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City of Missoula
435 Ryman
Missoula, MT 59802-4297

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Missoula, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. 6971 entitled: "RESOLUTION OF INTENTION TO APPROVE THE ENVIRONMENTAL REMEDIATION AND DEMOLITION ACTIVITIES AT THE CHAMPION MILL SITE AS AN URBAN RENEWAL PROJECT FOR URBAN RENEWAL DISTRICT II; TO SET FORTH THE COUNCIL'S INTENTION TO FINANCE A PORTION OF THE PROJECT THROUGH THE ISSUANCE OF TAX INCREMENT URBAN RENEWAL BONDS PAYABLE FROM THE URBAN RENEWAL DISTRICT II; TO APPROVE THE SECURITY FOR THE REVOLVING FUND LOAN; AND CALLING A PUBLIC HEARING PROPOSED PROJECT" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City on September 12, 2005, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following

Council members voted in favor thereof: Ballas, Childers, Crowley, Engen, Floyd, Kazmierczak, Kendall, Lovegrove, Nicholson, Reidy, and Rye; voted against the same: none; abstained from voting thereon: none; or were absent: Peissig.

WITNESS my hand and seal officially this 15th day of September, 2005.

(SEAL)

/s/ Martha L. Rehbein
Martha L. Rehbein
City Clerk

RESOLUTION NUMBER 6971

RESOLUTION OF INTENTION TO APPROVE THE ENVIRONMENTAL REMEDIATION AND DEMOLITION ACTIVITIES AT THE CHAMPION MILL SITE AS AN URBAN RENEWAL PROJECT FOR URBAN RENEWAL DISTRICT II; TO SET FORTH THE COUNCIL'S INTENTION TO FINANCE A PORTION OF THE PROJECT THROUGH THE ISSUANCE OF TAX INCREMENT URBAN RENEWAL BONDS PAYABLE FROM THE URBAN RENEWAL DISTRICT II; TO APPROVE THE SECURITY FOR THE REVOLVING FUND LOAN; AND CALLING A PUBLIC HEARING PROPOSED PROJECT

BE IT RESOLVED by the City Council (the "Council") of the City of Missoula, Montana (the "City"), as follows:

Section 1. Recitals; Authorizations; Previous Approvals.

1.01. The Council, pursuant to Ordinance No. 2803 (the "Ordinance") adopted on December 16, 1991, created its Urban Renewal District II (the "District") and adopted an urban renewal plan for the District which Plan has been amended by Resolution No. 6533 and Ordinance No. 3215 adopted on July 22, 2002, (the "Urban Renewal District II Plan" or the "Plan"). The Plan, as adopted, contains a tax increment financing provision all as set forth in the Ordinance in accordance with Montana Code Annotated (MCA), Title 7, Chapter 15, Parts 42 and 43, as amended ("the Act").

1.02. Pursuant to Resolution No. 5210, adopted by the City on September 16, 1991, the Council determined that the Property described on exhibit A hereto and commonly known as the Champion Mill Site Property (the "Mill Site Property") was blighted within the meaning of Title 7, Chapter 15, Parts 42 and 43, M.C.A.

1.03. Resolution No. 5210 further provided that should the Mill Site Property be annexed into the City, it would be annexed to and included in the urban renewal district that was contemplated by Resolution No. 5210 ("Urban Renewal District II").

1.04. The Missoula Redevelopment Agency (the "MRA") has determined that the Mill Site Property has experienced continued deterioration due to neglect and vandalism since the Council declared that it was blighted through the adoption of Resolution No. 5210 on December 16, 1991 and that it continues to meet the definition of blight within the meaning of Title 7, Chapter 15, Parts 42 and 43, MCA.

1.05. Upon receipt of a petition signed by all persons with a property right interest in the Mill Site Property and pursuant to Resolution No. 6972, the City has annexed the Mill Site Property to the City and it is now part of Urban Renewal District II.

1.06. The City and the MRA have received a copy of the Voluntary Clean up Plan for the Mill Site Property prepared by Maxim Technologies.

1.07. The Millsite Revitalization Project LLC, a Montana limited liability company ("MRP"), the potential developer of the Mill Site Property, has estimated the cost of environmental remediation of the Mill Site Property at \$1,200,000 (the "Remediation Activities").

1.08. MRP has estimated the cost of the demolition and removal work that needs to be undertaken at the Mill Site Property to be \$800,000 (the "Demolition Activities").

1.09. The MRA has determined that the Remediation and Demolition Activities (collectively "the Activities") are eligible activities for tax increment financing under Section 7-15-4288, Montana Code; that

the Activities are consistent with the Plan; that the Activities are beneficial to the District and the City; and has recommended that the City Council approve the Remediation and Demolition Activities as an Urban Renewal Project and authorize the use of tax increment financing to pay or secure the costs of the Activities.

1.10. The MRA has entered into an agreement with the MRP pursuant to which the MRP will undertake to complete the Remediation and Demolition Activities with the assistance to be provided by the City and the MRA and will work with the MRA to prepare and submit to the City for its review and approval redevelopment plans for the Mill Site Property consistent with all City requirements and procedures.

1.11. The Missoula Area Economic Development Corporation (the "MAEDC") has authorized a loan to MRP in the amount of \$1,000,000 from the City's Brownfield's Revolving Loan Program, (the "RLF Loan") conditioned on the City's agreeing to pledge the tax increment derived from the Remediation and Demolition Activities on the Mill Site Property as security for the RLF Loan.

1.12. If the Project is approved as an urban renewal project, the MRA has recommended to the City that it authorize the issuance of up to \$1,000,000, of Tax Increment Urban Renewal Bonds (Urban Renewal District II) (the "Bonds"), payable over a term not to exceed 25 years, to be used to pay the costs of the Remediation Activities in excess of the RLF Loan and costs of the Demolition Activities and to establish the necessary reserves and pay for the costs of the sale and issuance of the Bonds. The Bonds would be payable from the tax increment generated from Urban Renewal District II (the "Urban Renewal District II Increment"), and the MRA has represented there is adequate Urban Renewal District II Increment to pay the principal of and interest on the Bonds when due and to cover the operating costs of the MRA associated with Urban Renewal District II.

1.13. If the Project is approved as an urban renewal project, it is proposed that the City would enter into an agreement with the MAEDC whereby as consideration for the MAEDC's making the RLF loan to MRP, the City will agree to pledge to the payment of the RLF Loan the tax increment to be generated by the Remediation and Demolition Activities on the Mill Site Property (the "Mill Site Increment"), and if the City determines to issue additional tax increment bonds payable from the Mill Site Increment, the City will refund the RLF Loan from the proceeds of such bonds. The MAEDC has represented to the City and the MRA that the projected increment to be derived from the Mill Site Property as a result of the Remediation and Demolition Activities will be sufficient to amortize the RLF Loan over a period of 20 years.

Section 2. Findings. The Council hereby preliminarily finds, with respect to the Project, as follows:

- a. no persons will be displaced by the Project;
- b. the Project is consistent with the Plan, and both the Plan and Project conform to the Comprehensive Plan or parts thereof of the City and its Growth Plan.
- c. the Plan and the Project will afford maximum opportunity, consistent with the needs of the City as a whole, for the rehabilitation or redevelopment in the District by private enterprise;
- d. a sound and adequate financial program will exist for the financing of the Project, which program includes the use of Tax Increment Bonds (Urban Renewal District II Increment) proceeds in an amount not to exceed \$1,000,000; and the RLF Loan of \$1,000,000.

e. the Council makes no independent findings at this time as to the adequacy of the Mill Site Increment to amortize the RLF Loan and relies on the MAEDC's analysis for purposes of this Resolution.

f. the Project constitutes an urban renewal project within the meaning of the Act and the Plan.

Section 3. Public Hearing. A public hearing is hereby called and shall be held on Monday, October 3, 2005 at 7:00 p.m. in the Council chambers on the Project and the proposed financing therefore. It is anticipated that the City will issue its Tax Increment Urban Renewal Bonds payable from Urban Renewal District II Tax Increment in the amount of \$1,000,000. It is anticipated that the City will execute an agreement with the MAEDC whereby it will pledge the Mill Site Increment to the repayment of the RLF Loan and it will agree to refund the RLF Loan from the proceeds of any tax increment bonds issued for the Mill Site property and payable from Mill Site Tax Increment.

Section 4. Notice. Notice of the public hearing shall be published in the *Missoulian* on September 18 and September 25, 2005 in substantially the form attached as Exhibit A hereto (which is incorporated by reference and made a part hereof).

PASSED AND APPROVED by the City Council of the City of Missoula, Montana, this 12th day of September, 2005.

ATTEST:

/s/ Martha L. Rehbein
Martha L. Rehbein
City Clerk

APPROVED:

/s/ Mike Kadas
Mike Kadas
Mayor

EXHIBIT A

NOTICE OF PUBLIC HEARING TO APPROVE
REMEDIATION AND DEMOLITION ACTIVITIES
AT THE CHAMPION MILL SITE AS AN URBAN RENEWAL PROJECT
AND APPROVE FINANCING THEREFOR

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of Missoula, Montana (the "City") has passed a Resolution of Intention to approve remediation and demolition activities at the Champion Mill Site as an urban renewal project and approve financing therefor (the "Resolution"). The City will hold a public hearing to approve the Project as an urban renewal project in Urban Renewal District II (the "District") and approve financing for the Project on October 3, 2005 at 7:00 p.m., at the Council Chambers in Missoula City Hall, 435 Ryman, Missoula, Montana.

The proposed project consists of environmental remediation (the "Remediation Activities") and demolition and removal work (the "Demolition Activities) of the Property commonly known as the Champion Mill Site Property (the "Mill Site Property") (the "Project").

It is proposed that the City will issue and sell its urban renewal tax increment bonds, payable from the general tax increment revenue generated in the District (the "Bonds") in an amount sufficient, but not to exceed \$1,000,000, to fund the Demolition Activities and pay the costs of the Remediation Activities in excess of the City's Brownfield's Revolving Loan Program (the "RLF Loan") costs, and to establish the necessary reserves and pay for the costs of the sale and issuance of the Bonds, if the Project is approved. It is also proposed that the City will execute an agreement with the Missoula Area Economic Development Corporation (the "MAEDC") whereby it will pledge the increment to be generated by the Remediation and Demolition Activities on the Property (the "Mill Site Increment") to the repayment of the RLF Loan and it will agree to refund the RLF Loan from the proceeds of any tax increment bonds issued for the Mill Site property and payable from Mill Site Tax Increment.

Any interested persons may appear and will be heard or may file written comments with the City Clerk prior to such hearing.

Dated: September 12, 2005.

/s/ Martha L. Rehbein
Martha L. Rehbein, City Clerk

Publication Dates: September 18, 2005
 September 25, 2005