



1413 4th Avenue North, Suite C • Billings, MT 59101

22 May, 2014

City of Billings Planning and Community Services
Attn: Candi Millar, Director
PO Box 1178
Billings, MT 59103-1178

RE: Request for TIF Fund Assistance – Carol Kraft

Dear Ms. Millar,

Ms. Carol Kraft has submitted a request for TIF fund assistance for a project in the East Billings Urban Renewal District. The planned project removes two blighted buildings and a shed from a property located at 115 North 22nd Street (please see photos included with the attached application.)

Ms. Kraft owns rental property directly to the North of the blighted property. The blighted property has been abandoned for several years and is in extreme disrepair. It is a major contributor to fiscal and physical deterioration to the neighborhood and an attractant for illegal activity. After years of attempting to get the owner to take action, Ms. Kraft purchased the property and invested her own capital and time to resolve problems that the property has exacted on the neighborhood.

According to Billings Chief of Police, Rich St John, this property has been a nuisance property for the police department for which they've had to expend countless man hours addressing trespassing, disorderly conduct, graffiti and intoxicated person (see attached letter.)

In talking with business owners in the area, they too expressed concern. The condition of the property has had a negative impact on their patrons by housing insect infestations and criminal activity. They too are excited to see the blight removed and are looking forward to seeing positive redevelopment in the area in the future.

The requested TIF funds are to help Ms. Kraft cover a portion of the eligible costs of the project. They include;

- 1) Demolition of a blight
- 2) Environmental testing required before the building could be removed
- 3) Relocation of power pole

1413 4th AVE N, SUITE C - BILLINGS, MONTANA 59101

On 13 May, 2014, the Board of Directors of the BIRD voted unanimously to support Ms. Kraft in her application for TIF fund assistance and recommend approval \$6343 in funding from the East Billings TIFD to help cover the \$14,095 in eligible costs. We respectfully request that you review this application for compliance.

Sincerely,

/SIGNED/

Kelly McCarthy
Development Director
406-545-7007
kelly@billingsbird.com

Attachments –

- TIF Application
- Excavation Contract
- Environmental Inspection Invoice
- Demolition Bond (Cayton Excavating)
- Billing Police Department ltr
- Pictures of the blighted property (18)



City of Billings
East Billings Urban Renewal District

T.I.F.D. Project Information & Application

For Public/Private Non-Increment Generating
Development Projects

Effective May 9th, 2014

Billings Industrial Revitalization District (BIRD)
1413 4th Ave N, Suite C
Billings, MT 59101
406.545.7007

This is a draft document. Temporary use is permitted pending final approval of BIRD Board of Directors and City of Billings

TAX INCREMENT FINANCING APPLICATION PROCESS FOR POTENTIAL PUBLIC INFRASTRUCTURE ASSISTANCE VIA A DEVELOPMENT AGREEMENT AND POSSIBLE ISSUANCE OF TIFD BONDS

IMPORTANT: The material below outlines the Tax Increment Development Agreement application process and the responsibilities of the person or firm requesting TIF fund assistance (hereinafter known as APPLICANT) and the Billings Industrial Revitalization District, Inc. (hereinafter known as BIRD). Please review this information carefully before submitting the application or finalizing your development plans.

INTRODUCTION

The BIRD is responsible for advising the Governing Body, the City of Billings (hereinafter known as CITY), of the East Billings Tax Increment District, pursuant to Montana Urban Renewal Law (Title 7 Chapter 15 part 42 Montana Code Annotated, "Urban Renewal." Tax Increment Financing (TIF) is an important element of the program as it provides a means to finance public urban renewal activities that assist and enhance private development within the district. A TIF program operates by first establishing a base year taxable value for all properties within the urban renewal district. Property taxes continue to be paid to all taxing jurisdictions on the basis of the base year valuation. All increases in property taxes above this base valuation due to new development or reappraisals are assigned to the TIF District. They are then invested in district revitalization activities.

Consideration of TIFD assistance is available to private developers for public infrastructure (See Schedule "A" attached) components of projects within the boundaries of the East Billings TIFD.

ELIGIBLE ACTIVITIES

As specified by Title 7 Chapter 15 Part 4288 Montana Code Annotated, TIF may be used to finance certain urban renewal activities. The BIRD will review applications and make recommendations to the CITY Council for assistance to projects eligible under this statute. Requests are evaluated on criteria outlined in the "Criteria for Review" section below. Special emphasis will be placed on those projects that exemplify the East Billings Urban Renewal District (EBURD) Master Plan. This plan is available for download at the BIRD website, www.billingsbird.com.

Projects requesting TIFD funds will either be increment generating where development will contribute to increased tax revenue for the TIF District, or non-increment generating projects that improve the aesthetics, character, safety and/or quality of life in the area. Examples of non-increment generating projects could be elimination of blighted buildings, improvement of public spaces, or investment in infrastructure.

This application is intended for non-increment generating projects. As a general rule we seek to reimburse private developers for up to 45% of project costs for eligible expenditures (see appendix A.) These are only guidelines however. All request for TIFD funds are subject to approval by the Billings CITY Council and TIFD fund availability.

APPLICATION PROCESS AND TIMELINE

Anyone seeking TIF assistance from the BIRD must submit a written application for each TIF-assisted project. The following procedure has been developed to expedite the review of TIF funding requests.

1. Initial Contact. Contact Kelly McCarthy, BIRD Development Director, 1413 4th Avenue North, Suite C Billings, MT 59101, 406-545-7007, to discuss the project and determine preliminary eligibility for TIF assistance.
2. Prepare a Written Application. The APPLICANT must prepare a written application for each project assistance request. **Applications must be received by the BIRD staff in advance of work on the project.** Development Agreements may also be required prior to commencement of construction (see #6 below.) Waiver of this requirement can be considered when public safety or other factors warrant. For all TIF requests, the APPLICANT must complete a “Developer’s Statement of Qualification and Financial Responsibility” which includes evidence of bonding or other form of security sufficient to ensure completion of the project.
3. Staff Review. Upon submittal of all necessary information, the BIRD staff will review the project and the need for funding. At any point in the review process the staff or Board may request more information of the APPLICANT or solicit comment on the project from other public agencies. Items included in personal financial statements become public documents and are subject to public review or presentation to or comment by other agencies.
4. East District Development Review Team (BIRD BOARD MEMBERSHIP) Review. The BIRD Board serves as the review committee and will evaluate the application and staff recommendations. The review committee reserves the right to seek additional project review from supporting committees of the BIRD and from other public agencies. The review committee will issue preliminary approval/disapproval of the assistance request or any part thereof and will make a recommendation to the Billings CITY Council.
5. CITY Council Review. Projects will be forwarded to the Billings City Council for final approval and consideration of a Development Agreement that will clearly spell out the public investment required to be applied towards public infrastructure and/or development improvements within the public right of way. CITY Council approval is required before the BIRD and the CITY enter a Development Agreement with the APPLICANT.
6. Development Agreement. The BIRD, the CITY and the APPLICANT must execute a mutual agreeable legally binding Development Agreement which establishes the terms and conditions of TIF assistance. Sample Development Agreements are available at our office for reference. The Development Agreement may include, but is not limited to, the following:

- Complete architectural design specifications and site plan
 - Time frame for project development, construction and completion
 - Specifications for release of funds related to public infrastructure
 - Cash flow and pro forma statements for a minimum of five years of the development
 - Terms and conditions of the various financings
 - Commitment letters and loan documents related to the various financings
 - Ownership of completed development
 - Events of default; remedies
 - Zoning approval
 - Tenant commitments
 - Non-liability of CITY officials and BIRD
 - Cause for termination
7. Timing. Following the above process for approval, the APPLICANT can expect a minimum of 60 days between submitting an application to the BIRD and receiving a decision from the CITY Council.

COMMITMENT OF FUNDS

Upon CITY Council approval of a project, the BIRD will commit funds to the project from the annual East Billings TID project budget subject to availability of funds and/or potential for Tax Increment Bond issuance. Committed funds will be encumbered for a period of 180 days, by which time construction must have commenced. Commencement of construction means the date on which the first building permit is issued. Projects that have not commenced construction within 180 days risk for losing the committed funds. Funds will be released only if the project is developed and constructed as presented in the Development Agreement. Funds will be released as specified by the Development Agreement or following project's receipt of a Certificate of Occupancy from the City of Billings if not specified. When necessary, the BIRD will encumber funds for additional fiscal years to accommodate construction schedules.

CRITERIA FOR REVIEW

Materials contained in TIF applications are used to assess the merits of projects in relation to the goals and objectives of the EBURD Master Plan. The BIRD evaluates projects based on the following criteria. Please prepare written response and provide supporting documentation for each of the applicable criteria areas.

1. Relevance to the EBURD Master Plan – Documentation of the project's impact in relation to the goals and objectives of the EBURD Master Plan, particularly mixed-use development. Urban design elements will also be considered, including pedestrian emphasis, quality of design, and Billings' personality.

2. Economic Stimulus – The amount of economic activity to be generated by the project is assessed, as well as the leverage ratio of public to private investment. Applications should contain credible, measurable information substantiating APPLICANT claims of economic stimulus.
3. Tax Generation – The increase in taxable value due to new construction/rehabilitation is estimated by the County Assessor’s office or State Department of Revenue to determine tax increment generation.
4. Employment Generation – Total employment generated by the project assessed in terms of new permanent and part-time jobs, and construction jobs.
5. Elimination of Blight – The project’s direct and indirect impact on the physical and fiscal deterioration within the Tax Increment District and the community.
6. Special or Unique Opportunities – The extent to which the project represents a unique opportunity, meets a special need, or addresses specific BIRD or community goals. The restoration of historic property or the provision of an unmet community need, are examples of special and unique opportunities.
7. Impact Assessment – The extent of both positive and negative environmental impacts, appropriateness of the project design, and impact on existing businesses or residents.
8. Financial Assistance – Other forms of financing available to the APPLICANT, i.e. lender participation and state and federal grant monies, are examined to assess the need for TIF assistance.
9. Project Feasibility – A determination of feasibility is made on the strength of the APPLICANT’s demonstration of market demand for the project as contained primarily on the pro forma and financing commitments.
10. Developer Ability to Perform – An assessment of the APPLICANT’s capability to undertake the relative complexities of the project based on past performance on similar or comparable projects.
11. Timely Completion – The feasibility of completing the project according to the APPLICANT’s project schedule.
12. Payment of Taxes – All property taxes, special improvement district assessments, and other assessments on the project property must be paid to date



BILLINGS INDUSTRIAL REVITALIZATION DISTRICT, INC.
EAST DISTRICT TAX INCREMENT FINANCING (TIF) APPLICATION

Project Name: Elimination of Blight Date Submitted: 5-12-14

APPLICANT INFORMATION

- 1. Name: Carol Kraft
- 2. Address: PO Box 533 Billings, MT 59103
- 3. Telephone Number: 406-252-2885 or 406-672-2372

PROJECT INFORMATION

- 1. Building Address: 115 N 22nd St.
- 2. Legal Description: Blgs Original Townsite 533, T01, N, R26 E, Block 86, Lot 17
- 3. Ownership: Carol Kraft Living Trust
Address: PO Box 533 Billings MT 59103
- 4. If property is not owned by the APPLICANT, list leasehold interests (Attach evidentiary materials.)
Name: NA
Address: _____
- 5. Existing/Proposed Businesses: _____
Business Description: _____
- 6. Employment: Existing FTE Jobs _____
New Permanent FTE Jobs created by project _____ Construction FTE Jobs _____
- 7. Architectural Firm: _____
Address: _____

Representative: _____

8. Description of Project: (Attach narrative explanation.) *DEMOLITION AND REMOVAL OF ALL EXISTING BUILDINGS, CONCRETE, TREES, SHRUBS AND DEBRIS. BACKFILL TO LEVEL LOT*
9. Rehabilitation/construction Plans: (Attach schematics, site and landscaping plans.) *PLAN FOR FUTURE CONSTRUCTION PROJECT*
10. Project Schedule: (Attach time line or schedule through completion.) *DEMO, APPROXIMATELY 5/27/2014*

PROJECT COSTS

Land and Site Improvements (Itemized)

1. Equity in Land and Buildings	\$ <u>40,000</u>
2.	\$ _____
3.	\$ _____
4.	\$ _____
Subtotal	\$ <u>40,000</u>

Construction/Rehabilitation Costs (Use general construction trade divisions)

1. <i>DEMO AND BACKFILL</i>	\$ <u>12,600</u>
2. <i>ASBESTOS TESTING</i>	\$ <u>845</u>
3. <i>RELOCATE POWER LINE</i>	\$ <u>650</u>
4.	\$ _____
5.	\$ _____
6.	\$ _____
7.	\$ _____
8.	\$ _____
9.	\$ _____
10.	\$ _____
Subtotal	\$ <u>14,095</u>

(this is a verbal quote from NorthWest Energy)

Fees

1. Architectural design/Supervision \$ _____
2. Permits _____ \$ _____
3. Other fees _____ \$ _____
Subtotal \$ _____
Total Project Development Costs \$ - 0 -

PROJECT FINANCING

Please complete Sources of Funds detail and summarize below.

Developer Equity

Cash Invested \$ 7752
Land & Buildings \$ 40,000
Other (Specify) _____ \$ _____
_____ \$ _____
Subtotal \$ 47,752

Lender Commitments (Attach evidence i.e. Letters of Credit or other documentation.)

Lender	Loan Amount	Interest	Term	Payment/Period
_____	\$ _____	_____ %	_____ yrs	\$ _____ /Month
_____	\$ _____	_____ %	_____ yrs	\$ _____ /Month
Total Loan Amount				\$ <u>- 0 -</u>

TIF Request FOR improvements within the Public Right of Way

Eligible Improvements (See Narrative)
DEMO AND BACKFILL \$ 5670
ASBESTOS TESTING \$ 380

RELOCATE POWER LINE \$ 292
 \$ _____
 Subtotal \$ 6343

Sources of Funds Summary (Post totals from above.)

Developer Equity \$ 471,752
 Lender Commitments \$ -0-
 TIF Request \$ 6343
 Other Funds (Specify) _____ \$ -0-

Total Project Financing \$ 54,095

DEVELOPER STATEMENT OF QUALIFICATIONS AND FINANCIAL RESPONSIBILITY

APPLICANT

1. Name: CAROL KRAFT
 Address: PO Box 533 BILLINGS, MT 59103

2. If the APPLICANT is not an individual doing business under his/her own name, the APPLICANT has the status indicated below and is organized or operating under the laws of _____.

3. _____ A corporation.
 _____ A nonprofit or charitable institution or corporation
 _____ A partnership known as _____
 _____ Other (explain): _____

Date of organization: _____

4. Names, address, title of position (if any), and nature and extent of the interest of the officers and principal members, principal shareholders, investors, or partners of the APPLICANT.

Name and Address

Nature and Extent of Interest

Financial Condition

1. Provide evidence of bond, balance and cash flow sheets, or other form of security that ensures completion of the project.
2. Has the APPLICANT or any individual or entity affiliated with the development of this project been adjudged bankrupt, either voluntary or involuntary, within the past ten years?
No Yes ____ If yes, give date, place, and under what name

3. Has the APPLICANT or any individual or entity affiliated with the development of this project been indicted for or convicted of any felony within the past ten years:
No Yes ____ If yes, give date, charge, place, court and action taken for each case.

CONSTRUCTION CONTRACTOR

1. Identify the construction contractor or builder who will undertake this project.
Name: Zach Cayton - Cayton Excavation
Address: PO Box 80693 Billings MT 59108
2. Has named contractor or builder ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract within the last ten years?
No Yes ____ If yes, explain.

VERIFIED PER TELECON WITH
ZACH CAYTON ON 13 MAY 2014
BY KELLY MCCARTHY. Kine

CERTIFICATION

I (we), Carol Kraft (please print),
certify that the statements and estimates within this Application as well as any and all
documentation submitted as attachments to this Application or under separate cover are true and
correct to the best of my (our) knowledge and belief. I/We certify that I/We will make no
application for any other tax abatement that may be available for this real property or building.

Signature Carol Kraft

Signature _____

Title Owner

Title _____

Address PO Box 533

Address _____

Billings MT 59103

Date 05-12-14

Date _____



SCHEDULE "A"
EXAMPLES OF ELIGIBLE PUBLIC PORTION PROJECTS OF
INFRASTRUCTURE

Demolition and Abatement

Sidewalks, Curbs, Gutters

Crosswalks

Landscaping, Green Space & Improvement of Pedestrian Areas

Historical Restorations

Off Street Parking (available for public for a reasonable amount of time)

Pollution Reduction

Electrical, Natural Gas, Telecommunication Lines



PO Box 80693
 Billings, MT 59108

P: 406-672-4466
 E: zach@caytonx.com

Estimate

Date	Estimate #
4/28/2014	23

Name / Address
Carol Kraft

Project
115 N. 22nd- Demolit...

Description	Qty	Rate	Total
<p>Demolition</p> <p>Estimate includes removing all buildings, concrete, and select trees from the site. Estimate includes demolition permit and landfill fees. Estimate includes backfilling foundation hole.</p> <p>Estimate excludes asbestos testing and abatement. It is the responsibility of the owner to disconnect all utilities and have the proper signatures proving the services have been disconnected.</p> <p>It is our intention to try and remove existing tree stumps. However, if the removal of them appears to be damaging existing structures they will be left in place.</p>		12,600.00	12,600.00
		Total	\$12,600.00

Customer Signature _____

DATE	INVOICE NO.
5/12/2014	21145

BILL TO
Ms. Carol Kraft 115 N. 22nd Street Billings MT 59101

SEND PAYMENT TO
Northern Industrial Hygiene, Inc 201 South 30th Street Billings MT 59101 (406) 245-7766 TAX ID 81-0511046

PROJECT #	P.O. #	TERMS	PROJECT LOCATION
999-2554	N/A	Net 30	Billings MT

DESCRIPTION	QTY	RATE	AMOUNT
Environmental Consulting Services - Full Asbestos Inspection and Report, 115 N. 22nd Street, Billings MT			
Field Work Technician	3	65.00	195.00
Report Prep Technician	3	65.00	195.00
Report Review Project Engineer	0.5	115.00	57.50
Clerical Support	0.5	45.00	22.50
Laboratory Analysis			
PLM Analysis	23	15.00	345.00
Sample Shipping	1	30.00	30.00
		Total	\$845.00

DEMOLITION BOND

Bond No.: 15160529

WHEREAS, Cayton Excavation, Inc. ("Applicant"), of
PO Box 80693, Billings, MT 59108 (address) and
Western Surety Company ("Surety") of
P.O. Box 5077, Sioux Falls, SD 57117 (address) are

held firmly bound unto the **City of Billings, Montana**, a municipal corporation in the sum of TEN THOUSAND DOLLARS (\$10,000) to be paid to the City, its legal representative and successors, for which payment shall bind all heirs executors, administrators, successors and assigns, jointly and severally.

WHEREAS, Applicant wishes to demolish a building located at: Various Locations
_____ Billings, Montana.

NOW THEREFORE, Applicant or Applicant's authorized agent shall promptly remove or demolish the building and remove any remaining foundation walls, fill in any holes left on the property, level the property and remove all debris within thirty (30) days following the removal or tearing down of the building as prescribed by Section 6-1042 of the Billings, Montana City Code (BMCC) including the immediate correction of any damage to the rights-of-way, the disconnecting and protecting all of the utilities as required by each utility as well as compliance with all applicable laws.

Once Applicant or Applicant's employees or agents complete the work in a manner conforming to the rules, regulations, requirements and procedures prescribed by the Billings, Montana City Code (BMCC) and fully comply with all other laws of the State of Montana and the United States, this undertaking shall be **VOID**, otherwise this undertaking shall remain in full force and effect.

Additionally, Applicant shall indemnify and hold the City of Billings harmless from all suits and actions for damages including costs, expenses and attorneys fees consequent to this undertaking including but not limited to all suits and actions for damages resulting from want of skill, carelessness or negligence of the Applicant or Applicant's employees or agents in carrying-out any of the above described work.

In the event Surety should cancel this undertaking, Surety must provide to the City thirty (30) days written notice prior to such cancellation. Notice must be mailed certified mail to the City Clerk's Office.

The duly executed **original** of this bond shall be filed with the Billings City Clerk.

This obligation shall be effective beginning July 10, 2013, and shall terminate July 10, 2014. **NO CONTINUATION CERTIFICATES WILL BE ACCEPTED FOR BOND RENEWAL PURPOSES.**

IN WITNESS WHEREOF, this 17th day of June, 2013,

Cayton Excavation, Inc.



Applicant

Countersigned in Montana by:
Hub International Mountain States Limited


Montana Resident Agent **Rene C. LeVeaux**
Western Surety Company

Approved as to form:

Attorney-in-Fact **John D. Leaf**

City Attorney

Western Surety Company

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That WESTERN SURETY COMPANY, a South Dakota corporation, is a duly organized and existing corporation having its principal office in the City of Sioux Falls, and State of South Dakota, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

John D Leaf, Chris Jermunson, Michael E Depner, Billy J Bolt, Beth A Windom, Christopher T Hindoien, Jenny Arbuckle, Jamie M Roe, Kaye U Muzzana, Kristin A Piccioni, Individually

of Great Falls, MT, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind it thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the corporation and all the acts of said Attorney, pursuant to the authority hereby given, are hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law printed on the reverse hereof, duly adopted, as indicated, by the shareholders of the corporation.

In Witness Whereof, WESTERN SURETY COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 25th day of October, 2012.

WESTERN SURETY COMPANY

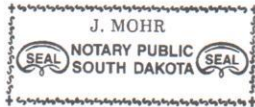


Paul T. Bruflat
Paul T. Bruflat, Vice President

State of South Dakota }
County of Minnehaha } ss

On this 25th day of October, 2012, before me personally came Paul T. Bruflat, to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is the Vice President of WESTERN SURETY COMPANY described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said corporation and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporation.

My commission expires
June 23, 2015



J. Mohr
J. Mohr, Notary Public

CERTIFICATE

I, L. Nelson, Assistant Secretary of WESTERN SURETY COMPANY do hereby certify that the Power of Attorney hereinabove set forth is still in force, and further certify that the By-Law of the corporation printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said corporation this 17TH day of JUNE, 2013.



WESTERN SURETY COMPANY

L. Nelson
L. Nelson, Assistant Secretary



CITY OF BILLINGS

POLICE DEPARTMENT

P.O. Box 1554 • Billings, MT 59103
220 N. 27th St. • Billings, MT 59101
(406) 657-8460 • Fax (406) 657-8417 • Email bpd@ci.billings.mt.us



220 N. 27th
Billings, MT 59101

May 15, 2014

B.I.R.D.
1413 4th Ave. North
Billings, MT 59101

To whom it may concern:

Subject: Property at 115 N. 22nd

I am writing in regards to the property listed above. It is my understanding that the property has been purchased by Ms. Carol Kraft and that she wants to demolish the existing structure and build improvements. I wholeheartedly support that plan. The address has been a nuisance property for the police department in that we have been there many times for of trespassing, graffiti, intoxicated persons, and disorderly conduct.

The property is abandoned, unkempt, and unsupervised. All of which create an environment for the behaviors listed above. Remediation of the property will enhance property values and improve the quality of life for area residents. I encourage you to support Ms. Kraft's request.

Sincerely,

Rich St. John
Chief of Police







Hand-drawn graffiti of a character's face with the word "YEP!" written below it.

Red rectangular sign with illegible text.

Grey electrical meter box.

Red graffiti on the side of a black trash bin.





























