## JOURNAL OF COMMISSION SPECIAL WORK SESSION May 7, 2015

City Commission Special Work Session Civic Center, Commission Chambers Mayor Winters presiding

CALL TO ORDER: 1:00 p.m.

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

**STAFF PRESENT:** City Manager and Deputy City Manager; Directors of Fiscal Services and Planning and Community Development; and the Deputy City Clerk. The City's retained counsel, Eric McCrady, of the law firm Dorsey & Whitney appeared telephonically.

\*\* Action Minutes of the Great Falls City Commission. Please refer to the <u>audio/video recording</u> of this meeting for additional detail. \*\*

## 1. PUBLIC COMMENT

There were no comments from the public.

## 2. <u>AGRITECH PARK TAX INCREMENT FINANCING (TIF) DISTRICT</u> DEVELOPMENT AGREEMENT DISCUSSION.

Deputy City Manager Jennifer Reichelt provided PowerPoint slides and reported there have been previous discussions regarding the Great Falls Development Authority's (GFDA) submission of an application for TIF funding for the AgriTech Park to reimburse the owners association and the property owners for public infrastructure costs and reimbursement of certain interest financing costs.

Deputy Manager Reichelt reported the cost of the public infrastructure will be a little over \$6 Million, including rail. The AgriTech Park is located in the East Industrial TIF District.

The public infrastructure will involve three phases – Phase I, primarily Lots 1-5; Phase II, Lot 6; and, Phase III, Lots 7-10. The two property owners, Pacific Steel & Recycling and Montana Specialty Mills, will be primarily making up Phase I. They will be responsible for the rail components and the infrastructure involved with Lots 1-5.

Commissioner Kelly requested information on where the business risks lie with the property owners and with GFDA. He noted the City will not commit any funds to rescue the development or to take over ownership of the rail. The City has already made an investment with the existing infrastructure and road improvements but would like to create a flexible environment for financing.

Commissioner Jones also expressed concern that without total build-out, the infrastructure will not be paid off when the increment ends. He state the City will not have any liability.

Commissioner Bronson discussed the new approach to allow upfront discussion and dialogue with the Commission of the application prior to final stages of review.

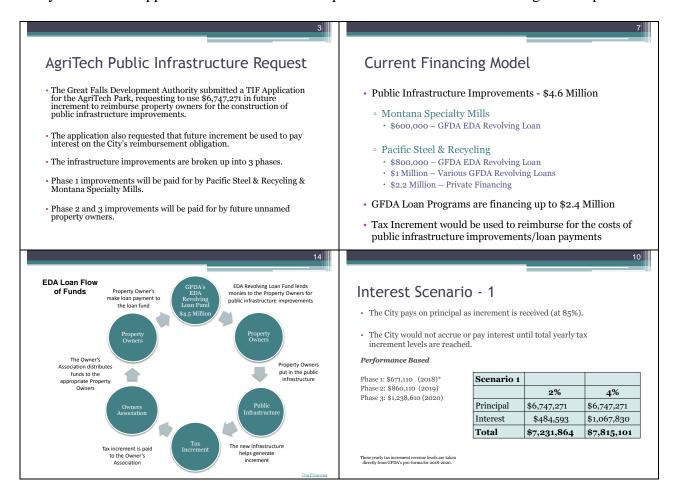
Commissioner Burow questioned how important the interest component is to the project.

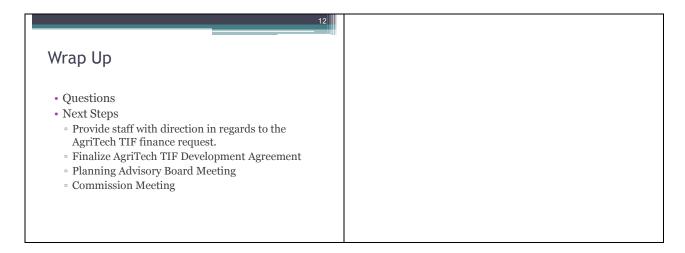
Mayor Winters read a citizen comment and noted the City wants to avoid a similar ECP situation.

GFDA President Brett Doney noted that before AgriTech Park has been built it has attracted four outstanding companies, including two local companies that have taken the risk of buying the land. Mr. Doney agreed there is risk that not enough private capital will be invested to recover the infrastructure investment, but the risk will fall on Pacific Steel & Recycling and GFDA; the City will not be at risk.

Mr. Doney provided a handout of GFDA loans made in the City of Great Falls.

Mayor Winters stepped out of the room at 1:33 p.m. and returned to the meeting at 1:35 p.m.





Pacific Steel & Recycling President and CEO Jeff Millhollin noted that \$2.2 Million is the limit of their risk and that is why the \$1 Million and \$800,000 loans from GFDA are required.

L'Heureux Page Werner PC representative Steve L'Heureux noted that Montana Specialty Mills President Steve Chambers was not able to attend the meeting. He introduced Montana Specialty Mills local manager Al Besich.

Mr. L'Heureux stated that Montana Specialty Mills will be the first build-out, and he believes that would be happening right now if all the agreements were in place.

Commissioner Kelly believes the concept of using a conduit for the flow of funds is creative and makes sense. The money coming back to pay the principal and interest is the creation of the value that is added to the Park by the financers. He believes this is an opportunity for the community to make a statement about the things we are willing to do to help business get done. He also believes using some of the additional increment money – money that has to stay in the TIF District – to pay the 4% on the risk that GFDA and Pacific Steel & Recycling are willing to make is not a bad business decision, but rather being business smart.

The consensus of the Commission was to provide direction to staff to continue finalizing the AgriTech TIF Development Agreement with GFDA.

## **ADJOURN**

There being no further discussion, Mayor Winters adjourned the special work session of May 7, 2015, at 2:07 p.m.