



Present: Andy Patten	Commissioner Denis Pitman	Jock West	Matt Blakeslee
Brandon Scala	Steve Arveschoug	Sean Lynch	Mehmet Casey
Katy Easton	Meri McGlone	Andy Zoeller	James Chandler
Janna Hafer	Councilman Tom Rupsis	Eric Schmidt	Jenny Ross
Cori LaFever	Allison LaFever	Randy Hafer	Dave Fishbaugh
Amalia Sumberg	Chris Kukulski		
Absent: Chris Montague	Steve Wahrlich	Wyeth Friday	Steve Tostenrud
Ethan Kanning	Mary Walks Over Ice		

1. **Call to Order** – Mr. Lynch called the meeting to order at 7:30 AM, a round of introductions was facilitated, no public comments were made.
2. **Regular Agenda:**
 - a. Minutes – July 29, 2022 meeting minutes - Mr. Scala made a motion to approve the July 29, 2022 meeting minutes, Mr. West seconded the motion all were in favor, none opposed.
3. **OBHB Presentation** - Mr. Schmidt provided a presentation on the Old Billings Hardware Building (OBHB), he noted that they have presented to the development committee. Mr. Schmidt stated that the general partners are representing more than a dozen limited partners that are primarily local investors that are made up of young 40 and under. Mr. Schmidt provided an overview of the history of the OBHB building. The group is going to revitalize the building to bring a retail store front to the street and lower levels and to take the second and third floors and turn them into residential units. Mr. Schmidt covered the details of the project in which they are requesting funding for. Mr. Schmidt defined what they consider to be affordable rents; affordable defined as 60-80 AMI, \$1,100 – \$1,350 scaled depending on number of rooms and floor; they believe they can significantly reduce costs due to pursuing a platinum LEED certification in building and using innovative strategies to make the building efficient.

They are planning for at least 24 residential units 12 on each floor and are pursuing historic tax credits for this building in addition to TIF funding which is a critical mission to this building.

Mr. Patten asked if they owned the land under the building, and Mr. Schmidt confirmed yes, they did, and provided the history on this trade/purchase of property with the railroad. Mr. Lynch asked about status and process with the historic tax credits, Mr. Schmidt stated they have part one of three phases of the tax credit approved and they are planning to submit the second part at the end of September. Questions were asked regarding LEED certification and issues regarding asbestos and lead based paint and Mr. Schmidt believed that there were measures in place to take care of all of these items and that there would be no concerns.

4. **OBHB - Committee supports a recommendation** – Ms. Easton shared that she believes this is an exciting project and it was discussed how this building is one of Billings' last large, blighted buildings in the downtown core.

Discussion was had regarding the current state of financials in the TIF district and other TIF districts in Billings as well as the State. Mr. Casey covered the current anticipated TIF awards, the current cash, future obligations, Mr. Casey covered the method used to forecast TIF funding and the several variables that may change predictions, future buildings that will come into the TIF district. Discussion was had regarding various line items on the budgets, specific buildings in question and their contributions to the TIF, Ms. Easton encouraged the board for creative approaches to reimbursements of grants of this size and larger, discussion was had regarding options to be able to feasibly provide reimbursement, Mr. Lynch asked about the ability to spread out the repayment. Mr. Zoeller provided an example of a building that was creatively financed in the EBIRD District, the board discussed how it's hard-to-get developers to come to Billings when they see buildings like this, and it was expressed amongst the board that they wanted this project to succeed. Mr. Arveschoug is excited to see the price point of the apartments in the OBHB project.

It was suggested that the grant also be conditional on the historic tax credit, and that the risk be put on the grantee, Mr. Casey shared that it's promising that they have already been approved through Phase I and that they are expecting to hear back on Phase II in September. Ms. Easton shared that next year is a full assessment and believes it's likely that the TIF will see a bump and a hopeful outcome.

Commissioner Pitman shared this could also be a perfect project for the C-PACE program, discussion was had regarding C-PACE going on the agenda for an upcoming County meeting.

Mr. Kukulski suggested tying TIF funding to their construction and the project deadlines and discussion was had regarding the various years that the reimbursement could start in. The Committee had recommended a five-year plan to reimburse \$149,000 a year for five years for a total of \$745,000. The reimbursements wouldn't start until the year following the year in which the project was completed.

There was also a discussion to wait an additional year before signaling the reimbursements to begin. Mr. Lynch suggested to start the reimbursement in FY 2027 when most of the Downtown District larger commitments are no longer in place but if the funds are available, it can start earlier. Ms. Easton suggested that there be a review process if approached to be refunded earlier. Discussion was had with current projects that are a concern with projects that funding has been approved but might not meet the requirements of the agreement.

Councilman Rupsis suggested the option of being able to establish a partnership with a local credit union or bank to be able to provide essentially a bridge loan. Mr. Scala concurred that this is something that he has been thinking about as well.

Commissioner Denis Pitman Made a motion to Approve the OBHB TIF request Mr. Patten seconded the motion.

Ms. Easton asked for a clarification regarding the details of the motion. Discussion was had regarding the presentation to Council, the language in the contracts, the years in which to reimburse, as well as the current projects and commitments. Mr. Lynch clarified that this Board has done its job to fulfill the agreements to the grantees and it's the developer's responsibility to fulfill their end of the agreement and he believes that we can't hold hands and continue to wait for the grantees to exceed their already once extended deadlines. Ultimately it was decided that the reimbursement timeline is always indicated in the development agreement and that the City has to fulfill its debt service obligations first; all of which a developer agrees with when signing an agreement. Therefore, if the reimbursements are scheduled to begin in FY25 and the project is not complete yet or the district doesn't have money, reimbursements won't begin until the following year pending the two conditions stated above.

Ms. Hafer recused herself from the vote regarding the OBHB.

All were in favor, none were opposed, and the motion passed unanimously.

5. **Mixed use developments (Retail/Housing)**

- a. Yesteryear's RFP – Mr. Casey shared that this is in the packet and given the amount of remaining time this will not be addressed. He asked the Board to follow up on these matters. Discussion was had regarding the Yesteryears RFP, TIF funding for the Yesteryears building, and questions amongst the Board.



DBP Board Agenda - August 26, 2022,

G&W Building - 2722 3rd Ave N

Regular Business Meeting - 7:30 - 9:00 a.m.

6. **New Business/Old Business** – None discussed at this time

7. **Partner Reports** –
 - a. BSEDA: Mr. Steve A provided an update on their annual meeting.
 - b. Commissioner shared that the C-PACE program is moving forward to be put on the agenda.
 - c. Mr. Scala provided an update on the Parking Board activities.

8. **Adjourn at 9:00 a.m.** - Mr. Lynch adjourned the meeting at 9:02 AM