

JOURNAL OF COMMISSION WORK SESSION
December 17, 2013

City Commission Work Session
Civic Center, Gibson Room 212

Mayor Winters presiding

CALL TO ORDER: 5:30 p.m.

ROLL CALL: City Commissioners present: Michael J. Winters, Bill Bronson, Fred Burow, Bob Jones, and Bob Kelly.

STAFF PRESENT: City Manager; Deputy City Manager; City Attorney; Directors of Fiscal Services, Planning and Community Development, and Public Works; Deputy Director of Planning and Community Development; Fire Chief; Police Chief; and the Deputy City Clerk.

1. SWEARING IN CEREMONY FOR MAYOR, COMMISSIONERS, AND NEIGHBORHOOD COUNCIL MEMBERS

District Court Judge Dirk M. Sandefur performed the swearing in ceremony for Mayor Winters, Commissioners Burow, Jones, and Kelly, and Neighborhood Council members.

2. MONTANA BOARD OF INVESTMENTS PRESENTATION

Montana Department of Commerce Board of Investments (MBOI) Senior Portfolio Manager Herb Kulow reported on the MBOI program the City will use in working with ADF International, Inc. (ADF). He provided a handout of MCA 2013 that allows the MBOI program to exist, and he noted the incentive program indemnifies the City from ever having to pay back the loan.

Mr. Kulow referenced MCA 17-6-309 and explained that ADF qualifies as a basic sector company because 50% or more of revenue is generated from out of state, and he believes there is no other specialized, heavy steel fabrication company in Montana.

Mr. Kulow reviewed MCA 17-6-311, limitation on size of investments, and noted ADF anticipates a minimum of 300 jobs over four years.

Mr. Kulow referenced MCA 17-6-316, economic development loan – infrastructure tax credit, and noted the loan must be made to a local government and repayment will come from the tenant. However, 100% of the loan payment is deducted from the tenant's Montana income tax liability.

Mr. Kulow reviewed MCA 17-15-4288, and noted the City can own the ADF building and lease it to ADF and not incur any liability for the loan.

Mr. Kulow referenced MCA 17-6-318, and noted that for every job created by ADF, MBOI will deduct five basis points from their interest rate, to a maximum of 2½% (50 jobs). At the time an application was submitted, the current interest rate was 4.48%.

Mr. Kulow reviewed excerpts within the loan documents and the use fee agreement that are being prepared. The use fee agreement will be between the City and ADF for the use of that facility. He explained that language in the note, loan agreement, and the use fee agreement state there shall not be a charge upon any general funds of the City.

Mr. Kulow explained the MBOI program is funded through coal taxes. He also noted that retail is excluded from the program.

ADF General Manager Dan Rooney praised GFDA, the City, and the State of Montana for efforts to locate ADF in the community. He explained ADF has a long term \$20+ Million investment in Great Falls, with additional expansion plans.

GFDA Vice President Jeremiah Johnson believes the infrastructure loan was the most important piece of the package that was offered to ADF.

Mr. Kulow reported MBOI also plans to participate approximately \$2.5 Million with the equipment loan for ADF, for a total support from the State of Montana of approximately \$7.5 Million.

Mr. Kulow reported that a reduction of staff from 300 to less than 50 would allow MBOI to raise the interest rate to the initial rate.

ADJOURN

There being no further discussion, Mayor Winters adjourned the informal work session of December 17, 2013, at 6:15 p.m.