVE TO APPROVE THE STAFF RECOMMENDATION THAT THE MRA BOARD APPROVE THE PROPSAL TO PURCHASE THE PROPERTY CURRENTLY OWNED BY SCOTT STREET LLP AND LOCATED ON SCOTT STREET, CONSISTING OF APPROXIMATELY 19.15 ACRES, THROUGH THE ISSUANCE OF TAX INCREMENT REVENUE BONDS FROM THE NORTH RESERVE-SCOTT STREET URBAN RENEWAL DISTRICT IN THE AMOUNT OF APPROXIMATELY \$6,604,000 AND DIRECT STAFF TO FORWARD A RECOMMENDATION TO THE CITY COUNCIL THAT THEY APPROVE BOTH THE PURCHASE OF THE PROPERTY AND THE BOND RESOLUTION AUTHORIZING THE SALE OF TAX INCREMENT REVENUE BONDS IN THE NORTH RESERVE-SCOTT STREET URD TO FIRST SECURITY BANK UNDER THE TERMS GENERALLY DESCRIBED IN THIS MEMO.

Reineking seconded the motion.

Moe said she was going to vote in favor of the motion for the reasons that have been part of this discussion, housing being the main one, and also that it is an opportunity for the City as well as getting some needed services in that area. She said it takes advantage of the MRA District and the OZ. She said in voting in favor of the motion, they need to do so with Dunn's request that this figure be included in the preliminary budget. Englund concurred. He said the other point he wanted to make in voting in favor for it is that they've had the discussion about the Housing Trust Fund and this will be a significant commitment from the NRSS URD into that fund moving forward.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

MRA Communication Plan – Direct Staff to Recommend a Communication Firm and Proposal for Professional Services (Buchanan)

Buchanan said staff came to the Board at the last meeting with a report that the City Communications office, in conjunction with a committee that was formed of various City departments, had completed an RFQ process looking for firms that could assist City departments and the City as a whole with public information needs. What came out of that was submittals from 10 different firms, all of which had different strengths and weaknesses. They also had different aspects they could bring to projects that MRA might have, whether it be the creation of videos, graphic assistance, messaging assistance, or how to better communicate what MRA does and how it does it, as well as what the benefit is to the community. Buchanan said today she is bringing a request to authorize the staff to select the most appropriate firm from the pre-qualified list to assist the MRA Board and staff with how to message what the agency does. She said there are a lot of strengths on the MRA staff. We are great at project management and putting together the agreements needed to make projects happen, planning and laying the groundwork for projects, but are historically not the best at communicating what we do. She said when URD I sunset the Board directed staff to put together the story of URD I. She is certain that without that directive, staff would have moved right on to URD II and URD III to make them as successful as URD I. Buchanan said this would allow staff to work with the strongest team that can serve MRA's

needs as an Agency to put together public information for the citizens of this community and for the elected officials and other interested parties as to what MRA does, why it does it and what the benefit is.

Buchanan said she and Behan put together an extensive list of projects that Tax Increment Financing (TIF) funds either caused to happen or facilitated the occurrence of, if not in whole, that most people have no idea about. She said when you read through that list, even Board members say they didn't realize MRA did something 20 years ago. She said MRA has invested in affordable housing since the beginning of the Agency and most people have no way of knowing that. She said MRA needs to tell the story and needs help doing that. Buchanan said her request is that the Board authorize staff to select the best communications firm from the City's pre-qualified pool and bring back a scope of services and fee structure to craft those tools MRA needs. She said it will involve working with the Board, staff, City Administration and other interested parties to understand what that message should be, what MRA needs to address, and how it should be crafted.

Moe asked how Buchanan sees whatever firm is chosen working with the Board and how that coordination would work. Buchanan said her guess is that whoever is hired will reach out to Board members as individuals. She said Board members have been on for varying lengths of time and have varying levels and types of experience being Board members. She said there will be five unique perspectives on that, just as there are on many of the projects staff brings to the Board. She said she would see directing whomever staff works with to reach out to the Board members individually. She said there could easily be a working session that would involve Board, staff and City Administration. Buchanan said there are a variety of ways those interactions may take place and a lot of it will depend on what firm is chosen because they all have their own way of doing things.

Moe said she understands there are a number of different firms with different talents. She asked what the criteria is for choosing one of those firms rather than asking for proposals from more than one and seeing the various experiences those firms have in addressing what MRA wants. She said she is glad it was addressed in Buchanan's memo and the three issues set out are fine. Buchanan said some of the firms have skill sets that she isn't sure MRA needs at this point in time. Others definitely have skill sets that are needed. There are some on the list that MRA has previously worked with who understand MRA and what TIF is and what TIF does better than some of the other ones will. She said staff will probably meet with a couple of those firms that are most familiar with what MRA does and most appropriate to what staff thinks needs to be created, see what kind of ideas are out there, and choose who best fits those needs. Buchanan said if it comes down to three firms that are equally qualified then maybe a group can be put together that involves a Board member or two, and staff members, to do a series of interviews before it's brought back to the Board.

Moe asked how it will be financed and how the charges will be allocated among the Districts. Buchanan said she's thought about it as an administrative expense. It is messaging for the Agency and public information coming from the MRA. She said it probably comes from each of the districts as MRA contributes to those districts from URD III, which carries the administrative burden for the Agency. She said it could be done proportioned on revenue from those districts, it could be done proportioned on projects from

those districts. She said the message MRA is trying to send is important for every district and doesn't necessarily think there is a distinction. It is something to work through.

Englund said he wanted to make sure the Board is clear on what it is being asked for. He said what the MRA has seen in the last few years is more interest in what MRA does on the part of the public, press and City Council. He said what MRA needs to do is figure out how to provide those people the information they want in a way that is usable to them. He said the Board gets a lot of information in a way that is useful to them as they fulfill their statutory legal duties, but that may or may not be the way that best communicates with people who want to know what it is MRA is doing on projects. Englund said he sees this as an opportunity for MRA to do that and it fits in with what he understands to be a policy on the part of the City as a whole as people are more interested in what the City does as it grows. He said the City as a whole is asking departments that are seeing increased public interest to have a public information function, and for that reason he is all in favor of this and looks forward to seeing the proposal.

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

REINEKING: I MOVE TO APPROVE THE STAFF RECOMMENDATION THAT THE BOARD DIRECT STAFF TO SELECT THE BEST COMMUNICATIONS FIRM IN THE CITY'S PRE-QUALIFIED POOL TO WORK WITH STAFF AND THE BOARD TO DEVELOP THE TOOLS NECESSARY TO EFFECTIVELY PRESENT WHAT MRA DOES, HOW MRA FUNCTIONS, THE IMPORTANCE OF TAX INCREMENT FINANCING AND HOW TIF IS USED TO BENEFIT THE COMMUNITY AND BRING A RECOMMENDED SELECTION AND A PROPOSAL FOR PROFESSIONAL SERVICES TO THE BOARD AT A SUBSEQUENT MEETING.

Moe seconded the motion.

von Lossberg said he wanted to thank the Board for considering this. He urged them to support it and among the folks Buchanan mentioned who would be interested in helping out in the selection, he said would be very comfortable on behalf of City Council to volunteer himself and Vice President Gwen Jones.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

Englund asked Buchanan if she knew when something would come back to the Board. Buchanan said she hopes to have something by September at the latest.

NON-ACTION ITEMS

Old Sawmill District (OSD) Tech Campus A, LLC – Discussion Regarding TIF Assistance Request (Behan)

Behan said his memo created an abstract of 15 years' worth of work on the part of Old Sawmill District (OSD), and before them Millsite Revitalization Project (MRP), the City and MRA, of trying to create what is now a model redevelopment for the entire state, if not the northwest, of redeveloping former industrial land adjacent to a city core into a new

neighborhood. Over that time, the teams that have been put together have created exactly what the intent was. The MRA Board has been fairly clear in more recent years that creating the base for redevelopment in that area was where the Board was comfortable going. At this time, the Tech Campus A, LLC, which is affiliated with the underlying ownership, has put together an initial application for tax increment financing (TIF) assistance for a large office project, as described in Behan's memo. It would be two buildings that would house ATG Cognizant. Given the Board's and Administration's feelings in the past, Behan said staff needs direction on whether to go further and work through the application process or rest where past decisions have been on maintaining where MRA is at now as far as involvement.

Ed Wetherbee, OSD, introduced Bridget Baxter who is a manager for OSD, and Leslie Wetherbee, OSD. Wetherbee said in listening to the previous discussion mentioning the White Pine site, it was about the same time that they were getting rolling at the Millsite and these developments take time. He said at one time they were having discussions and development agreement negotiations that would have taken care of the streets, gutters, trees, light posts, etc., and then they ran into the buzz saw of the last big recession and it was essentially a hand shake to postpone everything and talk about it again on a building by building basis as they were able to develop and create tax increment.

Wetherbee said over the last five years they have been in construction. He said the last six months is the first time they have not been in construction. OSD is now ready to embark on an expansion for ATG Cognizant that is the beginning of their Tech Campus. He said the overall streets, sewers, gutters, water, etc. needed is an estimated \$8 million and OSD would like to work with MRA on cutting that into pieces as they are able to put the buildings together. As a matter of context, Wetherbee said they just opened bids a couple of days ago on the new buildings and costs came in dramatically higher than what anybody had estimated. He said it puts even more burden now on being able to get some assistance for infrastructure. Wetherbee said that whatever assistance OSD is able to get will be passed on directly to their tenants.

Wetherbee said OSD worked with MacArthur, Means & Wells (MMW) and WGM Group on creating a list of what they believe to be eligible items for tax increment assistance. He said they don't necessarily assume that all of those would be supported, but nonetheless they would like MRA's support to continue having discussions with MRA staff and look at ways in which they can continue this project and continue into the next phases. He said so far they have been able to do about \$75 million of development without any additional TIF financing. He said it is now time they break into the new ground across the street which has no infrastructure and is in desperate need of some help. Wetherbee thanked Behan for his comments and said he'd like to think that after OSD was able to put a lot of the rough edges and puzzle pieces together that folks are pleased with what they have been able to do. He said the two new buildings being worked on right now are very much a positive addition to the core of Missoula.

Buchanan said she wanted to reiterate what has been said over the last number of years that the City has made, through MRA and the use of tax increment investment, a large investment in this 45 acres that has turned into Silver Park, the OSD and a significant piece of infrastructure. She said MRA went for a number of years where it had to suspend the

commitment to build all of the sidewalks out in URD II because resources were tied up in the MRP or OSD property. She said MRA is back to where it can start investing in other parts of URD II now, and that has been seen over the last couple of years and is an important consideration as MRA receives further requests to invest in this acreage south of the river. Buchanan said it is a great project and neighborhood that is being created and getting attention around the state and northwest. However, she said there is also an equity question here and MRA has a large district that has a lot of needs. MRA and the City are in the process right now of trying to prioritize how to spend funding as the district winds down.

Wetherbee said Buchanan is absolutely right. He said there has been a lot that was contributed to public works projects here in this area. The construction of Silver Park came as a negotiation where they gave the City the land for the Park. He said the parking for Silver Park and the Civic Stadium was absolutely needed. The rebuilding of the trestle was a public works project that facilitated access into OSD as well as the construction of Wyoming Street and the connection to Russell Street. The construction of the early segment of Wyoming Street was what allowed for the \$75 million of construction that OSD has been able to make so far. Wetherbee said it would be hard to find many projects in the urban core that put the burden of having to build their own streets and infrastructure onto the costs of the project and that it would work. He said without a company like ATG Cognizant that comes to Missoula with a perspective of paying the kind of money that they might have to pay in Denver or Dallas, these projects don't go anywhere. Wetherbee said he respectfully agrees with Buchanan, and also said that this is a continuation. He said you can't take on a \$250 million revitalization effort and then stop halfway. He said OSD will do their best and will continue to work on it. They certainly appreciate the support they've had in the past and more is needed. Wetherbee said he wishes they had been part of the Opportunity Zone area, but that didn't happen either and they are looking for ways to get some support. They are open-minded and looking for ways to collaborate and move forward.

Englund said he wasn't quite sure how to proceed since this isn't an Action Item. Behan said staff talked about how to present this to the Board. He said there isn't really anything to say yes or no to; but staff needs direction if this is something the MRA Board feels strongly enough about that they want to hear more and be able to be in a position to say yes or no to additional assistance to the OSD. Staff can move forward and make that happen. Behan said the idea of a discussion among the Board members would be great, or at least getting an idea of what everybody's feelings are and whether they want to see it as an Action Item for next month.

Englund said he would look at this very, very skeptically in light of the amount of money MRA has into this part of town. He said it doesn't have anything to do with the project, project quality, history, etc. Englund said he and Wetherbee had conversations years ago about undertaking this kind of development on a Brownfields site in the middle of a recession and the fact that he, Leslie and his partners have been able to work through all of that says a lot about the quality of the people involved. Englund said it is simply a matter of priorities and where to go from here with what is actually a little amount of time remaining in URD II and the other things MRA looks at. He said it is a question of being equitable and spreading the work around to other valuable projects in other parts of the District. He said

he can't tell staff to not look at an application, but he would be very, very skeptical in terms of voting for more money into this part of town at this point in time in this District.

Moe said she agrees with Englund and Mayor Engen, whose letter is attached to Behan's memo. She said she especially agrees with Mayor Engen on his compliments to the development that is already in place. She said MRA has been clear in the past that it has invested what it is going to invest in this area. MRA is on the edge of doing further planning for the area because 12 years is not a very long time and she is not in favor of putting additional money into what essentially are projects or infrastructure that MRA in the past said they would not fund.

Reineking said she agrees with what has been said by Englund, Moe and Mayor Engen's letter. She said she is not opposed to seeing an application, but thinks there are a lot of other potential uses in URD II and would really like to see what happens there.

Behan said ultimately, in his mind, the tradeoffs become very concrete and not as nebulous as they could be. He said there is a good portion of this District that in 1990, when it was created, had a severe lack of the most basic infrastructure including water and sewer. He said a large piece of the District remains that way, primarily to the north and west of the Millsite, and more particularly on the west side of Russell Street. He said there are lots of other opportunities to provide affordable housing and meet other priorities that the Board and Administration are looking at for the next 12 years. All of those fail if MRA cannot provide water, storm drainage, power, gas, etc., even in the already established main arterial streets. Englund said he appreciates Behan's history and knowledge of what it takes to do these things.

STAFF REPORTS

Director's Report

Buchanan said she did not have anything new to report and was happy to answer any questions the Board may have.

Budget Reports

Dunn said there are several expenses that come in at the end of the year and staff doesn't receive the invoices until July. There are also 75 days of tax increment revenue that is accrued back to FY20. She said she usually provides an updated monthly version of the Budget Status Reports so the Board can see how projects and revenues are closing out. She said they will continue to see those and the new fiscal year reports also.

COMMITTEE REPORTS

Englund said he and Moe continue to meet with the Mayor's office and some City Council folks trying to see if there is a coordinated long-term vision for what MRA does and making sure MRA is communicating well, etc. He said they have had productive meetings and some things they have talked about are not in need of a Board action, but have been a very good use of time.

OTHER ITEMS

Wetherbee thanked the Board for their time.

ADJOURNMENT

Adjourned at 1:58 p.m.

Respectfully Submitted,



Lesley Pugh