

JOURNAL OF PORT AUTHORITY MEETING
August 23, 2012

Port Authority Meeting

CALL TO ORDER: 1:15 p.m.

ROLL CALL: City Commissioners present: Chairman Michael J. Winters, Vice-Chairman Robert Jones, Secretary/Treasurer Mary Jolley, and Bill Bronson.

STAFF PRESENT: Deputy City Manager Jennifer Reichelt, City Manager Executive Assistant Joyce Thares, Fiscal Services Director Melissa Kinzler, Fiscal Administration Assistant Krista Artis, and the City Clerk.

OTHERS PRESENT: Herb Kulow and Nancy Rivera, Montana Board of Investments; Brett Doney and Jeremiah Johnson, Great Falls Development Authority; and *Tribune* reporter Richard Ecke

1. PRESENTATION BY HERB KULOW FROM THE MONTANA BOARD OF INVESTMENTS REGARDING AVAILABLE LOAN PROGRAMS AS IT RELATES TO A PROPOSED DEVELOPMENT OPPORTUNITY IN GREAT FALLS.

Brett Doney, Great Falls Development Authority (GFDA), explained that the GFDA would like to go through the Port Authority to access the infrastructure loan program through the Montana Board of Investments as a tool for a prospect that GFDA has been working with.

Herb Kulow, Montana Board of Investments (BOI), reviewed state statutes and explained that the In-State Loan Program uses a portion of the State's Coal Tax Trust Fund for investments in new or expanding locally owned businesses. He emphasized that the fund's loan program is a tremendous economic development tool, and encourages businesses to come to Great Falls. Main advantages of the infrastructure loan program are that BOI is the direct commercial lender, job creation credits may reduce the posted interest rate up to 2.5%, and the business gets to deduct the "use fee" from its State of Montana income tax liability. BOI loans have to be made to a qualifying municipal unit, i.e. the City of Great Falls or the Port Authority. GFDA is not an instrumentality of government as it is a 501(c)(3) non-profit organization. He also reported that state law requires BOI to indemnify the municipal unit from having to pay the loan back. There is no liability to the City/Port Authority.

Commissioner Jolley requested a copy of an infrastructure loan with the indemnification language to review.

In response to Commissioner Bronson, Mr. Kulow provided several examples of businesses that have utilized this loan program – Avmax and Centene in Great Falls, Direct TV in Missoula, and GE in Billings.

Mr. Doney discussed a prospect GFDA has been working with since May, and have reached a tentative deal. The infrastructure loan program is critical and should be a tremendous benefit to the company whether it's through the Port Authority or the City of Great Falls. Mr. Doney commented that he would propose to use this loan program to purchase the land and all of the on-site improvements, not including the building.

The company is looking at spring construction, which will allow time to pursue the annexation process. This new business will qualify for a \$600,000 Department of Commerce job training grant, and GFDA has approved \$2.5 million in financing should the company need it. The City would not need to provide cash for the project. The company is willing to commit to create 300 qualifying jobs for Phase I. The company would be responsible for all maintenance, and would indemnify the City of Great Falls/Port Authority including environmental liability. The deed to the property would be held in escrow by the BOI. When the company pays back the loan, the BOI would release the deed. He also noted that the City or Port Authority would receive an annual fee for Fiscal administration costs.

In response to Mayor Winters, Mr. Doney confirmed that at no point would they be dipping into the "City's coffers." He commented that there isn't an expectation of TIF or undesignated water or sewer money. The company may come to the City with a request for TIF funds. It will be up to the City Commission to determine if it wants to expand the TIF district should the annexation be approved.

In response to Commissioner Bronson, Mr. Doney confirmed that the Department of Transportation (DOT) has dealt with this kind of permit request generically in the past.

There are still a lot of details to work out that will take several months. Jeremiah Johnson with the GFDA will be gathering additional information in the next few weeks to complete the application. With regard to the infrastructure program, Mr. Doney requested direction with regard to proceeding with the application through the Port Authority or through the City. Commissioner Jolley prefers the City, rather than the Port Authority.

Deputy City Manager Reichelt commented that, upon receipt of the application, staff will research whether the applicant should be the Port Authority or the City of Great Falls, and forward the information to the Commission for consideration.

ADJOURN

There being no further business, the Port Authority meeting of August 23, 2012, adjourned at 2:10 p.m.