

**MISSOULA REDEVELOPMENT AGENCY & MISSOULA PARKING
COMMISSION**

CONDENSED SPECIAL BOARD MEETING MINUTES

November 16, 2010

FINAL

A joint **Special** meeting of the Board of Commissioners of the Missoula Redevelopment Agency and the Missoula Parking Commission was held at the MRA Conference Room, 140 W. Pine, Missoula, MT 59802 at 12:00 pm. Those in attendance were as follows:

Board: MRA: Hal Fraser, Nancy Moe, Rosalie Cates, Daniel Kemmis, Karl Englund; MPC: Rod Austin, Carol S. Williams, John E. Smith, Theresa Cox, Jinny Iverson

Staff: MRA: Ellen Buchanan, Chris Behan, Lesley Pugh; MPC: Anne Guest, Kathy Lathrop

Public: David Olson, First Interstate Bank; Jim Galipeau, JCCS

PUBLIC COMMENTS & ANNOUNCEMENTS

ACTION ITEMS

MRA Action Item:

Front St. Parking Structure – Selection of Architect and Construction Manager at Risk

Buchanan said the Missoula Parking Commission (MPC) acted on this item at their regular board meeting on November 4th. Englund and Fraser attended the meeting and Kemmis attended via telephone. There was a Request for Qualifications (RFQ) and the architectural firms were narrowed to three: MacArthur, Means & Wells (MMW), OZ Architects and CTA Group. They narrowed the contractors down to two firms: Quality Construction and Gordon Construction. Subsequently, a Request for Proposals (RFP) was issued and the selection committee reviewed the responses and they chose to contract with MMW for the architectural services and Gordon Construction for the construction. The MPC Board unanimously agreed to this and the request is for MRA to approve the firms. Buchanan noted she had to make a couple of referrals to City Council in front of today's Board action due to the timeline of trying to get the bonds sold before the end of the year.

MOTION:

ENGLUND: I MOVE THE MRA BOARD RATIFY THE ACTION OF THE PARKING COMMISSION BOARD AND OUR STAFF IN FORWARDING A RECOMMENDATION TO THE CITY COUNCIL THAT THE CITY ENTER INTO CONTRACTS WITH MACARTHUR, MEANS & WELLS FOR ARCHITECTURAL SERVICES AND WITH GORDON CONSTRUCTION AS CONSTRUCTION MANAGER AT RISK FOR PRECONSTRUCTION SERVICES FOR THE FRONT STREET PARKING STRUCTURE. Moe seconded the motion. 5 ayes, 0 nays. Motion passed unanimously.

MRA/MPC Action Item:

Front St. Parking Structure – Approval of Development Agreement

Buchanan handed the pages with revisions to the Development Agreement dated 11/16/10. She said they will issue Parking Revenue Bonds that will be supported by two revenue streams: parking revenue and tax increment revenue. She said this is the most efficient financing according to their

bond counsel, financial advisors, bond underwriters, and D.A. Davidson. They are currently working with Standard & Poors to try and get the bond issue rated. Buchanan said there's a significant interest rate difference in rated versus unrated bond issues.

Another issue is the reimbursement of First Interstate Bank (FIB). At the October meeting, the Board approved reimbursement up to \$1.77 million pending Staff review for appropriateness of all the costs. She said Staff and FIB reviewed all the reimbursable costs and that number is now \$1,623,080. FIB and MRA both agree with that number.

Buchanan said one of the issues out there at the October Board meeting was what interest rate the note would be because it will be a subordinated lien note that's financed by the Bank's guaranteed minimum tax payment over 25 years. She said FIB suggested looking at 6.55% and Buchanan said Staff feels that's reasonable. Discussion ensued regarding interest rates.

Buchanan said the other piece is that FIB has increased what they're willing to guarantee as a minimum tax from \$243,000 to \$259,000. She said one of the decisions the Board made in October was that the reimbursement would come from the minimum tax guarantee by the Bank, regardless of what the Department of Revenue (DOR) decides.

Buchanan said a couple of points on the subordinated lien note which she noted in the Agreement is that it is subordinate to the obligation on the bond, the obligation to the Wilma and the obligation to Caras Park. She said the Wilma and Caras Park are short-term obligations. There is a provision in the Agreement that says the City agrees to use its best efforts to issue additional bonds in an amount to redeem the note if the market conditions would reasonably allow. She said this is limited to the pledged increment (guaranteed minimum of \$259,000). Moe asked what the assurance is that all that money will come into the District. Buchanan said that full amount doesn't come into the District - it results in an increment of \$134,806. She said this will service the 6.55% interest over 25 years.

Buchanan mentioned another change to the Agreement in Section 5.02 which talks about the proceeds. She said the tax increment bond has always been \$2.512 million and somehow it got bumped up to \$2.9 million. The corrected version is \$2.512 million. The parking revenue bonds would be \$6.748 million.

Cates asked if the numbers work whether the bond is rated or not. Buchanan replied if it's not rated, the amount of capital they have to put into the project will diminish and the MPC will have to make some decisions about the number of parking spaces/how much cash they put into it.

Englund asked where the \$7.2 million for construction comes from. Buchanan said that's how much MRA can afford to bond and how much the MPC has agreed to bond. She said they will have numbers by the first part of December.

Fraser turned the meeting over to Rod Austin, Co-Chair of the meeting, for MPC questions. Smith asked about the total market value of the District change on page seven. Buchanan said it backs out the market value that the Bank brings to the District as a result of their tax appeal and guaranteeing a minimum tax payment.

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Cates asked what the decision making process is so they can continue to move if the numbers change. Austin said they've had preliminary discussions with the architect and talked about a number below 400 parking spaces. He said there may have to be another discussion about the commercial space projected and how critical it really is if that number drops too low. He said the MPC could decide to put more cash into the project and get the spaces to a certain number. Cates asked if there would need

to be design changes and who decides that. Buchanan replied there's a Design Review Committee that consists of Behan, Austin, Guest, Williams, Gregg Wood from Public Works, Holiday Inn, FIB and herself.

**MOTION
(MPC)**

SMITH: I MOVE THAT THE MISSOULA PARKING COMMISSION ACCEPT THE DEVELOPMENT AGREEMENT BETWEEN THE CITY OF MISSOULA, MISSOULA PARKING COMMISSION, MISSOULA REDEVELOPMENT AGENCY AND FIRST INTERSTATE BANK AS AMENDED (11/16/2010 VERSION) IN SUBSTANTIALLY THE FORM PRESENTED TO THE BOARD AND AUTHORIZE THE COMMISSION CHAIR TO EXECUTE AND FORWARD THE DEVELOPMENT AGREEMENT TO THE CITY COUNCIL. Williams seconded the motion. 5 ayes, 0 nays. Motion passed unanimously.

(MRA)

Staff recommends that the MRA Board approve the Development Agreement between the City of Missoula, the Missoula Redevelopment Agency, the Missoula Parking Commission and First Interstate Bank in substantially the form presented to the Board and authorize the Board Chair and the Director to execute and forward the Development Agreement to the City Council, with such changes and modifications that are approved by the Chair, the Director and the City Attorney.

Moe said the Board will rely on the Director and the Chair to let them know of significant changes.

CATES: SO MOVED. Kemmis seconded the motion. 5 ayes, 0 nays. Motion passed unanimously.

NON-ACTION ITEMS

OTHER ITEMS

ADJOURNMENT

MRA portion adjourned at 12:50 pm.

Respectfully Submitted,



Lesley Pugh
Secretary II