

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

July 7, 2025

FINAL

A Special meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Monday, July 7, 2025 in the Hal Fraser Conference Room, 140 W. Pine St., and via Microsoft Teams at 12:00 p.m. Those in attendance were as follows:

Board: Karl Englund, Tasha Jones, Ruth Reineking, Jack Lawson, Mike Nugent - City Council Ex-Officio Board Member

Staff: Ellen Buchanan, Annie Gorski, Annette Marchesseault, Michael Hicks, Jilayne Dunn, Ashley Warren, Lesley Pugh

Public: Averill Hospitality Group: Brian Averill, Justin Doll; City of Missoula: Mayor Davis, Dale Bickell, John Adams, Eric Hallstrom; Chris Behan, Chad Bauer, Travis Mateer, Annie Darby, Shanti Devins, Katie Fairbanks, Griffen Smith, Martin Kidston, MCAT

CALL TO ORDER

12:00 p.m.

INTRODUCTIONS

PUBLIC COMMENTS AND ANNOUNCEMENTS

Travis Mateer made public comment on items not on the agenda.

ACTION ITEMS

Riverfront Triangle Development (Riverfront Triangle URD / Ward 1) – Request for Endorsement of Agreements for Sale and Development of the City-Owned Fox Theater Site (Buchanan) | Power Point Presentation

Mayor Davis said she is really excited to be at the start of a really exciting project that has been decades in the making. She thanked Buchanan and Dale Bickell, Chief Administrative Officer, who have been working with Averill Hospitality Group (AHG) and doing months of negotiations to come up with a feasible and good development strategy plan for the City of Missoula, private sector and the community. She said a media event was held on-site in order to bring some attention to this opportunity. The Riverfront Triangle Urban Renewal District (URD) was specifically created for an opportunity to happen at the riverfront. Many iterations have been gone through there over the last several decades. The terms that have been negotiated for this plan will be fantastic and achievable. The City has the opportunity to do what it has set out to do, which is to get the site into private ownership in order for it to redevelop, and also to fund the Affordable Housing Trust Fund (AHTF).

Mayor Davis said the whole triangle is lacking in infrastructure. Part of the endorsement from MRA being asked today is an agreement to carry forward the infrastructure to that triangle, specifically starting with this project. The infrastructure investment made will enable the redevelopment of the entire triangle. She noted the whole triangle is privately owned and the only portion publicly owned is the specific piece being talked about today. There will be public investment in that and the public benefit that will come out beyond the redevelopment of the triangle will be the trail along the riverfront and public terrace to enable gathering space. It will elongate and bring the entire energy and feel that's happening in the core of downtown on the riverfront to move west. Downtown has almost stopped at a dead stop on Orange Street for decades now. The City is concerned with the continuing blight along that corridor but now will actually be able to see reinvestment in the properties.

Mayor Davis said she is very pleased with the agreement that has been met, especially with regards to contributions to the AHTF. The Averill team have come up with an excellent proposal utilizing an existing program they have in their hometown of Whitefish where they can utilize 1% of sale proceeds from the hotel to fund the AHTF over the course of ten years. The agreement outlines \$3 million over the course of ten years. The City is proposing that the \$4 million from the land purchase also go to the AHTF. That will happen in increments. In totality, \$7 million will go to the AHTF. She said this is the first time the City has had the opportunity for such a substantive investment in that fund.

Brian Averill and Justin Doll, AHG, introduced themselves and gave a brief history of their past projects/current properties. Averill reviewed the plan for the Riverfront Triangle development including a project overview with a full-service hotel including 180 rooms, 15,000 square foot meeting/event space, rooftop and outdoor event spaces, large community plaza and street front retail and dining spaces. The community benefits outlined include an outdoor public plaza connecting to the trail and river, continuation of the trail with a connection to Caras Park, funding source for the AHTF and meeting/event space for the downtown area. They showed different elevations and conceptual renderings of their plan. It currently includes a bridge across the river to McCormick Park. That may be something that is done down the road, but is included in their renderings as an aspirational piece.

Buchanan reviewed her staff memo and the agreements. She said the components are the hotel, parking, plaza, infrastructure and a phasing plan that allows the City investment in infrastructure as tax increment funds are available. The City will have money on the front end to do certain things, but other pieces of the infrastructure will require some value to be coming out of the ground with the hotel. She said AHG's responsibility in this is the hotel up to 180 rooms, the meeting/event space, public plaza, riverfront greenway and trail system, and adequate parking to support the hotel. There is the ability to build additional parking beyond what the hotel will need if the City is in a position to purchase it for public parking. The City's obligations are to sell the City-owned Fox Theater site to AHG and provide funding to construct the required infrastructure. The City will also reimburse AHG for the cost of design to build the plaza, trail and greenway. Buchanan said those are the big unknowns in terms of design right now. The hotel is only a concept in its infancy at this point. The plaza will be a strong partnership between the City and the developers in terms

of what it is for, who it serves and how it is designed. She said the plaza has brought about more interest than the hotel has at this point based on inquiries.

Buchanan said there are three agreements included with her memo. They include the Purchase and Sale Agreement, Development Agreement and Modified Fox Triangle Land Use and Development Requirements Agreement. She said the terms of those agreements specify that there are two phases. One is that there will be \$1.7 million conveyed to the City on the sale of the property at closing, and an additional \$2.3 million at the time building permits are issued, or no longer than five years from the time of closing. In the event that the project does not move forward, there is a clawback provision in the agreements that will allow the City to repurchase for \$4 million plus any hard and soft costs incurred with the design process not to exceed \$250,000, plus any and all costs associated with design of the trail, greenway and plaza or construction of those. Buchanan said what AHG has agreed to do, which the City is happy about, is that they are going to design and build the infrastructure. The City will reimburse them for that. It will be much more efficient operation and allows this to be phased over a period of time where increment can be growing. Jones asked if the City will have the rights to the design if this doesn't go through. Doll said that is the thought there. AHG will easily invest \$1 million or more on the soft costs and it will be turned over to the City. Bickell said it is not a requirement for the City to repurchase it, it is an option, sort of like a first right of refusal.

Buchanan said Phase 1 will be during design or at some point when the City has surety the project will go forward. AHG will be in charge of installing all of the underground utilities. Streets, curbs and sidewalks will not be put in until the hotel has come out of the ground. AHG will construct the streets, curbs and sidewalks. Englund asked what the underground infrastructure will include. Buchanan said it is sewer, water, stormwater, dry utilities and is going to cost roughly \$3.5 million on the front end. Phase 2 will be the streets, curbs and sidewalks. This phase will require additional increment to be generated by the hotel coming out of the ground. MRA did something similar with First Interstate Bank and the Merc Hotel in terms of working with the Department of Revenue to assign a "during construction value" to those projects so that increment started to come in before the ribbon was cut. Phase 3 will be in conjunction and consultation with the City to design and construct the plaza, trail and greenway. MRA will use existing Tax Increment Financing (TIF) capacity. A portion of the sale proceeds and a new TIF created by the hotel will be used to reimburse AHG for the construction of the publicly-owned infrastructure pieces.

Englund asked when AHG will be reimbursed for Phase 1. Buchanan said the City will reimburse them monthly based on invoices. She said it is the same way Mary Avenue was done when it was built. MRA has capacity to do this. Part of the \$4 million will go to the AHTF over time and part of it will be used to get through construction. Buchanan noted the Riverfront Triangle URD currently has \$3.3 million in bonding capacity. Englund asked if Phase 1 will be treated like a normal MRA project with a number and bid that will come to the Board for approval. Buchanan said yes.

Jones asked if the plaza and trail won't be designed until Phase 3. Buchanan said they will probably be designed as the project goes along, but not constructed until Phase 3. She said if in fact this does serve as a catalyst for more development of the properties to the west, the interface with the plaza to the west starts to be important. Bickell said there is a

hope that Phase 2 and Phase 3 can be done concurrently. If other developers step forward it could be a catalyst to be able to do that. He said it really is a matter of revenues available. Doll said there is a clause in the agreement that AHG will carry the note on the City's portion of this and the City can pay them back.

Buchanan spoke to the public benefit and said the one that is really monumental is the \$4 million proceeds from the sale that will go to the AHTF. How that is phased and handled will be determined by what the actual costs of the improvements are. They are estimating high. The 1% assessment on all the room, food and beverage revenue that is also going to the AHTF is estimated at \$3 million over ten years. Another organization can be chosen at the end of the ten years if the AHTF isn't the most desirable recipient at that point. Buchanan said the new increment created by this and other development on the site will hopefully be adequate to get the pedestrian bridge across to McCormick Park. That could help relieve the parking pressure on the south side of the river.

Buchanan said staff is asking the Board to endorse the terms of the three agreements and recommend to the City Council that they approve the agreements and the sale of the City's acreage located in the Riverfront Triangle URD. It is going to Committee on July 16th and will be in front of City Council the following week.

Jones said assuming all the meetings are gone through and everything is signed, she asked for a high level timeline. Averill said it should take about one year for planning and design. Construction would be at about the two year mark. She asked who they are using for design. Averill said their conceptual design is being done from an architect in the Denver area. They may or may not be the architect of record, but they will help AHG develop the conceptuels even further to get a feel of the flow of the site.

Reineking asked if they anticipate having condos for purchase in addition to hotel rooms. Averill said they will have an option to add condos on two floors. She asked Nugent for a City Council perspective. Nugent said there were several City Council members that joined the Mayor at the press conference and were very positive about it. He said getting money into the AHTF will be great and they recognize it needs to be staggered for the project to move forward. He said the big thing he hopes the public and media highlight is that the public investment is for public benefit. The plaza and trail are going to be more valuable than anything. Reineking said she thinks it is a terrific project and coming off of Orange Street will be a way better introduction to the city. If it does catalyze other projects she hopes there will be TIF to help them. Nugent said if there is other private investment on the other parcels they can create increment and pay it back in public benefit, for instance with the addition of the pedestrian bridge to McCormick Park. If tax paying private investment isn't created, it won't happen. Jones asked if AHG is in communication with the owners of the empty parcels to the west. Averill said they are. Jones asked if AHG predicts they will jump on board if things start rolling. Averill said some of the folks they've talked to that are interested in buying that property have passed because they want to see this done first, so the answer is probably yes.

Jones asked how much available parking can be there. Doll said they don't know what the number is, but there is the potential of a parking garage with below and above grade parking. It is a large number. Buchanan said every proposal they've looked at is stacked

parking. Doll said what it would come down to there is one's appetite to purchase it. They also have the ability to build it themselves and the City has an option to buy it further down the road. Bickell said it will also depend on whether other development happens. Right now it would be tough to do it just on the increment of the hotel.

Englund wanted to run through the AHTF piece. He said \$1.7 million comes in at closing. He asked if that goes into the fund. Mayor Davis said no, not all at once. Buchanan said they need to understand at what point in time it will really be needed. It will be a judgement call and they need to look at the amount of cash in the URD, the amount of bonding capacity of the URD and the amount of revenue from the sale of the land. They will need to figure out how to divvy it up. They could bond in two phases or one larger bond at Phase 2 which will be City's Council's determination. Jones asked if there is an estimate of design costs for Phase 1 or when that number will be known. Bickell said they have preliminary estimates that need to be refined. Phase 1 is \$3.2-\$3.5 million and Phase 2 is almost \$4 million. The plaza itself is estimated at \$7 million and is the most expensive infrastructure amenity to this.

Englund asked if MRA will enter into an agreement with the City about reimbursing the AHTF from the increment when the money does go into the fund. Buchanan said yes. Mayor Davis said she thinks about it as a \$4 million dollar land sale that the City is going to use the money for to bridge the necessary infrastructure to get the project done and that needs to be documented in an agreement. \$1.7 million is basically the down payment for the land for them to be able to transact and sell the property. The City will basically hold the note until a building permit is pulled, or five years, and then the balance gets paid. Englund said the numbers are large in terms of the City's investment and MRA will not generate that increment all at the beginning. Mayor Davis said they will be using a combination of cash currently in the Riverfront Triangle URD, bonding capacity and a short-term loan from the land sale that needs to be documented. Englund asked if that arrangement is a three-way or two-way arrangement. Bickell said the payback to the AHTF will be between the City and MRA. Jones said in order to get all this done, the investments would increase the bonding capacity of the URD. Buchanan said that was correct. Bickell said when you think of the cash and bonding capacity today, there is almost enough capacity in MRA itself to fund Phase 1 and Phase 2 infrastructure. They are refining the numbers and at closing they would like to put a meaningful deposit into the AHTF. Nugent noted if the project doesn't happen there will be no money into the AHTF.

Englund asked if the whole plaza is public. Buchanan said it is a public plaza and the City will own it. There will be a management agreement in place with AHG who will maintain and manage it, much like the Downtown Association manages Caras Park. Englund asked if they envision using it for an outdoor wedding or something. Averill said the plaza will not be for a wedding because they will have other outdoor event space for something like that.

REINEKING: I MOVE THE MRA BOARD ENDORSE THE TERMS OF THE AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY, THE DEVELOPMENT AGREEMENT AND THE MODIFIED FOX TRIANGLE LAND USE AND DEVELOPMENT REQUIREMENTS AGREEMENT AND DIRECT STAFF TO FORWARD A RECOMMENDATION TO THE CITY COUNCIL THAT THEY APPROVE THE

AGREEMENTS AND THE SALE OF THE CITY'S 1.99 ACRE PARCEL LOCATED IN THE RIVERFRONT TRIANGLE URBAN RENEWAL DISTRICT.

Jones seconded the motion.

Englund asked if Dorsey-Whitney has reviewed the agreements. Buchanan said yes.

Chad Bauer, Missoula Chamber of Commerce, asked the MRA Board to support the project. He said it will raise a lot of jobs in the community and helps out with a ton of folks that have been struggling on the construction side of things. He said it is a really good project for the City of Missoula and community itself. He thanked AHG for trying to bring this to Missoula.

Shanti Devins, Climate Smart Missoula, said they are a community benefit organization that work closely with the City and County, particularly on a program called Electrify Missoula. She thanked AHG for their investment in the community and said they are all very excited about this invigoration on the west side of downtown. She said there is an amazing opportunity to benefit the community on the affordable housing side as well as environmental front. She asked AHG to consider building an all electric complex. It is usually often times more affordable to go all electric in the beginning rather than retrofitting. She said St. Patrick Hospital has a geothermal ground source heating and cooling system that has worked very well for them. Missoula Urban Transportation District (MUTD) is also building a new facility and planning to use geothermal. Devins said there is a tax credit that can benefit if construction is started by 2033. She urged AHG to think about electrification for the community health, air quality and internal health of staff and guests. Doll thanked Devins and asked that she send contacts over to them because they are very interested.

Marchesseault noted that bus stops are being proposed on Orange Street right in the vicinity of this. It is not under construction yet, but is another opportunity to connect this further into the community.

Jones wanted to point out the opportunity for redevelopment all around this site. It's not just the next property down, it is across the street too. There is so much opportunity. She said it is exciting for the community to see this opportunity. Mayor Davis said they also see it in reverse. Some constituents from the neighborhood are continually concerned about blight in that part of town. They are very supportive of seeing an intentional effort.

No further discussion. No further public comment.

Motion passed unanimously (4 ayes, 0 nays).

ADJOURNMENT

Adjourned at 1:12 p.m.

Respectfully Submitted,



Lesley Pugh