

**MINUTES OF THE MEETING**  
**URBAN REVITALIZATION AGENCY**  
**May 23, 2023**

**MEETING WAS HELD IN PERSON AND BY PHONE**  
**CONFERENCE**

1. **CALL TO ORDER AND ROLL CALL** – Dale MaHugh called the meeting to order at 8:31 a.m.  
**MEMBERS PRESENT:** Dale Mahugh, Stephen Coe, Bob Brown, Bob Worley and Kevin Patrick  
**MEMBERS ABSENT:** Karen Brynes Director  
**STAFF PRESENT:** Pauline Giacomino, Kate McCourt HPO, and Sherry Carpino  
**CONSULTANT:**  
**GUESTS:** Banner and Carrie from BLDC  
**APPLICANTS PRESENT:** Rody Holman and Anthony Fields

2. **APPROVAL OF MINUTES**

Stephen Coe made a motion that was seconded by Bob Brown to approve the minutes as amended from the April 25, 2023. Bob Worley abstained due to absence. The motion carried unanimously.

3. **FINANCIAL REPORT/BUDGET**

Pauline Giacomino went over the Financial Reports with the URA Board members. Pauline brought up the conversation about accounts that consistently are getting behind and she has been trying to work with them to send in extra payments to no avail. So, I discussed this with Karen, and we felt we should start applying late fees on accounts that refuse to get caught up or work with us. When they are about 30-45 days late, and they are making efforts to make payments every single month then that is a different story. But when they are not showing any effort in getting caught up, we feel we should start applying a late fee to curb that habit. Dale states we have a late payment fee structure in place now correct. Pauline states it is in every loan agreement and so we would follow it pursuant to that. I don't know if every loan is the same or different. Some of them are like a percentage of what their monthly payment is. Dale continues with I recall that, and I think we talked about it in one of our strategic sessions over the last year or two. I know Paulie and I have talked a little bit about this over the last couple of weeks and it does seem appropriate that we have very few loan issues and I still feel confident that these loans will be paid. But at the same time, they are exercising their right to drag their feet. I feel we need to go ahead and enforce the terms of the loan agreement and assess late payments. What does the rest of the board think. Bob Brown starts with I would point out that we have 44 loans and really only 2 are problematic and it seems to be the same 2 month after month. I totally

agree with your proposal Pauline that we start exercising our contractual right and if we have to set it up for foreclosure, have we ever done a foreclosure. Dale states we have but it's been a long, long time. I agree there are only a few offenders, but I think at this point in time that we have try to work with all the loan applicants in the past but if there are some that Pauline says they are abusing the right that we go ahead and exercise our rights accordingly. Now whether or not that will be enough to get them to pay on time or not time will tell. Pauline was also mentioning where we have allowed applicants to work within the parameters of the system, she suggested that we send a letter to them telling them we will be assessing late fee charges and I agree with that. Bob Brown states particularly those we reach out to, and they don't respond. We are enormously generous with people that have special needs or occurrences when they talk to us. But when we are left in the dark, I don't think we have a choice but to activate the last fees. Steven Coe states I think if we are going to do this, we need to follow what is their contract for everybody and if they want to pay for 3 months then modify their contract to set it up to be that way. Dale states I think that is a good point I think with consistency throughout then there shouldn't be any criticism at all. Whether it may speed up some of the other borrowers up 10 days or something just because they have gotten used to doing something and now, they have to change that makes sense as well. And I don't even think that this requires a vote because it's under existing policy. Just an FYI that we are going to enforce the late payment rules. I would offer, if you have a problem client, I would be happy to help. Pauline thanked Dale and stated are you wanting me to follow it if they are some days late to actually enforce late payments because I don't know if I can do that tracking to that level. Steven stated that the BLDC could do the tracking and Banner spoke up and said we don't see the payments so we wouldn't be able to provide that. Everyone was in agreement to enforce a late fee.

Bob Brown made a motion that was seconded by Kevin Patrick to accept the financial information as presented. The motion carried unanimously.

#### **4. TAKEBACKS**

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

#### **5. DIRECTORS REPORT**

Pauline stated that Karen didn't leave anything with us, but she just asked if any of you had any questions that Sherry or I could answer. Or if you want to send an email that would work also. Bob Brown just wanted to confirm that during the legislature session there weren't any URA or TIFID program changes. Pauline confirmed that we made it through with no changes. Dale also thanked everyone for their efforts that chipped in with their help, it took a village to get that information set aside. A lot of miscommunication and misinformation within a small group of people that made Karen and the staff's life a bit uncomfortable for a while. Bob Brown continues that his understanding is that the help was Statewide. Dale confirmed. And even those that don't have URA's, TIFID's or TEDD's in their area with the information that was provided the 90 some that were in that

room and the hallway that one day came to the belief that we serve a purpose. Economic development from these departments has been huge not only the uptown URA but now the RRA on Harrison in East Butte and especially the TIFF out west of town and I have to say the TEDD south of town. All of them have been a big economic driver for us. You just have to drive out to the TIFF west of town and see the activity that is taking place. There are over 600 employees that call that their workplace every day and there are probably 150 carpenters and tradesmen that are actually building new locations out there already. It takes a while to see something come to fruition but in our case for Butte it's totally a win. And most of the dissention came from a small group of what I will call uninformed constituents in Missoula. Over 1 project in particular but that is behind us, and I know we will have this conversation in 2 years. Bob Brown asked if we know anything about REC's thoughts about how because they are building in Moses Lake. I was curious if they are doing anything here. Pauline states she isn't sure. Bob Worley states that REC lacks power and affordable power I have good information on that. Dale continues and the quality of the poly crystal that they produce here is extremely high quality so that is a situation that there are possibilities on the board to expand. And their business model is changing as well because they are looking at some different options as well like partnerships and in that regard, I don't know a lot of details. Bob Brown stated I think in Moses Lake they are looking at doing the battery thing on a massive scale. Dale continues that is what I had heard as well, and that plant had been all but shut down as well and moth balled for several years. So, what happened was they were looking at a huge investment that was just sitting there. And Karen did apologize for not being here, but she had other meetings interfering.

## **6. GRANT REQUEST**

### **a. 101 W. Galena – Ethan Hjorten**

Exterior Improvements  
Project Cost - \$16,500

The applicant is seeking matching grant funds to paint the exterior of the building. The applicant has provided all necessary documentation within the application. The URA Staff recommended funding in the amount up to \$4,125 or 25% of the eligible costs.

The applicant was not reachable.

### **b. 110 E. Aluminum – Morning View, Inc./Anthony Laslovich**

Exterior Improvements  
Project Cost - \$14,732.88

The applicant is seeking matching grant funds to replace the roof. The applicant has provided all necessary documentation within the application. The URA Staff recommends funding in the amount up to \$3,683.22 or 25% of the eligible cost.

Anthony Fields is representing and states that the roof is sheeted, and we are going to put a TPO roof on it. Bob Worley asked if it was approved by historic preservation. Kate states that she has had a conversation with the other Anthony (Laslovich) and

made him promise that he would speak to his roofing contractor to make sure that they don't stretch it over the parapet, that is what HPC prefers, and he promised he would. Bob again asks do they use some kind of do they come up with a rod on the inside. Kate states they would put the termination bar either on the inside or up on top of the parapet so that it is not visible from the street.

Bob Brown made a motion that was seconded by Kevin Patrick to approve the amount up to \$3683.22 a 25% of the eligible cost for 110 E. Aluminum Street Morning View Inc.-Anthony Laslovich subject to the conversation Kate had with Anthony. The motion carried unanimously.

- c. **675 S. Montana – Copper City Crossfit/Anthony Fields**  
Exterior Improvements  
Project Cost - \$24,816.72

The applicant is seeking matching grant funds to replace the roof. The applicant has provided all necessary documentation within the application. The URA Staff recommends funding in the amount up to \$6,204.18 or 25% of the eligible costs.

Anthony honestly states kind of the same situation as the last one except this one is tar, and it has a leak, and we have to fix it. And we have some new tenants back there, so we need to get a roof on there. Dale asked if this was in the far rear portion of the building. Anthony states yes, it's on the west side of the building. Kate asked if this is the gym, so it is considered a noncontributing structure. Bob Worley asked is it your intent to use those rods at the top or are you going to wrap this over. Anthony states he will do whatever the roofing company suggests doing.

Stephen Coe made a motion that was seconded by Bob Brown to approve a grant in the amount up to \$6,204.18 or 25% of the eligible cost of replacing the roof at 675 S. Montana – Copper City Crossfit/Anthony Fields. The motion carried unanimously.

**MEETING CLOSED FOR LOAN DISCUSSION – ITEM 7, A, MEETING WILL REOPEN AFTER DISCUSSION FOR BOARD ACTION**

**7. LOAN REQUEST**

- a. **49 N. Main – HOP, LLC/Rody Holman, Wayne Paffhausen, & Terry O'Keefe**

**Total Loan Request and Terms:**

Total Financing Request:	\$71,861
Interest Rate:	5% Fixed Rate
Term:	10 Year Term (120 months)

**Loan Purpose:**

To assist in the repairs of the HOP, LLC building. These repairs include a new roof, cleaning out the elevator shaft, upgrading the elevator system, and bathroom repairs at 49 N. Main. URA staff is recommending approval of this loan at the terms above.

Rody Holman starts with I am a member of HOP, LLC and that consists of myself, Wayne Paffhausen and Terry O'Keefe, we formed the LLC in 2006 for the purposes of acquiring, renovating and leasing as commercial space property at 49 N. Main Street in Butte some of you may know as the Prudential Bank building. We have been a long-time land holder in the area and have utilized the URA programs in the past along with loan funding. We have paid for all of those as agreed and we appreciate the past support that we have had from the URA. Some people may think that we may not need the URA funding for this particular project and my only point to that would be, it is a multi-tenant building and if we happen to lose one or two tenants, we want to have that flexibility if you will of trying to drive the interest rate borrowing costs down or keep them as low as possible. And obviously we don't know what is going to happen in the future I mean the pandemic we were able to come through that unscathed but this whole phenomenon of people trying to work from home and companies allowing that highbred work force that is also a concern of ours as well. So, with all of that said we are putting a new roof on the building, a new elevator and then some clean-up within the building. I appreciate this group and Banner along with Carrie have been great and the URA has been great. So, that is the issue we have a project with the roof the elevator and the equity of the partners will be able to fund equity injection into the project as well, but we don't want to finance this 100% with our money so that is the reason for us acquiring this debt. The amortization schedule is out 10 years but again we want that for the flexibility of cash flow in case we happen to lose a tenant for example. So, with that I'm happy to answer any questions and again appreciate your past support. Banner states the property is 49 N. Main Street in Butte, and the amount of the loan is for \$71,861 and then you take the fees away the dispersal amount will be \$68,900 and we are partnering with Glacier Bank they will take on half of the loan and we are requesting that the URA take the other half. They have had a URA grant of \$39,400 and Rody got into what they have to do O'Keefe is coming in to clean out the elevator shaft and new elevator and put a new roof and some work in some bathrooms. We did perform a CMA that was by Matt Buckley with 21 Century Shea, and he is using a 7% cap rate he came up with a million ninety-nine thousand for a value for that building. Which would put the loan to value ratio at only a 13% loan to value ratio with a combined loans of Glacier and the URA. And debt service coverage ratio is going to be anywhere from a 3 to a 4 if you spread it over their prior financials so there is plenty of debt service coverage just off the building itself to cover this low amount of debt. All 3 partners are high earners, all high credit score individuals so there is really when it comes to strengths and weaknesses, strengths are it's an excellent collateral position it has strong borrowers, desirable building and long-term tenants. And I didn't identify any weaknesses with this loan. Bob Brown asked when you 2 were at the loan meeting is there anything we need to know about. Dale and Bob Worley confirmed no. Dale continues that Banner probably stated it better than I could, this is definitely a high-quality loan request and basically BLDC's staff and board members had no comments other than a 1-dollar difference. I was the only one that asked questions and Rody

addressed the one about why split this in 2 different loans, I knew the answer before he answered but he did a good job of rephrasing it just to divide the risk a little bit depending on whether or not they would have full tenancy during the duration of the loan and that makes perfect sense. Bob Brown asked is there a reason BLDC is not involved. Banner states the request was 50% Glacier and 50% URA there wasn't a need. Rody states that it was his understanding that 1 of the program parameters of the URA is that they wanted bank participation and I understand that I have worked in this arena for many years, and I understand that you want to have the banks participate and you don't want to be replacing the banks so if URA wanted to fund it 100% we would be more than happy with that but we would to make sure we played by the rules and sought a bank to participate and so that is why we did it that way. Bob Brown continues so as I understand it, we step in where the banks won't go. Dale states more than anything we don't want to be a vendor last resort. But at the same time a bank may have some limitations on their loaned value with their perimeters that they may be maxed out on a loan, and they need a little help to get over the top and we can make that loan request for the difference. In this case I think I always encourage having banking in the community go ahead and take part in this project. Bob Brown asked what are the terms for the bank. Banner states the terms are similar the rate with Glacier is going to be higher but it's a ten-year term with URA and also a ten year with Glacier. Bob Brown asked what's their rate. Rody stated he was told it was 6 ½ and yes this could be all a bank deal but the URA wanted bank participation so that is why we sought that out. And again, the reason we are here is to mitigate that risk of a lost tenant or something unforeseen happens. We have 2 things we are looking at trying to do to drive down our borrowing cost aside from the fact that we think it's a great project for the URA and we are extending the amortization too. Common practice would say you would want to match the amortization with the assets which you are borrowing against and obviously this is a building, so we are doing that. We could probably shorten the amortization schedule, but we didn't want to again we want to give ourselves the flexibility in case we do happen to lose a tenant. Bob Brown and the grant that was referenced in these documents did we just approve that. Dale confirmed we did and at that time Rody had indicated that he would be returning. Bob Brown continued and the other question I had obviously we aren't asking for life insurance in this case. Dale stated no we are doing a personal guarantee of all the parties.

Bob Worley made a motion that was seconded by Stephen Coe to approve a loan to HOP LLC in the amount of \$71,861 in an interest rate of 5% for the term of 10 years. The motion carried unanimously.

**8. PUBLIC COMMENT**

None.

**9. OTHER ITEMS**

Bob Brown thanked Pauline and Sherry for putting the packets together.

**10. ADJOURN**

Bob Worley made a motion that was seconded by Kevin Patrick to adjourn the meeting at 9:27 a.m. The motion carried unanimously.