

DBP Board Meeting

January 24, 2020

7:30 am, GW Building, 2722 3rd Ave. N.

ATTENDED:				
Andy Patten	Sam Merrick	Mehmet Casey	Steve Wahrlich	Norm Miller
Jock West	Denis Pitman	Kim Olsen	Kevin Iffland	Janna Hafer
Ethan Kanning	Sean Lynch	Steve Arveschoug	Dave Fishbaugh	Marguerite Jodry
Emily Meick	Katy Easton	James Chandler	Zach Dunn	Joni Harman
Penny Ronning				
GUESTS:				
David Mitchell	Shawna Bonini	Travis Dimond	Wyeth Friday	
ABSENT:				
Ignacio Barrón Viela	Steve Tostenrud	Chris Montague		

1. **Call to Order** – Mr. Patten called the meeting to order at 7:30 am and introductions were made.
2. **Regular Agenda**
 - a. **Approval of Minutes** – December 13, 2019 – Ms. Jodry motioned to approve minutes. Seconded by Mr. Merrick and approved by all. Date was noted as incorrect and amended.
 - b. **DBP Staff Updates**
 - i. Ms. Easton scheduled a meeting with the DBP attorney regarding the Stillwater project and a draft letter discussed at the previous meeting. Mr. Pitman set up a lunch meeting with Mr. Holden. She hopes to convey that the board is ready to move on and there's still the potential for him to come back for future TIF grants. She and Mr. Chandler are drafting a formal TIF policy that will include criteria based on the urban renewal and strategic plans. A draft should be ready by the first week in February and she hopes to approve that process at the February meeting to allow for new TIF applications in March. She apologized for the hurried feeling but stressed that these are all important decisions. Her recommendation is to move through as efficiently and professionally as possible, but she doesn't want to rush input.
 - c. **Financials** – Mr. Casey provided a profit and loss for the Partnership. In the interest of time, he asked that any board member reach out with questions or comments.
 - d. **Presentations (less than 10 min. each)**
 - i. **123 N. 28th Street Application** – Mr. Mitchell described the project to the board. Detailed information can be found in the DBP Board Packet. They haven't closed on the sale because it is contingent on the TIF application; however, he anticipates they will close in March.
 1. Ms. Easton said the next council business meeting is February 10 should the board approve this application today.
 2. Ms. Hafer asked if there are any parameters and guidelines to the match.
 - a. Ms. Easton said that the 5 to 1 match is city policy. She makes every effort to follow that policy for applications and is conservatively going after that ratio.
 3. Mr. Patten asked if the project had enough qualified expenditures.
 - a. Mr. Mitchell said yes, they can be found on the last page of the handout for board reference or within the packet.
 - ii. **3024 2nd Ave. N. Application** – Ms. Bonini described the project to the board. Detailed information can be found in the DBP Board Packet. She highlighted the attached spreadsheet for project prices with qualified expenditures in yellow.
3. **Old Business**
4. **New Business**
5. **Action Items**
 - a. **Modify the decision made at December's meeting to stop processing TIF grant applications pending 1) the development of a final TIF grant application form, and 2) the development of criteria by which to score an application. The modification contemplated, if approved during the January 24 board**

meeting, will apply the policy to halt TIF grant processing only to those applications submitted after the date of the December meeting.

- i. Mr. Casey said all current pending applications received between July and December of 2019 will be “grandfathered” into the previous review and evaluation system if approved, providing applicants direction. All new applicants after December 13, 2019 will be subject to the new review process. It would provide a hard deadline for the grandfathered applications to move forward or modify and apply again.
 1. Mr. Arveschoug thinks it’s important to understand why the original decision was made and stressed the need for clarity in the process. There was a legitimate reason for the board to ask for a pause to be more effective. He appreciated Ms. Easton and Mr. Casey for their work in creating a process timeline for the board. He feels much more comfortable in backing away from the December decision.
 - a. Ms. Easton said during the past two years, the board had yet to go through this process. It’s been assumed that the previous process would continue in the same way now that there’s funding; however, it’s not working as the community and council wanted. She wants the process to be more transparent. It needs to be updated and she would like trust between staff and the board, as well as between the board and council.
 2. Mr. West commented on past board history and expressed comfort when the process was slowed down. The board was criticized for insider trading and favoring board member interests. People don’t know the process, but one thing that was fair was that the board had loose rules. He wants to determine how much is committed to the Stillwater before jumping in, as well as determining how much the board can give. Does the board have a process and is it fair? He worries about the grandfathering portion. He appreciates steps taken today but would like to hold off until the board has hard and fast process. Philosophically, the board doesn’t provide money to help toward the purchase of a building.
 - a. Ms. Easton said there’s \$1.9 million available outside all agreements and commitments to date, but she would be conservative with that number. In this fiscal year, Andy Zoeller has agreed with that amount. The board just must address the rules. She plans to provide a binder to board and council with all guidelines to use as a tool.
 - i. Mr. Kanning thinks this should become a marketing and education piece to help dispel myths surrounding the process.
 - b. Mr. Casey agrees that expenses should not go toward building purchase and that outlined deadlines would help.
 - c. Ms. Jodry thanked Mr. West for background regarding problems of the past. She expressed concern about the arbitrary line in the sand regarding fairness. There’s a lack of clarity that sends the wrong message to developers, but she worries about punishing the wrong individuals for failures of the board past.
 - i. Mr. Lynch expressed agreement.
 - ii. Mr. Patten was absent during the last meeting, so he is unaware of what triggered that decision. He expressed concern about stalling the process and thinks the board should get the application going.
 - iii. Mr. West said the board has the right to set rules and they should be clear. The board is there to help but not make their project. We had a fair understanding of rules and processes. He would hate to have this loss, but he doesn’t find it to be punishment. The board has been tasked

with managing funds. The old rules need updating and it's the board's place to do so.

- d. Mr. Merrick asked what rules are out of place.
 - i. Ms. Easton said it's more a lack of clarity issue. Her goal is to have a more defined process to have applicants and council better understand the evaluation. Both applications today meet priorities of the urban renewal district and the DBP board, and she has no hesitation to say that they qualify, but the process is nebulous. The state statute is intentionally written broadly.
 - e. Ms. Harman understands the preference of council. She asked if there are other tools to help clearly state why and how they were chosen, as well as the amounts granted. It can be tenuous from a development perspective and numbers can be thin. It can topple and feel as though the board agreed to what they were proposing. The board should try to find a way forward.
 - i. Mr. Casey said there are expectations laid out in the current application and Mr. Krueger cited current state statutes in terms of blight and development of vacant spaces, basically feeding off the urban renewal plan; however, it's not clearly stated in a reader-friendly way that outlines parameters and expectations. He spoke of a scoring method that would be outlined in the update to help guide applicants. It was written to be a public-private partnership, which is currently unclear. Clarity is a top priority.
 - f. Mr. Kanning thinks it's a process versus project conundrum: If the project matches, the board shouldn't have a problem moving forward. He asked where the \$196 thousand came from, because it should be \$163 thousand with the 5 to 1 match at 16%, not 20%.
 - i. Mr. Casey said purchase monies were considered in the match in previous applications, meaning it must be included when grandfathering in these applications.
 - g. Mr. Wahrlich made a motion to reconsider the affirmative vote on the motion in question from December's meeting. Motion seconded by Mr. Fishbaugh and approved by all.
 - h. Ms. Jodry made a motion to approve a hold of all TIF grant applications. Motion seconded by Mr. Merrick. Motion failed 15 – 1.
 - i. Mr. Lynch made a motion not to approve any applications received after December 13, 2019, placing a hold on any pending. Motion seconded by Ms. Jodry and approved by all. Mr. Wahrlich abstained from voting.
 - i. Mr. Arveschoug would like for the board to stay committed to the timeline and to move forward thoughtfully.
- b. **Recommendation for 3024 2nd Ave. N. – For more context and full recommendation from DBP staff and the Development Committee, see the DBP Board Packet. Board discussion followed.**
- i. **Mr. Miller asked about the development agreement if it will be legally reviewed.**
 - 1. **Ms. Easton said yes, and it includes a deadline for execution.**
 - ii. **Mr. Patten suggested changing some language to say that reimbursement will be made available once funding is available.**
 - iii. **Mr. Kanning said it looks like a 1 to 1 ratio. When looking at Mr. West's issue, it appears as though the board is funding the whole project.**
 - 1. **Mr. Casey said it encompasses the entire project. He provided examples that did include building purchase, which would set precedence when grandfathering.**

- a. Mr. Dunn agrees and thinks it could be criticized. The board needs to decide whether the building is included or not for clarity.
 - iv. Mr. Miller made a motion to accept the application as is for \$100,000 under the previous criteria. Board discussion followed.
 - 1. Ms. Olsen asked what might happen if it's under that amount.
 - a. Ms. Easton said it's up to \$100,000 for reimbursable expenses, highlighted in yellow. The ratio does include the entire project.
 - 2. Motion was seconded by Mr. Fishbaugh. Motion passed 13 – 1. Ms. Hafer and Ms. Jodry both recused themselves from the vote.
- c. **Recommendation for 123 N. 28th Street** – For more context and full recommendation from DBP staff and the Development Committee, see the DBP Board Packet.
 - i. Mr. Pitman made a motion to approve the recommendation. Motion was seconded by Mr. Lynch. Board discussion followed.
 - 1. Mr. Patten asked if funds would be carried over as well, if monies aren't available.
 - a. Ms. Easton said yes.
 - 2. Ms. Olsen asked for clarification on the 5 to 1 match number.
 - a. Mr. Kanning said that, if Ms. Bonini's application is awarded, then Mr. Mitchell's should be within the same format.
 - b. Mr. Arveschoug said the 5 to 1 guidance comes from City Council.
 - i. Ms. Easton explained that it comes from policy adopted by council within overarching TIF policy for all TIF districts. The preferred match is 5 to 1, but council can change if they so choose.
 - ii. Mr. Friday spoke of attempting to standardize all forms across all districts. On those forms, applicants are showing everything and it's not unusual to provide that information.
 - 3. Mr. Patten asked for board approval of the motion and to hold further conversation until the next board meeting.
 - a. Motion passed 15 – 1.

6. Partner Reports

- a. **City of Billings** – Mr. Iffland spoke of two TIF refresher sessions. He attended the Founder's District TIF proposal presentation and spoke of a circulating petition to create a stand-alone district or an addition to the existing district. Their next step will be to present to the Planning Board.
- b. **Yellowstone County** – Mr. Pitman spoke of significant discussions about the HUB, which then will lead to discussions of the Crisis Center and Mental Health Services and how they provide services. He spoke of drafting a plan to take mental health levy money and releasing an RFP that any entity could fill out. He would like to see if consolidation would make a significant difference downtown and is seeking input.
- c. **School District #2** – Ms. Hafer explained the K-8 district budget crisis. There are things on the table to be cut back; however, they're looking at all options. SD2 passed the largest bond but the State isn't funding the largest school district adequately and equitably enough.
- d. **Big Sky EDA** – Mr. Arveschoug hopes BSEDA will close on the Montana Bank building in February, then release an RFP for an architect. City Council has a planning session on February 1, and he hopes the board would encourage council to stay committed in urban renewal.
- e. **Downtown Billings Alliance**
- f. **Business Improvement District**
- g. **Billings Cultural Partners**
- h. **Parking Advisory Board**
- i. **Downtown Billings Property Owners**

7. Adjournment – Meeting adjourned at 9:02 am.

- a. **Next scheduled meeting: February 28, 2020 at 7:30 am in the GW Building**