

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

January 16, 2013

FINAL

A **Regular** 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, Nancy Moe, Daniel Kemmis, Ruth Reineking, Rosalie Cates (Skype)
- Staff:** Ellen Buchanan, Chris Behan, Jilayne Lee, Tod Gass, Juli Devlin
- Public:** Paul Sepp, Anderson-Zurmuehlen; Jamie Herring, Anderson-Zurmuehlen; Brentt Ramharter, City Finance; Patty Kent, Western Montana Mental Health Center; Dave MacGillivray, Springsted (via phone)

CALL TO ORDER

12:05 p.m.

APPROVAL OF MINUTES

November 21, 2012 Regular Meeting Minutes were approved as submitted.
December 19, 2012 Regular Meeting Minutes were approved as submitted.

PUBLIC COMMENTS & ANNOUNCEMENTS - None

ACTION ITEMS

FY12 Audit Report – Request for Acceptance (Lee)

Jamie Herring and Paul Sepp with Anderson-Zurmuehlen (AZ) presented MRA's Audit Report for fiscal year 2012. Herring said there was only one finding. She said a FY11 receivable totaling \$61,000 was incorrectly recorded as an expenditure rather than a note receivable in the URD III fund. She said this wasn't found until payments were received in FY12. Herring said this was the first time that the façade improvement program had issued a note receivable so this was a learning experience for both MRA and the auditors. Sepp said MRA may have also received inaccurate information from the City on how to

record this type of loan. He suggested MRA contact AZ in the future if there were any questions on how to record something. He said AZ provides free advice and will guide MRA through the process. Overall, he said MRA had a clean audit and said MRA does a great job managing organizational affairs and does a great job with the financial process.

Kemmis said under the corrective actions on page 55 of the Audit Report, AZ recommends MRA be in contact with an independent accountant. He asked for clarification. Lee said MRA does contract with an independent accountant to help prepare for the annual audit. She and Buchanan have discussed utilizing the accountant more throughout the year. Sepp mentioned that MRA could also contact AZ for guidance free of charge. Lee said whenever there's something new or if MRA has any accounting questions those questions are directed to the City Finance Department for clarification. Sepp mentioned the façade improvement program isn't new but this was the first time that MRA was receiving money back. Kemmis said it might not be a bad idea to have the Board monitor accounting aspects a bit more as well.

Kemmis said the management discussion and analysis section of the audit report is outstanding. He said that section of the audit report is well constructed and comprehensive and he suggested using it more strategically when going through budget planning. He said the management discussion and analysis section of the audit report is the best overview of what MRA has done and where MRA is headed.

Cates: I MOVE THAT WE ACCEPT THE AUDIT REPORT AS PRESENTED.

Moe seconded the motion.

No Discussion. Motion passed unanimously. (5 ayes, 0 nays) Cates on Skype.

Western Montana Mental Health Center – Recovery Center (1200 Wyoming Street)
(URD II) – TIF Request (Behan)

Behan said in October of 2011 the MRA Board approved \$97,773 to assist Western Montana Mental Health Center (WMMHC) with the construction of an addiction recovery center. He said there were a few cost changes during the construction project but the most concerning change was Mountain Water Company's decision to change the location of the water main extension. This caused an increase in cost that exceeded the contingency amount approved in 2011. The developer is asking for an additional \$4,865.77 to cover these costs. Behan said there's no way this change would have been known when the initial costs were being estimated but if it were, the amount most likely would have been approved with the original request in 2011.

Patty Kent, WMMHC thanked the MRA Board and staff and said she appreciates the support. She said out of the \$3.3 million necessary for this project, WMMHC has received \$3.1 million. She said WMMHC is still fundraising for the remaining \$200,000. She said a tentative ribbon cutting is scheduled for April 12, 2013. Kent said she brought a few bricks to the meeting if anyone was interested in purchasing a brick for the new recovery center.

Kemmis asked Kent if WMMHC had engaged with Mountain Water Company prior to the original request in 2011 and was provided costs based on what needed to be done at that point and then Mountain Water later changed the design after MRA had approved the original request. Kent said that was correct.

Behan said he contacted the lead engineer from Mountain Water once he had knowledge of this change. Behan said he was told that once Mountain Water looked at the configuration of the building and how the water lines were designed in the neighborhood; the decision was made to go forward with a different option.

KEMMIS: I MOVE THAT THE BOARD APPROVE THE ADDITIONAL TIF ASSISTANCE TO THE WESTERN MONTANA MENTAL HEALTH CENTER IN THE REQUESTED AMOUNT OF \$4,865.77.

Reineking seconded the motion.

Motion passed unanimously. (5 ayes, 0 nays) Cates on Skype.

Cates left the meeting at approximately 1:00 p.m. Dave MacGillivray, Springsted Inc., entered the meeting via conference call.

NON-ACTION ITEMS

URD II Bonds – Discussion

Buchanan passed out a timeline on the URD II Bonds and an outline of construction documents. She said there are tight scheduling requirements and most of them are driven by the desire to keep the Civic Stadium open for business during their busy months. She said there will need to be a special board meeting scheduled in January and one in February in order to accomplish the items listed in the timeline. Buchanan said the special Board meeting in January will entail authorizing and forwarding the Bond Parameters Resolution to City Council which sets the parameters of the URD II Bonds. The Parameters Resolution needs to be complete and approved by City Council before an Official Statement can be submitted to prospective purchasers.

Buchanan said the bid documents for all three projects will be delivered to MRA for final review on January 22. MRA plans on advertising bids on February 7 and 14. The bid opening date is tentatively scheduled for February 25. She said a second special Board meeting is necessary either February 27 or 28 to approve the bids, award contracts, as well as forward a final bond resolution to City Council.

Buchanan said one item that is driving this schedule is the culvert work for the MRL Trestle. She said the irrigation ditch needs to be underway the first part of March. She said MRA has scheduled the first two weeks of April for prep work prior to tearing out the existing bridge. Montana Rail Link (MRL) has agreed to be out of operation the last two weeks of April so that the old Trestle can be removed and the new Trestle built. She said

Osprey Baseball doesn't start until June but other Civic Stadium activities start in May. MRA's goal, Buchanan said, is to have easy access to the Stadium, Silver Park, and the Silver Park boat ramp in May. She said one key element in the sale of bonds is to have the Bond Purchase Agreement finalized. Buchanan asked how comfortable the Board is entering into a construction contract before having the Bond Purchase Agreement in place. The other question, Buchanan said, is whether the Board prefers the money be in the bank prior to entering into a construction contract.

MacGillivray provided some input and said there's a high probability the URD II Bonds will be sold at marketable levels. He said the City has a good credit rating and D.A. Davidson is confident about selling the bonds. MacGillivray said that once MRA has entered into a Bond Purchase Agreement with D.A. Davidson, the money should be available within one to three weeks.

Ramharter asked about the estimated cost of the Trestle contract. Buchanan said the Trestle itself was under \$1 million. She said the first responsibility, prior to starting the Trestle construction is to make arrangements for the irrigation ditch as part of the Wyoming Street project. She said the completion of the Trestle project has first priority over the other two projects so that the Civic Stadium can remain operable.

Moe asked what the estimated costs were for the Silver Park project and Wyoming Street project. Buchanan said the current estimate on Wyoming Street is around \$1.7 million and the estimate on Silver Park is around \$2.25 million. Moe asked if all three projects were about \$5 million total. Buchanan said yes plus issuance costs. She said in terms of the Bond Parameters Resolution and the Secured Lender's Agreement on the Civic Stadium purchase, the bonding capacity is capped at \$5.75 million. She said District II has well over \$6 million in bonding capacity.

Englund asked if the question today is whether the Board feels comfortable signing construction contracts for the Trestle project and Wyoming Street project with only a negotiated Bond Purchase Agreement. Buchanan said her question to the Board is if MRA doesn't have a Bond Purchase Agreement in place, can MRA move forward with the projects. She said the odds of these bonds not being sold are extremely remote. Ramharter said the City has never had a problem with a negotiated sale of bonds. Buchanan asked the Board what their comfort level is and what they recommend prior to entering into a construction contract.

Moe asked what D.A. Davidson is responsible for under the Bond Purchase Agreement. MacGillivray said once the interest rates have been finalized, then MRA signs an agreement with D.A. Davidson saying MRA accepts the terms of sale at the given interest rates and contractually binds D.A. Davidson to deliver the proceeds to MRA by X date. Moe asked if the unexpected happens and the bonds do not sell, then what obligations does MRA have. Buchanan said the contract will need to include a cancellation provision. Discussion ensued.

Kemmis said it's not so much a concern of his that the money is in the bank as it is placing the construction of the Trestle on the front end of the other two projects. He said an escape route is necessary if a construction contract is initiated prior to the Bond Purchase Agreement and MRA ends up not receiving the Purchase Agreement. He said he's not opposed to entering into a construction contract prior to the Purchase Agreement but asks that the construction agreement have a strong cancellation provision.

Reineking said she's inclined to have the negotiated sale and Bond Purchase Agreement in place prior to awarding the contract but, since timing is a factor and MRA doesn't want to compromise the timeline, awarding the Trestle contract first seems reasonable. Englund asked if the Wyoming Street construction contract is more critical. Buchanan said she hoped the Wyoming Street contract could be segregated into pieces so that the irrigation ditch work (part of Wyoming Street project) could be awarded first and then the Trestle. Moe said she understands there is a timing issue but she said she would rather have the Bond Purchase Agreement in place first before awarding a construction contract. She said she wants to encourage competition during the bidding process. Moe said this approach will also encourage D.A. Davidson to work sooner with the investors and secure commitments.

MacGillivray said the distribution of the Preliminary Official Statement (POS) is scheduled for February 19. He said D.A. Davidson will have plenty of opportunity to pre-market the bonds. He said he could contact D.A. Davidson and try to make this process as tight as possible so that awarding a construction contract could proceed.

Moe asked if it was possible to have the Civic Stadium re-arrange their schedule or provide alternate access to the Stadium assuming they were given enough notice since the new Trestle is a benefit to the Stadium. Buchanan said she is sensitive to that idea because the Civic Stadium entered into an aggressive lease agreement with the City and she wouldn't want to take away any possible Stadium revenue. Englund said he agrees with Moe; he's not keen on the idea of awarding a construction contract before having the Bond Purchase Agreement in place.

MacGillivray left the meeting at approximately 1:30 p.m.

STAFF REPORTS

Director's Report

Front Street Parking Structure

Buchanan said the Front Street Parking Structure looks great. Reineking agreed. Kemmis asked what the schedule was with the public art. Buchanan said the artist has been working on the art piece and has started the foundation for the piece. She said Anne Guest, Parking Commission Director, would like to do the grand opening mid April when the commercial space is up and running and the public art piece is in place.

Updates

Buchanan said a presentation on the Urban Street Car Study is tomorrow at 10:00 a.m. in the Council Chambers.

Behan said the Fox Site Extension Agreement was passed by City Council on Monday, January 14.

Buchanan said since the Wyoming Street project will impact Cregg Lane, the Parks Department and Development Services have come up with enough money to engage WGM Group to do a 30% preliminary design for Cregg Lane.

Budget Reports

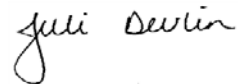
Lee reviewed the budget reports. She said most of the projects and expenditures are in URD II. She said most of the URD III expenditures are related to administration. Englund asked if the Board could expect any additional projects before March 2013. Behan said MRA would be looking at the Intermountain Apartment Project on Russell Street with a possible commercial component.

ADJOURNEMENT

Executive session began at 1:45

Meeting adjourned at approximately 2:00 p.m.

Respectfully Submitted,



Juli Devlin