

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

August 16, 2012

FINAL

A meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held at the MRA Conference Room, 140 West Pine, Missoula, MT 59802 at 12:00 PM. Those in attendance were as follows:

Board: Karl Englund, Ruth Reineking, Rosalie Cates, Daniel Kemmis

Staff: Ellen Buchanan, Chris Behan, Jilayne Lee, Tod Gass

Public: Caitlin Copple, City Council Ward 4; JP Williamson, Octagon Partners; Jeff Crouch, CTA Architects Engineers; Jeremy Keene, WGM Group; Ed Wetherbee, Millsite Revitalization Project (MRP); Helena Maclay, MRP Attorney; Kevin Mytty, MRP; Erin McCrady, Dorsey & Whitney, LLP; John Wells, MacArthur, Means & Wells (MMW) Architects; Eran Fowler Pehan, Poverello Center

CALL TO ORDER

12:00 p.m.

APPROVAL OF MINUTES - None

PUBLIC COMMENTS & ANNOUNCEMENTS

Kemmis thanked Gass and Buchanan for the new storm drain placed in the southern end of the woonerf near Kiwanis Park.

Caitlin Copple, the chair of the Economic Development (ED) Committee, which is a subcommittee of City Council, asked to address the Board. She said the Committee is looking at Missoula's technology infrastructure in hopes of making improvements that would not only help existing businesses but also attract new industries that Missoula Economic Partnership (MEP) feels are the best fit for Missoula. The Committee has looked around to see what other communities are doing and how it relates to broadband. She said broadband is great but it's expensive and would probably require bonding. Copple said going to Wi-Fi hotspots is a little outdated so the idea is to develop fiber optic zones in Missoula. She said the Committee has not made a recommendation to City

Council, but she assumes that will happen in the next couple of months. Copple said she's hoping MRA will be involved in some fashion so she wanted MRA to be aware of the project and then asked for any feedback. She said she was happy to come back to the Board with a more formal presentation.

Moe said she didn't feel very educated about this project and asked if this was the appropriate time to comment or ask questions. Buchanan said Copple could come back to a future Board meeting and talk more in depth about this topic and how broadband interfaces on a project by project basis. Moe said she would like to know how this relates to MRA projects. Copple said she or other Committee members would be happy to do a presentation at a future MRA Board meeting.

ACTION ITEMS

Missoula Mercantile Building (114 N. Higgins) – Front Street URD Proceed Without Prejudice Request (Buchanan)

Buchanan said work has been going on in the Mercantile building over the last several months. She said the Environmental Protection Agency (EPA) requested and completed an assessment of the building and found asbestos and lead-based paint. Buchanan said hazardous materials have been removed and demolition has taken place which has been paid for through the Brownfields Revolving Loan Fund (RLF). Buchanan said she contacted Octagon Partners a few weeks ago and suggested they request approval to proceed without prejudice from the MRA Board in case parts of the project are completed that might be eligible for MRA assistance. She asked that an Octagon representative be present during the meeting to talk about the project and timeline.

JP Williamson, Octagon Partners, said they are proceeding with the historic renovation of the Mercantile Building. He said the focus is having retail tenants on the first floor and a mixture of office space and service commercial on the second floor. He said the most difficult decision when doing historical preservation on this building is how far they want to go back in time since there are many different layers of this building. He said EPA funds and City matching funds have been utilized to move forward with demolition and abatement to primarily get down to the true character of the building. This allows people to see the uniqueness of the property, which has and will enhance leasing efforts. Williamson said this first phase (preliminary construction phase) is on-going but hopes to be done by the end of September or first part of October. He said replacing the windows, which is a budgeted item in phase one, could potentially be eligible for MRA assistance. The windows would add character and benefit to the streetscape rather than waiting until the second phase (construction phase).

Jeff Crouch, CTA Architects Engineers, said exterior historic preservation of a building is difficult especially when dealing with windows. The goal he said is to provide windows that will emulate the target date, which in this case is around 1952. He said the windows that need replacing will be replaced to look like the old ones while some of the existing windows will be restored. Crouch discussed in more detail what windows would be

replaced and what windows would be restored. Crouch said there are basically three window categories: replacing old windows, restoring old windows, and placing new windows in the building. He offered to schedule a tour through the building at its current state. Discussion ensued.

KEMMIS: I MOVE THAT THE MRA BOARD APPROVE THE REQUEST FROM OCTAGON PARTNERS TO PROCEED WITHOUT PREJUDICE ON THE RENOVATION AND RESTORATION OF THE MISSOULA MERCANTILE BUILDING WITH THE UNDERSTANDING THAT SUCH APPROVAL CONSTITUTES NO COMMITMENT OF TAX INCREMENT FUNDS FOR THE PROJECT.

Moe seconded the motion. No discussion. Motion passed unanimously. (5 ayes, 0 nays)

Poverello Center (1106-1112 West Broadway) – URD II Proceed Without Prejudice Request (Buchanan)

Buchanan said this was a similar request in which MRA could assist in the demolition of the old Trail's End Bar where the new Poverello Center would be located. She said there are a number of improvements that will take place that would be eligible for tax increment. Buchanan said there is concern about how the new location will impact the neighborhood. Buchanan suggested Eran Fowler Pehan, Executive Director of the Poverello Center and John Wells, MacArthur, Means & Wells (MMW) Architects approach the MRA Board and request approval to proceed without prejudice. Buchanan said demolition of the old Trail's End Bar may need to be accomplished before the comprehensive plans are complete. There are other improvements that qualify for increment assistance and Buchanan recommends the Poverello Center provide a comprehensive request that outlines the design of the center, site design, ways of mitigating impact on surrounding properties and provision for an adequate sidewalk on Broadway.

Buchanan provided the Board with a copy of an email from a property owner who objects to the Poverello Center receiving tax increment funding.

Fowler Pehan said the Poverello (Board and Staff) is looking for approval to move forward with this project without prejudice. Fowler Pehan said in April 2012 the Poverello Center purchased the property located at 1106-1112 West Broadway for the relocation of the homeless shelter. She said the residential community and business community have provided positive feedback to relocate sooner than later because of issues with safety and security in the current facility. She said the design of the new Poverello Center isn't finalized yet because they are working closely with the community. She said the design of the facility will hopefully mitigate some concerns and result in a positive impact. She said she hoped to come back to the Board and ask for assistance with the demolition process as well as site work.

Moe said the Poverello Center's solicitation for funding included design plans for the new location. She asked for clarification as to whether these plans did or didn't exist. Fowler

Pehan said these plans are conceptual plans that were sent to the stakeholders and neighbors and essentially was a starting point. She said they're still receiving feedback so the plans have not been finalized.

Wells said the Poverello Center and the two other property owners in that block have been working on parking improvements and safety improvements to the roadway outside of the Poverello property line. He said these improvements will dimensionally impact the Poverello site design. Wells said the Poverello is looking for assistance for abatement and demolition costs within the property line. He said approximately 80% of the abatement costs will be covered with federal money. He said the vision is not yet defined for the property outside of the Poverello property line but they would like to come back to MRA for assistance when it's completed.

Englund asked if there were any questions, comments, or motion. Cates declared a conflict because she helped raise money for this project and has a business relationship with the chair of the fundraising committee. She said she abstains.

REINEKING: I RECOMMEND THAT THE MRA BOARD APPROVE A REQUEST FROM THE POVERELLO CENTER TO PROCEED WITHOUT PREJUDICE ON THEIR NEW FACILITY LOCATED AT 1106-1112 WEST BROADWAY WITH THE UNDERSTANDING THAT SUCH APPROVAL CONSTITUTES NO COMMITMENT OF TAX INCREMENT FUNDS FOR THE PROJECT.

Kemmis seconded the motion. No discussion. Motion passed unanimously. (4 ayes, 0 nays, 1 abstain)

STAFF REPORTS

Director's Report

Buchanan said there are five other items on the Director's Report but she wanted to specifically discuss the Old Sawmill District.

Old Sawmill District

Buchanan said the original plan was to have all the agreements ready for the meeting today and if the MRA Board approved those agreements then a referral would go to City Council the following week. She said MRA and Millsite Revitalization Project (MRP) encountered a significant delay due to the Silver Foundation discussion of moving the closing date of the property to an earlier date. She said this would have been very problematic because MRP wouldn't be able to deed the park parcel to the City because the park parcel hasn't been created yet. This delay was defused as of the Monday prior to this meeting so Buchanan said the original plan is back on track. She said MRA and MRP have been working diligently on the creation and details of the agreements in which the major points have been agreed upon. Some of these agreements she said are from 2006 but have never been finalized or approved. She said some of the agreements are new,

such as the agreement that includes the covenants that the Department of Environmental Quality (DEQ) will require on the park property. The covenants include ground water restrictions, methane abatement, and methane abatement monitoring. She said one of the new agreements that the Board previously approved in concept is the agreement that says the City will build Wyoming Street and Silver Park and that MRP will convey the park parcel to the City free of charge. Buchanan said the Board will be receiving the drafted agreements tomorrow and a Special MRA Board meeting is scheduled for Monday, August 20 to discuss the agreements in more detail. She said MRA has finalized the trestle agreement with Montana Rail Link (MRL).

Maclay said there was a lot of energy devoted to these agreements and said it was a pleasure working with MRA and Erin McCrady. She said most of the documents are in complete form but there are still some being routed for comments.

Englund asked how many agreements the Board would be reviewing. Maclay said there are four agreements and some are very lengthy. Discussion ensued.

NON-ACTION ITEMS

Southgate Crossing – Update (WGM Group – Jeremy Keene)

Keene said the Southgate Mall Project will be a catalyst project in URD III and hopes it will be completed before the end of the 15 year life of the district. The last few months WGM Group has been talking with potential stakeholders about possible “fatal flaws” to the success of the project. He said WGM has been receiving positive support for a project like this. Keene said WGM also met with the Southgate Mall partnership and Beach Transportation. WGM has explored different financing and funding opportunities. He said WGM formally requested a crossing on Mary Street from MRL and anticipates a response in a few weeks. WGM did a traffic analysis to see what traffic volume the development might generate as well as what the traffic would be like if some of the streets were connected such as Mary Street and Johnson Street.

Keene said WGM is currently working on a phasing plan for this development. He said it may take 8-10 years to complete a development like this. WGM would like to come back to the Board with a formal proposal in November. The proposal would most likely be for the first phase. Keene said the request would be to assist in placing some of the infrastructure, which would not only support the first phase but also future phases. He said a commitment from Southgate Mall to do a certain amount of development would go along with the first phase.

Englund asked if Keene had identified the different phases. Keene said for now phase one would include the park and surrounding buildings. He said the park would help establish the character of the area and be a strong feature while the buildings would set the architectural standards. These improvements would change the area dramatically and Keene hoped people could envision living there. He said the commercial market is still

pretty flat so the commercial component would possibly emerge in two or three years. Keene said the residential rental market is still pretty strong.

Keene said WGM has also looked at how to improve Mary Street and how to make a connection that would benefit the area. He said there is only one block of Mary Street that is within the district so perhaps there would be an opportunity to expand the District to include more of Mary Street.

Moe said developing infrastructure without a commitment for residential or commercial property is problematic. She suggested that the future presentation include the status of the rental market, what the projections are, who made the projections, and what the projections are based on. She said she has seen quite a bit of new construction in Missoula, but yet the population of Missoula hasn't increased by much. Moe said the Southgate Mall Project is a large commitment and needs justification. Keene said he agreed and said the Southgate Mall partners are also struggling with how strong the residential rental market is. He said there was a spike in multifamily units available within the last couple of years including the Equinox, Solstice, and Silvertip Apartments.

Englund asked if the initial request from WGM would pertain to the connectivity of Mary Street and Johnson Street. Keene said Mary Street would most likely be part of the second phase. He said the connectivity of these two streets would be great for Southgate Mall but it's a bit more complicated than that. He said the Mary Street phase would involve the major Southgate Mall tenants/department stores and their easement agreements which will take time.

Kemmis asked if there is future potential for transit development such as trolleys or other use of the Bitterroot Line. Keene said he has discussed a long range plan with Michael Tree, Mountain Line Manager, and an additional transfer center in Midtown is in the planning and budgeting stage. Keene said Mountain Line is not sure of the exact location, but this would not only be beneficial for the Mall but also to the proposed development. Discussion ensued.

Cates said she thinks this development idea is great and appreciates what Keene and other Southgate Mall partners have accomplished so far. Cates said this area once had no vision and now it has the potential to turn into something great.

BUDGET REPORTS - URD II, URD III, Front Street URD, Riverfront Triangle URD

Lee said at the Special meeting on August 2nd MRA received the taxable values from the State. She said the graph shown in the report illustrates the trend. She said there are two pages for each district, which show the taxable value of the district and the incremental taxable value. The graphs also show where the tax value was when each district started. Englund said the graph showed a decrease and asked why. Lee said when MRA received the taxable values the state also provided potential reasons for decreases, which included the legislative mitigating factors for the tax increases and a decrease in new construction. Lee said the Riverfront Triangle District had no incremental value because of the

zdeconstruction of the hotel property and removal of personal property. Englund asked if the decrease in funds impacted the ability to assist with projects already approved. Buchanan said MRA will need to have a financial advisor go through District II to see if there's bonding capacity. She said District II has seen a decrease in revenue for the past two years. Englund asked if consulting a financial advisor needed to be accomplished first before finalizing the Old Sawmill District agreements. Buchanan said all of the agreements are on the condition that MRA will be able to issue bonds. She said if MRA can't issue bonds then MRA can't build Wyoming Street or Silver Park. She said the two year trend of decreasing revenue will most likely have an impact on interest rates on any bonds that MRA issues. She said the whole state saw decreases in revenue, not just Missoula.

Lee went over the contingency fund amounts for each district.

Discussion ensued on the budget reports.

Copple asked why the Missoula Economic Partnership is budgeted in District III. Buchanan said it was because the opportunities that exist in that district exceed any other district.

STAFF ACTIVITY REPORTS – None

ADJOURNMENT

Meeting adjourned at approximately 1:15 p.m.

Respectfully Submitted,

Juli Devlin