

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

February 26, 2021

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Friday, February 26, 2021 via Zoom 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, Jilayne Dunn, Lesley Pugh

Public: William Parnell, Anderson Zurmuehlen; Jan Schweitzer, Anderson Zurmuehlen; Aaron McDonough, 3100 Brooks Street; Jeff Maphis, JCM Architecture P.C.; David Erickson, Missoulia; Jan Van Fossen, Citizen; Nick Caras, Union Block Restoration; David Gray, DVG Architecture & Planning; Gwen Jones, City Council; Missoula Access Community Television (MCAT)

CALL TO ORDER

12:00 p.m.

APPROVAL OF MINUTES

January 21, 2021 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS AND ANNOUNCEMENTS

Englund said the Board would not be voting on the County Elections Office as reported in the press. It is not on the agenda and the application is not ready for MRA to act on.

Reineking said the Missoulia had a nice article on the DJ&A project on Maple Street.

ACTION ITEMS

FY20 Audit – Request for Acceptance (Dunn)

Dunn introduced William Parnell and Jan Schweitzer, auditors with Anderson Zurmuehlen (AZ). Parnell thanked the staff at MRA. He said MRA staff was very professional, helpful and resourceful during the 100% remote engagement which was a first for AZ and MRA. The Fiscal Year 2020 (FY20) Audit was conducted to review the Agency's financial statements to ensure that they are accurate and in compliance with accounting regulations. In AZ's opinion, the financial statements and all material respects are in accordance with accounting principles generally accepted in the United States. Parnell said

there were no significant presentation changes or new accounting pronouncements adopted in FY20. AZ is happy to say they encountered no significant difficulties or disagreements in dealing with management in performing and completing their audit. Professional standards require AZ to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Parnell was happy to say no such misstatements were noted during the FY20 audit. He said the financial statement highlights are provided in detail starting at page five. Parnell said he was happy to answer any questions.

Moe asked how long MRA needs to keep reporting Urban Renewal District I (URD). Dunn said she and Parnell discussed that. They want to make sure they have protocol in place and so they are going to discuss it and close it out this Fiscal Year so MRA doesn't have to report it any more. Englund asked if it is a Board decision. Dunn said it can be. She said the Tax Increment Financing (TIF) mechanism has expired under State Law, but the District itself has not expired. They let the District continue to exist so MRA could collect delinquent taxes. A few years back the County wrote off a lot of their debt that had been out there for several years. Dunn said MRA hasn't seen any more [delinquent tax collections for URD I in several years](#). Englund asked if the Board needs to close it officially in order for MRA to no longer have it audited. Dunn said that is a great idea and would add closure to it.

MOE: I MOVE TO ACCEPT THE FY20 AUDIT REPORT.

Moe said she likes very much the way the Audit Report documents the use of tax increment monies and the programs that are established by State Law. The Management's Discussion & Analysis (MD&A) is especially thorough and each year is more comprehensive and therefore more enlightening. She thanked Dunn and the MRA staff, as well as the auditors, for the detail and description that results in the excellent Audit Report. Moe said [specifically helpful to her were the](#) notes to the financial statements, especially Note 5 (pages 62-78) that covers long-term debt. She said it is an excellent part of the Report.

Jones seconded the motion.

Jones said members of the public may be reluctant to open up a 100+ page document from an accounting firm, but to the extent any member of the public is interested in the types of good works MRA accomplished in the last year, this Report is a great way to learn about them. In particular, on page 7, there is a graph illustrating that approximately 75% of MRA's expenditures in FY20 were public projects. As you go through the Report by division, there is a disclosure of the types of public projects that each District participated in. Jones said it is a great tool for members of the public to learn about what is happening at MRA, and even a cursory review of it would go a long way in educating folks on some of the misconceptions that are out there about MRA. She said she hopes that folks who are interested will get over their reluctance to open up an accounting report of this size and realize that within it there is great information on what is happening at MRA. Englund concurred and said the Report is also very well written.

No further discussion. No public comment.

Motion passed unanimously (5 ayes, 0 nays).

Englund noted that the new format (eSCRIBE) for getting the agenda works fine.

3100 Brooks Street (URD III) – FIP Request (Marchesseault)

Marchesseault said MRA received a request for Façade Improvement Program (FIP) assistance for the building located at 3100 Brooks Street. It is owned by Dr. Aaron McDonough, Align Properties LLC. The current building was built in the 1970s and has three units. It currently houses Papa John's Pizza and Rodda Paint, while the western unit is vacant. Dr. McDonough is proposing to convert that vacant unit into his orthodontic practice. He currently has 10 employees and expects to add six more over the next three years at the 3100 Brooks Street location.

Marchesseault showed renderings of the façade as it is today. The project is being phased and Phase 1 will be façade improvements for the entire building. Phase 2 will be a gut renovation of the vacant interior space where Dr. McDonough will be relocating his practice. The façade proposal is to relocate the entrance for the western unit to the west façade so it faces Brooks Street. It also proposes to remove a dated parapet, repaint, replace windows and doors, and add some articulation to the doorways to each of the three units as well as to give some street presence to the property. Marchesseault showed renderings provided by the architect, Jeff Maphis with JCM Architecture P.C., of what the building façade would look like with and without MRA assistance.

Marchesseault said the overall façade work is a little over \$400,000. A \$50,000 FIP grant would equate to 12.5% of that. The FIP program allows for grants of up to 25% of the total project cost, or \$50,000, whichever is less. This request falls within that.

Dr. McDonough said in the last three years his orthodontia business has grown in the number of employees and he expects they will continue to grow. He said this is an opportunity for him to both purchase a piece of real estate and improve the area. He plans to build something that is worth having on Brooks Street. Dr. McDonough said that since he will be occupying part of the building he will make sure the grounds are well maintained and the building in good repair. He said Cornerstone Dental just opened a 5,000 square foot dental facility just south of this building, thus creating a few professional buildings in the area that are larger sized. He said he thinks that will create a draw to the area for future professionals. McDonough said he was grateful to be here and said it was great to hear the beginning of the meeting. He said MRA does a lot that most of the public just doesn't know about and thanked the Board for the opportunity.

Maphis said the building currently is fairly plain and simple with no articulation to it. JCM Architecture P.C. added textures, elements and dimensions to make it responsive to pedestrians and much more human-scale. They also added a lot of landscaping. He said there isn't a lot of landscaping along the Brooks corridor now, so they made an effort to add landscaping, color, texture and light to soften it. The exposure of this building is incredible with traffic, as it is on a major arterial, and engages a lot of Missoula daily drive-bys. They

are excited to be a part of enhancing this building and having Dr. McDonough's group in the space will really be an asset to the area and community.

Moe asked if all of the additional landscaping was provided in the drawings with the proposal. Maphis said yes, it shows all of it. He said there is some existing landscaping including trees and lawn on the property and those will remain, in addition to what they will be adding around the front of the building. Maphis said as part of the entry they have to provide ADA (American's with Disabilities Act) access from the sidewalk so they will be doing quite a bit of concrete and sidewalk work up against the entry, which also gave them the opportunity to add landscaping there. Maphis said none of it was required; Dr. McDonough wanted to provide it to enhance the building.

Moe asked if there has been a decision from the Design Excellence review. Maphis said there was one item left with Design Excellence review that JCM Architecture P.C. answered yesterday. He said it was a fairly minor question about metal siding and the vestibule entry, and having that complement and work with the metal on the Papa John's and Rodda Paint entries. It does match and Maphis feels like the question was answered and they are very close to having the project approved. Marchesseault said she sits on the Design Excellence Review Committee in an advisory capacity and they spoke about this project yesterday. She said the material samples had been submitted and there was a question about compatibility between the entrance on Brooks Street versus the entrances off of the parking lot. She said the sentiment she got from the Committee was that with answers to those simple questions it would be approved. She said they don't have formal approval, but it is very close.

Moe asked if there is any part of this project that would encourage the tenants of the building to recycle. Maphis said they are adding screening to the trash bins in the alley, which is the extent of their scope. He said they can encourage the tenants to provide recycle containers. With the deconstruction of the marquee and existing building to prepare it for new construction, they will be conscious and recycle all of the materials they can.

Jones said she really likes this project in its location and the change in orientation as it faces the street. She said it is great to see how redevelopment stimulates other redevelopment, and they are seeing that on the Brooks Street corridor redeveloped from the Fairgrounds to South Crossing. Jones referred to the staff analysis in Marchesseault's memo of the Brooks Corridor Infrastructure Study and asked for expansion on that. Marchesseault said the Brooks Corridor Study proposes center-running bus rapid transit on Brooks Street. The right-of-way (ROW) is very constrained on Brooks Street north of Ernest Street. She said this project is in a location where there is constrained ROW. Staff doesn't know the full extent of ROW impacts at this point. She said there are numerous curb cuts into this property right now. The hope is that some of the curb cuts can be consolidated at some point. If that happened, it would still work with this property. The property currently has 60 parking spaces, which is 20 more than required. If there were some ROW impacts, there is an excess of 20 parking spaces under what is required, so there is opportunity to make it happen. Marchesseault added that the ROW impacts would not encroach on the building. She noted that the project team does not yet know exactly where ROW impacts might occur, but at this site the building would not be impacted, and it appears that they would be able to maintain an adequate amount of parking, given that there is excess

parking now. Buchanan said this is a first filter of every request that comes to MRA that is north of Paxson Street. She said there is no point of investing public funds in a project that may require a taking, if that's what it comes to, to get adequate ROW.

Jones said it looked like the handicap parking is being moved to the east to accommodate the landscaping in front of the new entrance on the west façade. Maphis said that is partially true. The pedestrian access from the sidewalk that parallels Brooks Street could possibly be impacted if the ROW is expanded. Actual ADA parking and access from parking stalls would not be impacted. He concurred with Marchesseault's comment that they are over-parked for this use. Fully occupied, they take up about 21 spaces, so it does give opportunity in the future to negotiate ROW and still have the building be viable for parking requirements.

Englund referred to the elevation renderings in Marchesseault's memo of the building façade with and without MRA assistance. He asked if the size of the signage with MRA assistance for Papa John's and Rodda Paint are accurate. Maphis said they are place holders. The locations of the signage is where they want it to be, but the actual scale and size has not yet been defined. Englund asked if they are contemplating any sort of agreement with those tenants to keep the size to something that is tasteful. Maphis said he definitely thinks they will. Dr. McDonough said neither of those tenants are owner operated. They are managed by central groups and when they spoke to those groups about doing site updates and changes, the comment was that it was an opportunity for them to update their signage. Englund said his concern is MRA putting money into updating the façade of a building and it then being covered up by a big sign. Buchanan said with the change in the façade she is sure that it will have to go through a sign package review. She said Design Excellence as well as the City's sign codes will come into play because of the location. Maphis said that is correct. They have to be in compliance with Design Excellence and City ordinances.

JONES: I MOVE THE MRA BOARD APPROVE A FAÇADE IMPROVEMENT PROGRAM GRANT TO ALIGN PROPERTIES LLC IN AN AMOUNT NOT TO EXCEED \$50,000 FOR EXTERIOR RENOVATION OF THE BUILDING LOCATED AT 3100 BROOKS STREET, PENDING FINAL DESIGN EXCELLENCE REVIEW AND OTHER CITY PERMIT APPROVALS, AND WITH THE STIPULATION THAT REIMBURSEMENT WILL BE MADE AT THE CONCLUSION OF THE PROJECT UNDER SUBMISSION OF REQUIRED LIEN RELEASES AND PROOF OF EXPENDITURES, AND AUTHORIZE THE CHAIR TO SIGN THE DEVELOPMENT AGREEMENT.

Brock seconded the motion.

Reineking said she thinks this is a really good project. She thanked Marchesseault for her comments in the staff analysis portion of her memo about the Brooks Corridor Study. She said she really appreciates the landscaping in this project as well as the window upgrades to make it more energy efficient.

No further discussion. No public comment.

Motion passed unanimously (5 ayes, 0 nays).

Union Block Restoration – 127 East Main Street (Front Street URD) – Second TIF Request for Historic Façade Renovation (Behan)

Moe raised a Point of Order on this as to whether this item is properly before the Board. She said it is the second request for a project that, when it was considered in September 2019, was discussed as the only request that would come before the Board and the 30% contingency for the proposal was a hefty contingency that was for a worst-case scenario for the façade work that is being done and presented again. Buchanan asked if that could be addressed in the staff presentation, or if the Point of Order is that it should not be discussed or even on the agenda. Englund said it seemed to him the Point of Order is more in regards to the substance rather than whether or not it is properly before the Board. He said she raises a good point of whether or not the Board wants to approve it, but they do have a request that the staff vetted and the Board can discuss it. Moe said she agrees with that and thought it was important to raise the Point of Order. Englund said unless somebody wants to challenge it, that goes to the substance of it and the Board can take it up. Jones said before they do that, she asked Buchanan if she had raised a question as to whether that issue had been adequately addressed in the memo, because if it hasn't then she would rather there be a tabling of this and a consideration of the specific issue raised by Moe. Buchanan said to an extent it is addressed; she also believes there are some enhancements speaking to that issue that are not in the agenda that was sent out. Her recommendation would be that it is discussed, but if the Board feels like there is more public notice or that it has not been properly noticed, then it could be tabled for action at a subsequent meeting. She encouraged the Board to have the discussion and presentation today. Englund said he went back and looked at the minutes from the meeting in September 2019 and there was discussion about it being the only request, as well as the healthy contingency. He said there was a specific question from Jones asking if it was the only request MRA was going to get and Behan agreed. Later on in that discussion there seemed to be some pull back from that. Englund said they were equivocal answers and it is enough to open the door to have this discussion.

Behan showed photos of the building's former condition and how it looks today with the work that has been done to date. The building owner, Nick Caras, and his architect, David Gray with DVG Architecture and Planning, found old renderings of the original building before it was covered up in the 1950s and wanted to restore it to its original state. During the building uncovering it was determined that most of the façade should be intact, with some guesses on how to move forward. After a month of peering under panels and removing interior walls and finding the rendering, they found that the building was a Queen Anne style that was constructed in 1900. It incorporated materials different than anywhere else in the downtown and that were brought in from around the country.

Behan said the way TIF was done with their initial request in September 2019, was a special process involving an Historic Façade Preservation Easement similar to what was used with The Wilma and the Mercantile Pharmacy. What has been found on this project, as they began to take off more of the façade, was that there was a lot more there than they thought. Also, the building was not built the way it was shown in the rendering. There were more things on the building, as well as absent from the building, that they had no idea of or could

have known. They also found that the condition of a lot of the windows was worse than they thought.

Behan mentioned in his memo, and Caras in his letter, that there were a number of surprises both good and disappointing. What they found was that the “widows walk” or railing along the top of the building didn’t ever exist and the cornice was very different. They found on pictures from the time with the Union Block in the background that the big capitals on top of the building were much more pronounced than they had thought, so they had to move to a different kind of material to emulate those, which increased costs. A series of other capitals (detailing on the top of built-in columns) were made out of carved granite that are lower on the building were also discovered and nobody knew they were there. They also found carved wood mullions between first and second floor windows that could not have been discovered unless a lot of material was moved. Behan said the architect has put together a new rendering that was included in the Board packet. The original thought was that much of the original masonry would be in place and that the windows were the windows that were uncovered in the first testings. A lot more work needed to go into restoring those which is where the contingency money went, as well as to changes in materials.

Behan said if this is considered and approved, a total assistance package would be \$704,858. This amount is roughly similar to what went into The Wilma and the Florence Hotel over a period of years and several projects. Behan emailed the Board a list of items staff put together to help differentiate façade renovation of landmark historical buildings from other kinds of projects that have asked for additional assistance, such as forgetting to include demolition costs, utility extensions, and so forth. He also did a cursory search of projects and found that the Board has approved additional assistance in two kinds of projects in the past. One being times the developers have come in and had something else to offer such as a trail easement or additional sidewalk to improve ADA (American’s With Disabilities Act) accessibility. Examples of easements include the stairway by D.A. Davidson, the trail at Draught Works, and the trail at the former Meadow Gold Dairy. By far, a majority of the granted appeals for additional assistance have been in historic building renovations. Those include public projects like the windows at Hellgate High School, the County Courthouse interior and exterior historic preservation renovations, the Headquarters Building on West Front Street, Bon Marche copper awning, Elks Club code compliance, Gleim Building on West Front Street to remediate buried car batteries, Paoli Building soil removal to allow the structure to be expanded, The Wilma cornice work and code compliance, removal of exterior lead paint on the Knights of Columbus building on Pine Street, and building a parapet wall at the Mortan building on East Pine Street.

Going back in time, Behan said he looked at three different downtown historic resource surveys. He said the real Union Block façade was so unknown that the State Historic Preservation Office has been very reluctant to put it on the national list because the metal façade added in the 1950s was labeled as a contributing factor in the designation of the Downtown Historic District, not the gorgeous building that exists. Behan said he thinks there is precedent as mentioned above and that the conditions are beyond what everyone might have thought they knew a year and a half ago. He said there are good emotional and solid reasons to be able to move forward and finish this project the way it was intended.

Nick Caras, building owner, said they thought they had plenty of funds for this façade project and then the project grew in scope and scale. They discovered a far more ornate building underneath the metal sheathing. Regardless, they will come out with a great product. It will be an amazing building and a great asset to the City. He said once they discovered what was there, they elevated their ambition too, and the objective they stated for themselves was to envision they were in a competition for doing historic restoration and then decide how they would go about it. They really wanted to recreate the façade in the same way it was built originally in terms of using more craftsmanship, custom woodwork and granite work. On the whole, Caras said he is really proud of what they have done so far and wants to get it over the finish line as perfect as they can possibly make it. They do need more funding to hit the level the entire team wants to meet. Caras said he is also sensitive to the fact that MRA has been extremely generous to them in the first go-round. He said he remembers the remark being made to not come back with additional requests at the September 2019 meeting. When he contacted Behan he said he knew the Board told him not to come back, but stated they really need the funds and it is worthwhile and timely because they need to move forward sooner than later.

Gray said there was a contingency in the original budget which is a very smart thing to have, especially in an historic renovation. They used the contingency on the north façade where they were supposed to. He has taken metal and other retrofitted facades off of other historic buildings and restored them before. The LaFlesch building is one example of that where Downtown Dance Collective was. It was the same kind of metal, the windows were removed, and they found stuff underneath they had to fix. Gray said all of the buildings are unique. They assumed 4" of masonry was taken off of the cornice because when buildings are covered they usually just rotary hammer anything that projected past the building or looked decent and filled it in with block or CMU (Concrete Masonry Unit) and called it good. Instead, on this building they cut the structural wall off 6' from the roof. There is 4" of masonry that existed on the whole front of that building. What they thought was going to be 4" of façade and brick improvements turned into them having to reconstruct the entire upper half of the third floor masonry wall before they could even put the new cornice back on it.

Gray said as they were pulling the metal off the façade of the building it was like a slow-motion Christmas. Every day they got to see something new exposed. As they pulled the metal façade off, starting on the east side of the building, carved granite capitals were uncovered which they had no idea were there. They are beautiful and right on the store front and when you're walking down the sidewalk it is what you'll see. Since it was "out with the old, in with the new" when the building was covered, they literally took sledgehammers and pounded the sides of the capitals off so their pre-made porcelain and metal panels could fit around them. Gray said they didn't know those existed and it would be a shame to go this far in the building and not try to bring them back. It is craftsmanship work and not for the average mason. Gray said they have an amazing mason working on this job. The cornice work and bricklaying on this is nice and the bricks are perfectly squared. The joints between the bricks were anywhere from 1/8"-3/16" so they had to hand select every brick. There was extreme craftsmanship that went into the upper façade work. Gray said for them to not take that level of care to the end is doing the downtown a disservice.

Gray said they did not know the granite capitals existed. They are damaged and need to be repaired. One of them is mostly intact, so from that they will 3-D scan it and carve matching

capitals to put back on the building and recreate them back to where they should be. Gray said they also thought there were one or two wood mullions left and that the historic storefront just didn't exist, so there was no reason to try to mimic or recreate it. Old buildings have aluminum storefront in them all the time and that is what they planned on doing because there was nothing to preserve. However, when they pulled the metal off they found 19-20 of the historic mullions. They found the actual sill of the 2nd floor windows so they know where the sill plate actually is. They were able to pull out one mullion and therefore able to recreate the molding, window heights, and do a real historic reconstruction of that front. Gray said the mullions are amazing. They are hand carved, 9 ½" thick hardwood at the bottom with a beautiful scroll in them. If you go up another 8' they have another full scroll detailed piece at the top where the horizontal windows came in. The mullions are unmatched in architectural character to anything in the downtown. Knowing that is there and exists to a far greater extent than they ever dreamed possible, it would be a real disservice not to try to bring that all back to Missoula. Gray said they are an additional architectural feature that should come with the preservation of this building.

Gray said nobody has done more to preserve downtown than the MRA. Missoula wouldn't have one restored building without the MRA. He said they just don't want to come up short on this one. MRA was very generous and they really appreciate what has been done to make this façade restoration possible. He said MRA's approval of funds told them they could go into the next step and go into design and really dig into the building and try to find everything they could to restore the façade. The base contract for construction is more than \$100,000 more than the MRA was offering in the beginning which was, in essence, their entire façade restoration budget. Just from where they started with the MRA to the next level of finding out what needed to be built and how big the building actually was, automatically started them out \$100,000 more. The walls started to crumble when they went to replace the 3rd floor windows. They were anywhere from three to four layers of brick thick and the team literally had to reconstruct every window hole around the entire 3rd floor. That wasn't contingency money, that money could only be spent on the façade, which added another \$120,000 in restoration work. Gray said they are not coming back to MRA and asking for those things. Those are costs that the owner has taken on as known things through construction. On the north façade only, they found the beautiful capitals and would like to get them restored. They need the MRA's help because they used the extra they have on all those other unforeseen things you get into during historic restoration. Gray said they found the most amazing storefront windows on the 1st and 2nd floors. He said it would be a shame to not bring those street-level things that people see and pay attention to back to what it was. Those two items are what they are asking help for because they benefit Missoula's downtown the most. The owner has absorbed the other items.

Brock said Behan's memo states the costs would have to be paid out of next year's budget because the Front Street District does not have the funds, as there are so many exciting projects going on. She asked what the but/for is if this is not passed today, what will happen to the features without the additional MRA investment. Caras said they don't have more funds. He has had to go back to his investors because their initial forecast was a quarter of what the total outlay was. He's had to go back to them for façade restoration and mechanical upgrades as well as the interior build-out. Caras said he would love to show anybody that wants to see the office spaces they've done there. They are almost as incredible as the outside. Caras said the investor is tapped out. He said he doesn't know

how they would handle it, but would have to make some compromises in terms of materials in order to get a finished product. He said they can bridge with financing, but is doubtful he can go back to his investors and ask for another \$130,000, although he hasn't had that specific conversation with them.

Buchanan said it sounds like if this is not approved there will be sub-standard materials used for some of the restoration. The authenticity of the restoration would be compromised with respect to the two items they didn't anticipate. She asked if that was accurate and what the effect is if you're standing across the street looking at the building. She asked what the City will get if the additional money is not approved. Caras said the granite is an easy answer, it will be in its current appearance which is all broken. His hope is they would kick the can down the street and be able to restore it at a future date. In terms of the storefronts and woodwork that needs to be done, it needs to be replaced and they need to move forward so they can rent that space and the building can be viable. Caras said it won't be as good of a project and he hopes to avoid that. He doesn't want to do it wrong. He said he can't give a straight answer as to what the path will be, but does think it will be a different product than if they had the funds. Buchanan said she looks at what they found when the metal was pulled off that building and can't help but wonder what is under the metal on Stockman's Bar.

Moe asked if the Historic Preservation Façade Easement was filed. Behan said yes. Moe asked if the Façade Easement is for only the 2nd and 3rd floors, or does it include the entire façade. Behan said it includes the entire façade. Moe asked who is responsible for maintaining the façade. Behan said the owner is. Moe asked what the City's obligations are under the Easement. Behan said the City needs to inspect it from time to time through the City's Historic Preservation Office and bring any deficiencies or issues to the owner. There is a methodology for working through any needs. If there are any changes to the façade after it is deemed complete it has to be approved by the City.

Moe said there are two items mentioned that make up the \$125,000 request. She asked where the figures came from. Gray said they are the contractor's numbers. Englund asked if it is a bid or an estimate. Gray said that is the change order cost to do the historic windows, and the mason's cost to repair the granite. Behan said there are actually a total of three items, he rolled the window framing and mullions together. Englund asked if those are bid costs on the mullions. Gray said yes, all the numbers they got are directly from the contractor for the cost of whatever it would take. Moe asked how confident they are in those numbers. Gray said the contractor has been doing a very good job. So far, everything they've know about has been able to stay in budget. It's the things they didn't know about that have caused shuffling. The design team, owner and contractor have been as flexible as possible to come up with the best solutions for the building and to make sure they don't fall short for what the MRA expected of them. Englund asked if this was it on the numbers. Gray said yes, they are the real numbers from the contractor. Englund asked if they are confident there won't be overruns on those numbers. Gray said yes, as much as they can be on a renovation. The contractor has the sizes of all the window holds now because they can actually see where the brick is. Buchanan asked if everything is exposed that needs to be exposed to know what they need to do to the front of the building. Gray said yes, everything is pulled out enough that he had to redraw the entire front façade from

the original worked based on the actual dimensions they were able to take since the structure was exposed.

Moe said in looking at what has been identified as the original rendering, it seems to her that some of the items being discussed like the mullions and pilaster are in that picture. She wanted to make that observation, and in anticipating expenses she wonders if that was taken into consideration even though it was covered up. She asked what the projections are for use and occupancy when the building is completely renovated. Caras said they have five retail spaces with three of them being vacant. They have two signed Letters of Intent. The second floor is occupied by Missoula County's Planning Department and they are working on an extension to their contract. The third floor is leased by a law firm. The west side of the 3rd floor was leased by a company that had some troubles during COVID-19 and asked to be bought out of their lease, which was granted. Caras said they've had a lot of interest and will re-lease that space quickly. He said hopefully all of the office space will be leased in the next six months and the same with the retail space. It is an attractive corner with the AC Hotel opening next door. The last component is the basement which is a really cool space. Like much of downtown Missoula, they had basement-level retail suites. Those doorways and windows are still there, with high ceilings. They are looking at what they can do to make it useful space, at a minimum having it used as storage. They would like to create more natural light down there and make it usable as office space or something creative. Caras said their focus has been office space, and now retail space. At some point in the future they will tackle the basement once the property is stabilized. Moe congratulated Caras and said it sounds like a successful project.

Moe asked if there is any part of the project that encourages recycling by the tenants or makes it easy for them to recycle their daily operations. Caras said he believes there is a recycling bin there and could contact the Property Manager to confirm, but has to believe the occupants recycle.

Moe referred to the budget for the District. She noted there are other projects in the works for which MRA needs to be careful about. She asked what projects staff sees coming forward for funding in the District and whether recent projects are included yet in the budget for sources of tax increment funds, and if they are not included, when staff expects them to be included. Dunn referred to the Rainbow Report for the Front Street District. The AC Hotel is anticipated to be a bond. There is a small amount left in there for the Levasseur Street project that hasn't been expended. MRA was able to put the full amounts pledged to the Union Block and Wren Hotel into the FY21 budget after final numbers were received. \$75,000 is in there for the pledged annual amount to the Library. \$25,000 for planning is included for the Payne Library Block.

Moe asked about the revenues coming in. Dunn said the revenue is \$125,000 into that District so far. Existing debt service clearing funds need to be filled when that revenue comes in. Because of the timing of the Front Street Parking Garage debt service, those have to be filled right away. She said that's why there isn't a higher number in that percentage of revenue received so far because the revenue that comes in in the fall needs to fill those debt service funds first. MRA may see something that will affect the revenue for the second half of the year due to COVID-19, but said it's something nobody can really predict. Staff spoke with the Department of Revenue (DOR) and took into effect the

appeals, and that adjustment is on there with the contingency. Englund asked if all of the projects are in there on the revenue side. Dunn said MRA will see revenue coming in from AC Hotel. Staff anticipated there would be more coming in from The Merc, but there was an appeal on that. She isn't sure if the timing from last January had the full value of The Merc on there. Buchanan said it did not. She said AC Hotel is basically done. MRA received TIF bond interest rates this week from Stockman Bank that are extremely favorable on the debt service for AC Hotel approved assistance. As of January 1st, the majority of that value was in place for that facility. It has been turned over to the owners by the contractor already. She hasn't talked with DOR about how they valued it January 1st, but staff's very conservative estimate of tax revenue from that project now that debt service is known has an \$80,000 swing to the good. Englund asked if that is not reflected in the revenue estimates. Buchanan said it is not. It is not reflected in the expenditures as MRA did not know what debt service would be. The other thing to be noted is that there is \$488,000 in the budget for the Wren Hotel. That will not be completed this fiscal year and will carry over to FY22 before it is paid out. One thing staff is aware of that has not quantified an ask yet is improvements to Caras Park. Staff has a Request for Proposals (RFP) out right now for engineering on the Front/Main Conversion that will be an expenditure that will be asked for from TIF funds. There is also an RFP out for a process to evaluate what happens with Higgins Avenue from Broadway to Brooks Streets. That will be another effort with funding from different sources. Right now nothing has been asked of MRA. She said there are things on the horizon that will be asking for TIF funding. As far as actual brick and mortar projects nothing comes to mind. Behan said at some point something will happen with the Payne Library Block, although that is probably two years out at the earliest. There are other properties in flux in the Kiwanis Park neighborhood, but nothing concrete. Moe asked if the tax revenue from Radius Gallery is included in the revenue estimate. Behan said they opened in March 2020, so there was a partial on that one. The full amount will be as of this year's taxes. Buchanan said MRA never knows what value DOR is going to put on a partially completed project and there have been some surprises along the way.

Jones said she is mindful that MRA has turned folks away who have come to the Board for the second time. She congratulated Caras for hiring Gray because his enthusiasm for what has been revealed through the project is compelling. She is asking herself whether the general rule to not entertain second requests, whether there is an exception for historic preservation projects, and whether there are unique difficulties that are part of such projects that would justify a departure from a general rule. She said it is a good rule that projects get to come to the Board once because in every project there are unexpected items and obstacles and errors that could justify any project owner coming back and saying they didn't quite anticipate this or that. When she thinks about what MRA's core values are that should guide them on how they are deploying public funds at MRA, historic preservation seems like one of those core values, similar to MRA's commitment to affordable housing.

Jones asked staff to provide some information to talk about the importance of historic preservation to MRA's participation in projects such as downtown projects, and the unique challenges that may justify a departure for such projects as compared to others. Buchanan said she had a conversation with Englund that revolved around this topic. She said some of the recent requests MRA has denied in the last four years for additional funding are pretty front and center in folks' minds right now, as they should be. . Those requests were for things that were oversights on the part of the applicant. They were not things that should

not or could not have been known. She and Behan went through the series of findings and considerations that were sent out to the Board. Her recommendation to the Board is that when MRA takes on funding an historic renovation or restoration project of this nature, or the nature of The Wilma or even if Stockman's Bar comes along and wants to pull the metal off the front of the building, that MRA treat it the same way it does on a typical project when a building is being torn down or we know what's there and it may or may not be worth restoring or saving, but you can't know. When you are restoring an historic building, particularly one as disguised as this one was, it is impossible. She said MRA needs to go into these as projects that will potentially have a continuation, and they don't have the same rules applied to them. Buchanan said she tends to be more of a purist than is practical, but if you're going to restore it you should do just that if you can afford to. If you can't then you should do the best you can. What is being heard here is they would like to restore it. If they have to, they'll do the best they can, but it's not going to be the best they can do. Behan came up with a number of examples he gave during his report of historic preservation projects that MRA has used public funds to help support that have had to come back to the Board when new information was discovered. Buchanan said Missoula has not done the best job of documenting what the original architecture was, so they do the best they can. She doesn't think anyone expected to find what Caras and Gray found when they started messing around with the entrance to that building. It was astonishing. She said she would like the Board to consider a policy relative to historic structures and restoration of those structures that is discreet from MRA's policies relative to a straightforward undertaking like tearing down a building and putting a new one back with the developer forgetting to add items or not knowing the price of lumber would go up. Those things happen, and they are actually impacting this project pretty drastically right now. Buchanan said from a staff perspective, she doesn't think this is an unreasonable policy for the Board to consider. MRA has done it before, it has just never been memorialized or acknowledged as a modification to a policy.

Englund said MRA has done it in the past when it has been determined that the developer took into consideration everything that they reasonably could have. In the end, there were things that were completely unexpected. He remembers some of those early downtown projects where they were working in an environment where Phase 1 environmental assessments weren't as well defined as they are now. People did what they were expected to do, and when they started digging there was a whole new bunch of things there that no one anticipated. There haven't been as many of those lately because the requirements have been refined. He said he didn't know how to put that in terms of a policy, but where things fit, this would fall into that.

Behan said whether it's a trail at D.A. Davidson or historically appropriate windows on Hellgate High School, one difference between that and someone coming in and asking for additional funds because they forgot to put in wage rates or whatever, is that you're still going to get the same product, it just costs more. In the case of historic renovation and perhaps of trails, you're getting something more in his opinion. He said that's why he used the term "continued" assistance rather than "additional" assistance in his memo.

Jones said from her perspective she does think MRA could formulate a clear policy that explains the difference in approach towards historic preservation projects as opposed to other projects. She looked at the list of historic restoration findings provided by staff

because they seem compelling to her, even though she was the one asking the questions in the September meeting about them coming back for more assistance. She feels that applicants should know that MRA will do its best to apply a consistent set of rules. She is also persuaded that historic preservation is an important cultural value for MRA to guard in the community. MRA needs to devote money to improving spaces like downtown Missoula and it needs to do so with an eye towards, at times, accepting that buildings need to go away like The Merc, and at other times working very hard to preserve Missoula's heritage. Jones said the bullet points presented that historic preservation is important to a sense of place when looking at redevelopment, and that the historic restoration of landmark buildings presents a unique undertaking compared to other projects. When MRA participates in a project like this they should ask of developers and themselves a commitment to making the project as authentic as economically possible to revitalize the historic importance of these buildings. They need to recognize that the façade improvement projects for historic buildings are often far more complex than regular restoration projects, and so it is perhaps impossible to know the true scope of these projects before you really get into them. She said MRA should remain committed to treating these projects differently because of those unique factors. Jones said the first time Caras came she would have said "don't come back", but in thinking more deeply about the values here she is persuaded that perhaps MRA does need to treat these projects differently.

Englund said MRA has a practice that says you don't come back for a second bite of the apple. He said MRA has that practice for budgeting and planning purposes, but more importantly because hard numbers reflect a well-planned project and a well-planned project is one that gets done on time and on budget. If MRA sets money aside for a project, it wants to make sure it puts money aside for a well-planned and well-budgeted project. That works great when you're building something new or small or typically normal. He said MRA can go back and look at this one and say they knew going into it that it was as well-planned as it could possibly be, but that also means there is a great deal of uncertainty. He said an exception in this project or practice, with a well-documented statement of what the reasons are, doesn't take away from the reasons why MRA has that practice.

Moe said another reason for limiting the occasions for a contractor to come back to the Board is because MRA is relying on the expertise of the contractor to make the best proposal they can to the Board. It is a good way to protect the public money. She also understands the vagaries of a project like this, and that there will be unanticipated problems. The best trade off here for the public money is the Historic Preservation Façade Easement. For that Easement it should be the best project possible and if the Board is inclined to approve this amount of money she is glad to have heard the explanations everyone is giving and would support funding.

BROCK: I MOVE THE BOARD APPROVE AN MRA PLEDGE UP TO \$125,000 FOR ADDITIONAL ELIGIBLE FAÇADE IMPROVEMENTS BASED ON THE FOLLOWING CONTINGENCIES:

- 1. REIMBURSEMENT WOULD BE BASED ON PAID INVOICES WITH CONTACTOR LIEN WAIVERS FOR ELIGIBLE ACTIVITIES.**
- 2. WITHIN AN AMENDED DEVELOPMENT AGREEMENT, THE OWNER SHALL AGREE THAT REIMBURSEMENT OF APPROVED ADDITIONAL ELIGIBLE**

ITEMS MAY, AT MRA'S SOLE DISCRETION, BE SPREAD OVER TWO FISCAL YEARS (FY22 AND FY23).

Reineking seconded the motion.

Reineking said she appreciates the long discussion on this. In terms of policy, she would probably leave it open so that future Boards would also have a robust discussion about these exceptions. She said she particularly appreciated Moe's comments regarding what the public gets for this additional expenditure, which is the Historic Preservation Façade Easement. The public should be very glad this money is being spent, as she doesn't know that there is a more important use for this money.

Englund said Caras and Gray are doing a spectacular job here, but for the policy considerations and the collateral issues MRA has to deal with, this is an easy call to make because of the public benefit and the generosity they have demonstrated by taking up this private project and turning it into something with a huge public benefit. Englund added that he is constantly told from people in the community how great of a job they are doing on the building.

No further discussion. No public comment.

Motion passed unanimously (5 ayes, 0 nays).

NON-ACTION ITEMS

Proceed Without Prejudice Policy

Buchanan said this was not pressing and could be discussed at the next Board meeting.

Public Comment on Agendas

Dunn said this is an information item for the Board. There is a public comment option on eSCRIBE where the public can go to the agenda, click on an item, and leave a comment. The Board can view the comments on the agenda. Staff wanted to let the Board know it is now an option. It is currently used by City Council and other committee meetings. Staff wanted to know when the Board would like to cut off the time for public comment so they have time to review comments before the Board meeting. Englund said if the comments get cut off the day of the meeting that should give enough time for the Board to review them beforehand. Dunn added that public comments become part of the permanent record on eSCRIBE.

March Board Meeting

The regularly scheduled meeting was moved out one week to March 25th.

STAFF REPORTS

Director's Report

Buchanan asked the Board to read the item in her report on the Street Reconfiguration Projects. She said it is pretty exciting.

She said there are still several empty bills at the Legislature about TIF that are currently placeholders. Two bills have been introduced that are not onerous nor do they have any adverse effect on what MRA does. The statewide group and League of Cities and Towns do not plan on objecting to those two bills, but have gotten commitment from the bill sponsors that if people try to make amendments to those bills or change them they will just withdraw them. Englund said the placeholders are dead on Wednesday unless something extraordinary happens or unless they are appropriation bills. He said one of the things this Legislature has done is change the transmittal date for appropriation bills.

Brock asked for a staff report on the Railroad Quiet Zone Study at the next Board meeting.

FY21 Budget Reports

Dunn said all of the tax increment is up to date. Debt service funds have been filled. All of the projects that have been approved by the MRA Board through last month were added to the reports.

Dunn noted there were some excess funds from the North Reserve-Scott Street Series 2017 bond that related to Phase 2 and 3 of the Scott Street Village project. Those funds were allocated to Public Infrastructure Improvements and staff is working with the City to figure those out. MRA was unable to expend those funds in the time period allowed with the bond, so staff is doing a call on a partial redemption on that bond. That will be effective March 1, 2021.

West Broadway Corridor Master Plan

Marchesseault said there was a kick-off meeting last week. The consultants are putting together an interactive website and expect to have a Virtual Design Charrette in early April. The project should wrap up this fall.

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Adjourned at 2:08 p.m.

Respectfully Submitted,



Lesley Pugh