

MINUTES OF THE MEETING
URBAN REVITALIZATION AGENCY
JUNE 28, 2016

1. **CALL TO ORDER AND ROLL CALL** – Dale Mahugh called the meeting to order at 8:40 a.m.

MEMBERS PRESENT: Dale Mahugh, Bob Worley, Stephen Coe, Robert Brown

MEMBERS ABSENT: Jim O’Neill

STAFF PRESENT: Karen Byrnes and Sherrie Walsh

GUESTS: Andy Zdinak, BLDC/Glacier Bank, Steve Brandsted, Adam Benson, BLDC, Jon Sesso, BSB Planning Director, Mike Smith, Montana Standard

APPLICANTS PRESENT: Steve Bransted, Josh Bransted, on speaker phone

2. **APPROVAL OF MINUTES AND FINANCIAL REPORTS**

Bob Worley made a motion that was seconded by Stephen Coe to accept the minutes with a change to be made on Page 2, Section 5, #B, 2nd paragraph, of the May 24, 2016 minutes. The sentence should read - That means that the second story of our garage, on the **east** side of our garage, will overhang their property into the future by about 10 feet. The motion passed unanimously.

A copy of the Financial Report is made part of the minutes.

Karen reported that the Dumas owners had brought a monthly payment to the office last week. Karen stated that she is in contact with the owners and they will meet with her to discuss their financials for the Dumas. Karen reported that their Northwestern Energy meter was put in as a business meter versus a residential meter. Karen will update the Board at the next meeting.

Stephen Coe made a motion that was seconded by Bob Worley to accept the Financial Report as presented. The motion carried unanimously.

3. **DIRECTOR’S REPORT**

Karen Byrnes reported that she has implemented stars in front of the delinquent loans on the Loan Summary sheet so the Board and tell which loans are delinquent – putting 1 star for one month delinquent, and 2 stars for two months delinquent, etc.

4. **PUBLIC COMMENT**

No public comment.

MEETING CLOSED FOR LOAN DISCUSSION – Item 5, a. – MEETING WILL REOPEN AFTER DISCUSSION FOR BOARD ACTION

5. Josh Bransted, principal owner and managing member of 668 South Montana Street Partners LLC (75% ownership Josh Brandsted and 25% ownership Steve Brandsted) are requesting financing from the URA to assist with renovation of property located at 668 South Montana Street to convert to a 4-Plex Apartment Complex. This loan will serve as a participation financing in partnership with Glacier Bank for renovation and conversion of this building. The applicant is requesting interest-only for 12 months and fully amortized principal/interest payment over 25 years.

Steve Bransted, Josh's dad attended the Board meeting. Josh Bransted, was available by phone. Andy Zdinak, who was representing BLDC and Glacier Bank, reported that he would be presenting this financing packet to Glacier Bank on Thursday, June 30, 2016. Andy reviewed the project and financing packet with the Board. Personal guarantees from Josh and Steve Bransted were discussed, as Josh has a strong cash flow. The project is 60% completed and will be finished in August 2016. Steve and Josh hope to have tenants in the renovated building by the fall. Gary Shea, Shea Realtors, has appraised the property at 668 South Montana Street at \$220,000 dollars. Bob Worley had two questions regarding the requested 25 year loan and Glacier Bank looking at a 20 year loan and his concern of interest only payment for 12 months. Bob would like to see a 20 year loan. Dale Mahugh stated that he would like to see the principal and interest payment sooner with 6 months interest only.

Dale stated that it is a good project. Bob Worley was concerned of the consistency on loans and changing rules for each loan. Bob stated to the Board, would we modify terms? Bob stated that this project is a great location. Karen spoke on some modifications, stating that they needed a compelling reason. Karen stated that this needed to be addressed when this meeting opens back up to a public meeting and when the Board makes a motion it also has to be in a public meeting. The Board then asked that Josh be called on the phone. The Board and Josh discussed the initial request of a 25 year loan and a long term relationship with the Board and Glacier Bank. After discussion with the Board, Josh stated that he could be open to a 20 year loan on \$46,000 dollars with a 25% URA participation. The URA loan would be a 21 year loan, with the first 12 months being interest-only payment and amortized over 240 months and a 5% fixed interest rate for twenty years. Also, Mary McCormick, Historic Preservation Officer, will need the preservation historic review and proceedings. Mark Reavis is working through the process with Mary.

MEETING OPENED BACK-UP FOR BOARD ACTION

Karen stated that the Historic Preservation review of the project, will be reviewed at a meeting on Tuesday night. The review will have to be approved and Glacier Bank has to have approval. Robert Brown made a motion that was seconded by Bob Worley to approve the loan from the URA to Josh Brandsted, principal owner and managing member of 668 South Montana Street Partners LLC to assist with renovation of the property at 668 South Montana Street to convert to a 4-Plex apartment complex. The motion and second are with two contingencies, which are the historic preservation approval and the approval of the financing at Glacier Bank. The loan amount will be \$46,744 dollars. The term/payments is an interest-only payment for first 12-months and amortized over 240 months. The interest rate will be 5% fixed for twenty

years. The motion passed unanimously. The URA Board stated that this will be nice work as this is an important corridor on Montana Street.

6. PARKING GARAGE PROJECT UPDATE

Karen reported that two development agreements had been approved by the Council of Commissioners. They are the Phoenix Building and the Uelands. The county attorney is working on the contractor's agreement and is in procurement now. Karen stated that July 20th is the target date of having this completed and will go to the Council of Commissioners on July 20th. Karen gave an overview to the Board of the pricing and overall budget of the project. After the procurement, Karen will have the total price of the project on July 15th. Karen stated that there is a guaranteed maximum price on the building. Also, the bond resolution is going through the Council of Commissioners. Karen stated that the contractor has been in town working with the highway and land owners. Robert Brown commended Karen on the updates on the project. Karen stated that the design team and the contractor have been great. Robert Brown stated that he would like to look at the completed list of the project. The construction date will have a starting date of no later than August 1st. The project will begin for three months and then will shut down for three months, during the winter months. The completion date of the project is slated for next summer. The Board and Karen both agreed that this project is a catalyst for Uptown Butte.

7. DISCUSSION OF BET LOAN – JON SESSO

Jon Sesso, BSB Planning Director reported that this Butte Events Team (BET) was formed in 2010 and were a group of seven festival members which included the Montana Folk Festival, Evel Knievel Days and the An Ri Ra festival. Jon reported that this group came together needing the same items, which were tables, chairs stages, electrical, garbage cans, fencing, security, tents and sound equipment. These items are still being used for the festivals today. The BET came to the URA Board with a proposal for a grant from the URA Board. The URA Board approved the grant and Jon thanked the former URA Board members and anyone that is still on the Board that gave the BET the initial \$86, 800 dollar grant. The grant money did not have to be repaid to the URA. The BET then came back in 2013 asking for another grant in the amount of \$200,000 dollars. The URA Board declined the grant, but approved a loan for the BET in the amount of \$100,000 dollars. Jon reported that when Jay Ellington became the Parks and Recreation Director in late 2013, he wanted separate contracts between the county and the organizers for each festival so the BET was dissolved, Therefore, Jon came to the URA Board asking them to forgive the \$100,000 dollar loan. There are no documents regarding the loan as it was an intergovernmental loan. Because it was an intergovernmental loan there was no interest, no timetable for repayment or any other written terms. Jon came to the Board meeting asking for this loan to be converted into a grant. Jon stated that if the BET have to repay the 2013 loan, the money would come from other public dollars. Also, the festivals have received money in the past from the Hard Rock Fund. Robert Brown stated that the Board would like to look at the file and minutes regarding the BET. Jon stated that Josh Peck was the festival coordinator in 2013 and came to the Board meeting on behalf of BET. There are the March 22, 2013 URA Board meeting minutes, section 6, page 2 that states this was tabled to April 19 , 2013 URA Board meeting in which Jon was on the phone asking for the final request for a \$200,00 dollar grant. The \$100,000 dollar grant request then failed for a lack of a second to the motion. The URA

Board then approved the \$100,000 dollar loan to the BET. Jon stated that he was not at the March 22, 2013 meeting and could not speak about what happened with the BET. Robert Brown asked Karen to send URA Board minutes from 2010, 2011, 2012, and 2013 for the URA Board to review the BET requests and why the URA Board voted no to a second requested grant in 2013. Robert stated that we are now operating under URA2 as URA1 is closed. Jon stated that the festivals now use monies from the Business Improvement Dollars and from the Re-Development funds for each event and each group is pulling their own weight. Bob Worley asked Jon who took the information back to the seven groups that it was a loan not a grant. Jon stated that it was him that relayed the information. Dale Mahugh stated that he would like to table this discussion, until the next URA Board meeting. The old and new members of the URA Board need to review the information that Karen will send to each of them for their review. Dale stated that he appreciated Jon coming to the URA Board meeting with information on the BET.

8. BUDGET PRESENTATION FY 2016-17

Karen presented and reviewed the FY 2016-17 preliminary budget with the Board. Karen stated that she, Danette Gleason, BSB Budget and Finance Director and Keith Kemble, URA Board Financial Consultant were working on the budget. Karen stated that Keith Kemble, URA Board Financial Consultant will give the URA Board one more fiscal year contract. The fiscal year is from July 1, 2016 to June 30, 2017.

9. Robert Brown asked for information on the copper apartments. Karen stated that Micah was injured in an accident and has been out recovering for 2 months. This has pushed back the construction on the copper apartments. Micah hopes to be back soon. Dale stated that an excavator could be brought in to level the weeds.

Stephen Coe made a motion that was seconded by Bob Worley to renew Keith Kemble's 2016-17 Financial Management Contract as presented with the exception of different dates. The salary will be the same amount in the new contract. The motion passed unanimously.

10. OTHER ITEMS

None

11. ADJOURN

Stephen Coe made a motion that was seconded by Bob Worley to adjourn the meeting. The meeting was adjourned at 10:43 am.