

Meeting Date: Friday, November 20, 2020, 7:30 am

Location: Remotely via Zoom

RE: downtown Properties LLC TIFD Assistance

Proposal:

The Downtown Properties LLC owns the Stone Building, which is located at 2624 Montana Avenue (the Southeast corner of 27th Street and Montana Avenue - formerly known as St. Vincent de Paul). Randy Swenson, a managing member of the Downtown Properties LLC, has been actively recruiting tenants to occupy space in the building but without a shell built, all prospective businesses have been reluctant and non-committal. Between trying to obtain enough financial assistance and needing to incentivize future tenants to occupy the building, Randy and partners started construction on the building in January, 2020. Soon after, circumstances changed locally and globally, which led to Downtown Properties LLC submitting an application for TIF assistance in the July cycle. Due to discrepancies in numbers and details, the Board modified and approved the grant. However, in order to do our due diligence and fairly consider the merits of the projects, a second application was submitted through the current cycle (Oct-Dec). Hence the Committee recommendation before you. The Committee sees the value and potential of this project but also understands the challenging components of this property. Having a property located on land that's owned by the railroad greatly complicates the redevelopment of the site and that challenge is amplified even more during a pandemic and a year of record high hurricanes in the south, which are events that continue to impact the speed and cost of construction and materials. Those variables also do not bode well with financial institutions when courting for loans to fund this project.

Nevertheless, this vital and large corner will impact our downtown positively when it is repurposed and revitalized. It has been vacant since 2018 and prior to that, it was owned by a nonprofit. The TIF increment alone is going to be positively impactful let alone a building of this size bustling with movement. Not to mention this kind of activity would only help the surrounding buildings and neighbors leading to future potential projects and business. There's a unique opportunity to address many of the goals of the Downtown Billings Strategic Plan and Urban Renewal Plan. Improving the perception of safety around this building is significant, which will be accomplished by providing natural surveillance - updated security on ports of entry/exit, lighting, structural reinforcement - to deter undesired activities such as graffiti, loitering, or break ins. Activating this corner will eliminate a blighted space and bring new visitors to our downtown. Most importantly, this project is not leveling the building and instead building upon the existing infrastructure to restore the health and vitality to an unoccupied or neglected corner for the benefit of downtown life and vibrancy.

In terms of tenants, a second branch of Your Pie is currently confirmed to occupy the northeast corner of this building. Further discussions are being had with an office upstairs and another street level business. Moreover, the Downtown Properties LLC has already been an actively engaged landlord in the downtown community by staying plugged in and joining the ongoing discussions. The building is being named the "Stone" building to honor its heritage dating back

to the Stone Ordean & Wells Company, which was a large wholesale grocery store between 1914 and the 1930s.

The Downtown Properties LLC is requesting TIFD assistance in the amount of \$700,000 dollars. While the request deviates ever so slightly from the 5:1 preferred matching threshold, their project is projected to cost \$3,986,617. Keeping in mind that this project will only bring the building to a shell, meaning that further investments will be made privately by the landlord or tenants. If approved, this TIFD assistance request will be subject to available Fund 203 cash and will only be applied to qualified expenditures.

Financial Breakdown Details

Private Investment	TIF Request	Ratio %
Acquisition = \$680,000 (March 14, 2018)		
Construction = \$3,306,617 (\$1,010,210 complete/\$2,296,407 to go)		
Total = \$3,986,617	\$700,000	18%

Financials

If approved, reimbursement funds are available in the fiscal year following the year of project completion.

DBP Development Committee recommends approval of this project by the Board of Directors with the following contingencies:

1. The Applicant shall sign a development contract with the City of Billings and DBP within 90 days of City Council's approval.
2. This TIFD reimbursement is the maximum that can be received pending satisfactory submission of all paid invoices showing the completion of expenditures related to this project.
3. If funds are not available, reimbursement can be carried over to the next fiscal year.

DBP board of directors has authority to approve, modify and approve, or disapprove the recommendation prepared by the Development Committee.

Motion to approve: I make a motion to approve the recommendation of the Development Committee to award this applicant a reimbursement grant not to exceed \$700,000 so long conditions above are met.

Motion to disapprove: I make a motion to disapprove the recommendation of the Development Committee in awarding this applicant a reimbursement grant of up to \$700,000.

Motion to modify: I make a motion to modify the Committee's recommendation...



Street-View Illustration / Montana Ave. & 27th

Suite Entrance directly off Montana Ave. providing Ease of Access, plus Street Level/Downtown Community Visibility with the ability to hang prominent signage for tenants and partners, in a way that preserves the historic character.



Street-View Illustrations

Top: Montana Ave. Elevation
 Right: N. 27th Street Elevation
 Bottom: Rear (Railroad) Elevation

