



Item: Reimbursement of eligible public infrastructure expenses from the West Bank Tax Increment Financing District (TIFD)

From: Mike Haynes, AICP, Director of Planning and Community Development

Initiated By: James Talcott Construction, Inc.

Presented By: Mike Haynes, AICP, Director of Planning and Community Development

Action Requested: Approve reimbursements from the West Bank Urban Renewal Fund

Suggested Motion 1:

1. Commissioner moves:

“I move that the City Commission approve reimbursement of \$110,197.00 to James Talcott Construction, Inc. from the West Bank Urban Renewal Fund.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Suggested Motion 2:

1. Commissioner moves:

“I move that the City Commission approve reimbursement of \$15,000.00 to Recreational Trails Incorporated from the West Bank Urban Renewal Fund when the funds are available.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Recommendation: At the conclusion of a public hearing held August 14, 2012, the Planning Advisory Board recommended that the City Commission approve a request by James Talcott Construction, Inc. for the reimbursement of \$110,197.00 in eligible public infrastructure expenses and reimbursement of \$15,000.00 to Recreational Trails Incorporated for construction of proposed trail improvements from the City of Great Falls West Bank Tax Increment Financing District (TIFD) Urban Renewal Fund. See map in Exhibit A.

Specifically, based on the current fund balance in the West Bank Urban Renewal Fund, the recommendation of the Planning Board is to reimburse James Talcott Construction, Inc. \$95,197.00 now and the remaining \$15,000.00 when there is an adequate cash balance as determined by the Fiscal Services Director, for the public infrastructure improvements.

The Planning Board recommendation also includes a provision that Recreational Trails Inc. (RTI) be reimbursed \$15,000 as a 50% match of construction costs upon completion of a proposed concrete segment of the River's Edge Trail. The trail segment generally runs between the County Courthouse and the new public parking area at the terminus of 3rd Avenue NW in the West Bank Park. The proposed new segment would connect two existing segments of concrete trail from previous phases of construction. RTI would pay the estimated \$30,000 project cost exclusively from private community donations received through their 501(c)3 organization.

Please note that the agenda report reflects amended suggested motions at the request of City Commissioners at the Agenda Setting meeting on August 29, 2012.

It is further recommended that the priority for use of future TIF increment generated, over and above that needed to pay off bonds, be for improvements to the West Bank Park. Improvements to the West Bank Park are important, and complementary, to the successful redevelopment of the West Bank Urban Renewal District for which the West Bank TIF District was created, and would contribute towards the implementation of the West Bank Park Master Plan adopted by City Commission on March 15, 2011. Please note that City Commission may approve the use of TIF funds for such public projects as requests are made and funds are available.

Brad Talcott representing James Talcott Construction, Inc., Doug Wicks of Recreational Trails Inc., and Marty Basta representing the City's Park & Recreation Department all attended the Planning Board public hearing and concurred with the Planning Board recommendation.

Background: On September 16, 2008, the City Commission approved a Tax Increment Application Process (*Process*) to accommodate "funding requests from the private sector" for eligible public infrastructure improvements in TIF Districts. See Exhibit B. The *Process* requires that planning staff evaluate funding requests in coordination with Fiscal Services, that the Planning Board consider said requests and make recommendations to City Commission, and that City Commission take final action with regard to TIF reimbursements.

Within the West Bank TIF District is the West Bank One project that currently comprises the Staybridge Suites Hotel, Faster Basset and Front Brewing Company, and the Kobe Steak and Seafood Restaurant now under construction. See Exhibit C.

On May 7, 2012, West Bank One developer James Talcott Construction, Inc. made formal application for reimbursement of costs to install utilities, roads, sidewalks and parking for the Kobe Steak and Seafood Restaurant project. Upon request of planning staff, the applicant subsequently submitted written responses to the 11 specific criteria outlined in the *Process* to assess the merits of the project in relation to the West Bank Urban Renewal Plan. See both in Exhibit D.

The requested reimbursement of \$110,197.00 for installation of curb and gutter (\$13,855.00), sidewalks (\$3,630.00), parking lots and roads (\$18,122.00), and water, sewer and storm-drains (\$74,590.00) are eligible infrastructure investments related to West Bank TIF development. In addition, the developer has attested that the construction/rehabilitation costs, exclusive of acquisition costs and development fees, are \$1,274,424. The requested reimbursement of \$110,197.00 is less than the maximum 10 percent TIF participation recommended in the *Process*.

While there are no guarantees that costs incurred by an Applicant prior to funding approval will be reimbursed, the ongoing redevelopment of the West Bank One property has been an outstanding success and the quality of development has set the standard for other commercial development projects within the City of Great Falls.

The request by James Talcott Construction, Inc. meets all standards established in the *Process* to be eligible for reimbursement, and future phases of development in West Bank One will generate additional future tax revenues for the West Bank TIFD and the City of Great Falls. For these reasons, planning staff and the Planning Board recommend that the City Commission approve the request for reimbursement.

Concurrences: Representatives from the City's Fiscal Services Department and Park & Recreation Department have been involved throughout the process.

Fiscal Impact: The West Bank Urban Renewal Fund was established to receive tax increment and pay bonds and eligible expenses in support of the successful redevelopment of the West Bank Urban Renewal District. At the end of Fiscal Year 2012, the West Bank Urban Renewal Fund had a fund balance of \$122,625. There are budgeted expenses for Fiscal Year 2013 for this fund of \$14,461. At the end of Fiscal Year 2012, the West Bank Urban Renewal Debt Service Fund had a fund balance of \$485,954.56. This includes the reserves needed for Debt Service payments (\$331,230). There are budgeted expenses for Fiscal Year 2013 for this fund (debt service payments) of \$217,903.

Alternatives: The City Commission has discretion to approve, amend or disapprove funding requests.

Attachments/Exhibits:

- Exhibit A - West Bank Urban Renewal District Map
- Exhibit B - Tax Increment Application Process Agenda Report (2008)
- Exhibit C - West Bank One Site Plan
- Exhibit D - Application & Written Response to 11 Criteria

Cc: Melissa Kinzler, Fiscal Services Director
Marty Basta, Park & Recreation Director
Patty Cadwell, Neighborhood Council Coordinator
Brad Talcott, James Talcott Construction, Inc.
Doug Wicks, Recreational Trails Inc.

Exhibit A – West Bank Urban Renewal District Map



Exhibit B - Tax Increment Application Process Agenda Report (2008)



Agenda # 17

Commission Meeting Date: *September 16, 2008*

**CITY OF GREAT FALLS
COMMISSION AGENDA REPORT**

Item: Tax Increment Application Process and Forms

From: City Staff

Initiated By: City Staff

Presented By: Cheryl Patton, Assistant City Manager

Action Requested: Approve Process and Application Form

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (approve/reject) the attached Tax Increment Application Process and Application Form”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: Staff recommends the City Commission approve the proposed Tax Increment Application Process and the Application Form as attached or make modifications to either document.

Background: The City of Great Falls has several districts which have been approved according to state statute for use of Tax Increment Financing of public improvements. Those districts include the Downtown Urban Renewal District, The West Bank Urban Renewal District and the Agri-technology Industrial District.

The City has not granted funding requests from the private sector for tax increment assistance for many years. However, the City had past experience in lending tax increment funds from the Downtown Revitalization Urban Renewal District in the 1980's. Besides the loan program in the 1980's, the City has used tax increment revenue for public improvements within the districts which help to accomplish the goals outlined in the district's plan at the time each district was created by the City Commission.

The City has been approached by two, separate developers planning projects within the West Bank Urban Renewal District requesting consideration for tax increment assistance. After a Work Session with the City Commission on August 19, 2008, staff believes that each project should be judged on its own merits and the requests should be evaluated by a knowledgeable group for appropriateness and impact to the district and community.

City staff has researched the process that the Missoula Redevelopment Agency (MRA) uses to assist private developers with projects within their urban renewal districts. The forms requested for approval tonight were adapted for The City of Great Falls' use from the written process and application forms used by MRA. The City's suggested **Process** follows that of the MRA in stating that the maximum TIF participation in any one private project would be limited to 10% of the construction/rehabilitation costs, exclusive of acquisition cost. Projects demonstrating extraordinary benefit to the Districts or the community, could, at the discretion of the City Commission, receive additional assistance.

The attached **Process** outlines eligible activities under state statute; an application process to be followed; and criteria to evaluate the request and the project. The **Application Form** requests applicant and project information including project costs, project financing and a project pro forma. This information will be used by the staff evaluation group, the Planning Board and the City Commission in determining the need and appropriateness of tax dollar participation in the project.

The **Process** states that the Planning Department will be the lead agency to accept applications. Planning will also convene the City staff group to evaluate the requests and will formulate a recommendation to the Planning Board for their review and consideration. The Planning Board is charged with making a recommendation to the City Commission for its consideration. The City Commission retains all powers granted in state statute.

Fiscal Services will be the lead agency in accounting for tax increment funds and preparing any necessary bond documents. If formal development agreements are needed, staff will rely on assistance from professional bond counsel. For each project, a project manager will be assigned from an appropriate department to ensure completion of the project in conformance with the approval by the City Commission.

Concurrences: The documents requested for approval have been reviewed by the Directors of Fiscal Services, Planning, Community Development, Public Works and Park and Recreation Departments and the Assistant City Manager.

Fiscal Impact: Tax Increment Revenues are available to be spent by the municipality on eligible activities outlined in state statute for a period of 15 years or the length of any bond issue. Each tax increment district has goals to be accomplished, including public improvements which were outlined in the plan when the district was created. Funding that is provided to assist private development with public improvements could also go toward meeting the Districts goals or could be returned to the taxing jurisdictions. TIF assistance to the private sector is viewed as an appropriate incentive to help a development or redevelopment project become reality.

Alternatives: The City Commission can approve these attachments as presented, modify either attachment or reject the **Process** and/or **Application**.

Attachments/Exhibits:

Tax Increment Financing Application Process
Tax Increment Financing Application

**CITY OF GREAT FALLS
WEST BANK URBAN RENEWAL DISTRICT &
INDUSTRIAL TAX INCREMENT DISTRICTS
TAX INCREMENT FINANCING APPLICATION PROCESS**

IMPORTANT: The material included below outlines the Tax Increment Financing application process and the responsibilities of the Applicant and the City of Great Falls. The Planning Department is charged with processing all applications and accomplishing the plans established with creation of each district. Private projects requesting Tax Increment financial assistance will be evaluated by the Planning Board. The Planning Board will prepare a recommendation to the City Commission concerning each individual request using the criteria outlined in this document. Please review this information carefully before submitting the application forms or finalizing your development plans.

Failure to receive approval of a completed application BEFORE construction begins may affect the Applicant's eligibility for Tax Increment Financing assistance from the City of Great Falls.

INTRODUCTION

The City of Great Falls is responsible for administering the urban renewal program in Great Falls, pursuant to Montana Urban Renewal Law (Title 7 Chapter 15 parts 42 and 43, Montana Code Annotated). Tax Increment Financing (TIF) is an important element of the program as it provides the City with a means to finance urban renewal, industrial, technology or aerospace activities. The TIF program operates by first establishing a base year taxable value for all properties within the appropriate district. In the case of the West Bank Urban Renewal District, the base year is 2007. Property taxes from that District continue to be paid to all taxing jurisdictions on the basis of the 2007 base year valuation. All increases in property taxes in the District above this base valuation, due to new development or reappraisals, are assigned to the City to be used to finance urban renewal activities within the District.

Applicants for TIF assistance are subject to program eligibility analysis and project review criteria listed below. In addition, project applications will be accepted and processed in the order in which they are received and approved based on the availability of funds in consideration of goals of the plan for the appropriate district.

ELIGIBLE ACTIVITIES

7-15-4288, M.C.A defines how tax increments can be used by the municipality to pay costs of or incurred in connection with an urban renewal project, industrial infrastructure development project, technology infrastructure development project or aerospace transportation and technology infrastructure development project and includes:

1. Land acquisition, including acquisition of infrastructure-deficient areas and assemblage of land for development by private enterprise or public agencies, including sale, initial leasing, or retention by the municipality itself at fair value.
2. Demolition and removal of structures.
3. Relocation of occupants.
4. Public improvements such as the acquisition, construction and improvement of infrastructure which includes streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and off-street parking facilities, sewers, sewer lines, storm sewers, waterlines, waterways, sewage and water treatment facilities, natural gas lines, electrical lines, telecommunication lines, rail lines, rail spurs, bridges, publicly owned buildings and other public improvements.
5. Costs incurred in the exercise of urban renewal powers allowed under 7-15-4233, M.C.A.

APPLICATION PROCESS

Anyone seeking TIF assistance from the City must submit a written application for each TIF-assisted project.

The following procedure has been developed to allow for a thorough and public review of TIF funding requests.

1. Initial Contact. Contact the Planning Department, Room 4, lower level of the Civic Center, to discuss the project and determine eligibility for TIF assistance.
2. Prepare a Written Application. The Applicant must prepare a written application for each funding request. For all TIF requests over \$10,000, the Applicant must also complete a "Developer's Statement of Qualification and Financial Responsibility" which includes submittal of developer's financial statements. This additional form may also be required of other Applicants by staff when deemed necessary for the evaluation process.
3. Staff Review. Upon submittal of all necessary information, a staff group consisting of Fiscal Services, Planning, Community Development, Park & Recreation, and Public Works department heads and the Assistant City Manager will review the merits of the project and the need for funding. The Planning Department staff will prepare a staff report and recommendation to the Planning Board.
4. Planning Board. The staff recommendation will be considered by the Planning Board who in turn will prepare a recommendation to the City Commission for final approval. At any point in the review process the staff, the Planning Board or the City Commission may request more information of the Applicant or solicit comments on the project from other public agencies. Upon submittal of the

appropriate affidavit, developer's financial statements will not be subject to public review or presentation to or comment by other agencies.

5. City Commission Review and Approval. The City Commission will review the project, will consider the recommendation from the Planning Board and will approve or reject the funding request or any part thereof along with any special terms of TIF assistance.
6. Development Agreement. If TIF assistance is approved, the City and the Applicant must execute a legally binding Development Agreement which establishes the terms and conditions of the TIF assistance. Among the terms and conditions, the Agreement shall specify the schedule for the start and completion of the project and may require the Applicant to guarantee repayment of TIF assistance if the terms of the Agreement are violated by the Applicant. The Development Agreement shall also specify whether the Applicant or City will be responsible for bidding or obtaining cost estimates and selecting contractors for funded activities. If the City is specified, it will follow public bidding and selection procedures as required by state law. The Development Agreement must be approved by the City Commission.

IMPORTANT NOTE: Costs to be paid with TIF monies may not be incurred by the Applicant prior to funding approval and the satisfaction of any conditions of such approval.

CRITERIA FOR REVIEW

Materials contained in TIF applications are used to assess the merits of projects in relation to the goals and objectives of the West Bank Urban Renewal Plan or other appropriate district plan. To measure the public benefit derived from the project, the City evaluates projects based on the following criteria. Each project is judged on its own merit; therefore, no weight is given to any of the criteria. However, the first six criteria are the most important in evaluating projects and must be addressed in the staff recommendation.

1. Economic Stimulus – The amount of economic activity to be generated by the project is assessed, as well as the leverage ratio of public to private investment. In general, the maximum limit of participation in any one project is 10% of the construction/rehabilitation costs, exclusive of acquisition cost. Projects clearly demonstrating extraordinary benefit to Districts or the community may, at the discretion of the City Commission, receive additional TIF assistance for eligible items. All applications should contain credible, measurable information substantiating the project's economic stimulus in the District and the community.

2. Tax Generation – The increase in taxable value due to new construction/rehabilitation as estimated by the County Assessor’s office to determine tax increment generation.
3. Employment Generation – Total employment generated by the project as assessed in terms of new permanent and part-time jobs, and construction jobs.
4. Elimination of Blight – The project’s direct and indirect impact on the physical and fiscal deterioration within the appropriate district and the community, as identified in the West Bank Urban Renewal Plan or the appropriate district plan for industrial, technology or aerospace districts.
5. Special or Unique Opportunities – The extent to which the project represents a unique opportunity, meets a special need, or addresses specific district or community goals. The restoration of a historic property or the provision of an unmet community need is an example of special and unique opportunities.
6. Impact Assessment – The extent of both positive and negative environmental impacts, appropriateness of the project design, and impact on existing businesses or residents.
7. Financial Assistance – Other forms of financing available to the Applicant. Lender participation, industrial development revenue bonds, and state and federal grant monies, for example, are examined to assess the need for TIF assistance.
8. Project Feasibility – A determination of feasibility is made based on the strength of the Applicant’s demonstration of market demand for the project as contained primarily on the pro forma and financing commitments.
9. Developer Ability to Perform – An assessment of the Applicant’s capability to undertake the relative complexities of the project based on past performance on similar projects.
10. Timely Completion – The feasibility of completing the project according to the Applicant’s project schedule.
11. Payment of Taxes – All property taxes, special improvement district assessments, and other assessments on the project property must be paid to date.

**CITY OF GREAT FALLS
WEST BANK URBAN RENEWAL DISTRICT
INDUSTRIAL TAX INCREMENT DISTRICTS
TAX INCREMENT FINANCING (TIF) APPLICATION**

Project Name: _____ Date Submitted: _____

APPLICANT INFORMATION

1. Name: _____
2. Address: _____

3. Telephone Number: _____

PROJECT INFORMATION

1. Building Address: _____
2. Legal Description: _____

3. Ownership: _____
Address: _____
4. If property is not owned by the Applicant, list leasehold interests: (Attach evidentiary materials.)
Name: _____
Address: _____
5. Existing/Proposed Businesses: _____
Business Description: _____

6. Employment: Existing FTE Jobs _____
New Permanent FTE Jobs created by project _____ Construction FTE jobs _____
7. Architectural/Engineering Firm
Firm: _____
Address: _____
Representative: _____
8. Description of Project: (Attach narrative explanation.)
9. Rehabilitation/construction Plans (Attach schematics, site, and landscaping plans.)
10. Project Schedule: (Attach time line or schedule through completion.)

PROJECT COSTS

Land and Site Improvements (Itemized)

1. Equity in Land and Buildings	\$ _____	
2.	\$ _____	
3.	\$ _____	
4.	\$ _____	
Subtotal		\$ _____

Construction/Rehabilitation Costs (Use general construction trade divisions)

1.	\$ _____	
2.	\$ _____	
3.	\$ _____	
4.	\$ _____	
5.	\$ _____	
6.	\$ _____	
7.	\$ _____	
8.	\$ _____	
9.	\$ _____	
10.	\$ _____	
Subtotal		\$ _____

Fees

1. A&E design/Supervision	\$ _____	
2. Permits _____	\$ _____	
_____	\$ _____	
3. Other fees _____	\$ _____	
_____	\$ _____	
Subtotal		\$ _____

Total Project Development Costs \$ _____

PROJECT FINANCING

Please complete Sources of Funds detail and summarize below.

Developer Equity

Cash Invested \$ _____
 Land & Buildings \$ _____
 Other (Specify) _____ \$ _____
 _____ \$ _____
 Subtotal \$ _____

Lender Commitments (Attach evidence i.e. Letters of Credit or other documentation.)

Lender	Loan Amount	Interest	Term	Payment/Period
_____	\$ _____	_____ %	_____ yrs	\$ _____ /mo
_____	\$ _____	_____ %	_____ yrs	\$ _____ /mo
Total Loan Amount				\$ _____

TIF Request

Eligible Improvements (See Narrative)

\$ _____
 \$ _____
 \$ _____
 \$ _____
 \$ _____
 Subtotal \$ _____

Sources of Funds Summary (Post totals from above)

Developer Equity \$ _____
 Lender Commitments \$ _____
 TIF Request \$ _____
 Other Funds (Specify) _____ \$ _____

Total Project Financing \$ _____

**DEVELOPER'S STATEMENT OF QUALIFICATION
AND FINANCIAL RESPONSIBILITY**

Applicant

1. Name: _____
Address: _____
2. If the applicant is not an individual doing business under his/her own name, the applicant has the status indicated below and is organized or operating under the laws of _____.
_____ A corporation
_____ A nonprofit or charitable institution or corporation
_____ A partnership known as _____
_____ Other (explain) _____
Date of organization: _____
3. Names, address, title of position (if any), and nature and extent of the interest of the officers and principal members, principal members, principal shareholders, investors, or partners of the applicant.

<u>Name and Address</u>	<u>Nature and Extent of Interest</u>
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Financial Condition

1. Provide a current financial statement for each private entity involved in the project. Documentation of financial capacity may include net worth statements, balance sheets, or profit and loss statements.
2. Has the applicant or any individual or entity affiliated with the development of this project been adjudged bankrupt, either voluntary or involuntary, within the past ten years?
No _____ Yes _____ If yes, give date, place, and under what name _____

3. Has the applicant or any individual or entity affiliated with the development of this project been indicted for or convicted of any felony within the past 10 years?

No _____ Yes _____ If yes, give the date, charge, place, court and action taken for each case _____

CONSTRUCTION CONTRACTOR

1. Identify the construction contractor or builder who will undertake this project.
Name: _____
Address: _____
2. Has such contractor or builder ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract within the last 10 years? No _____ Yes _____ If yes, explain.

CERTIFICATION

I (we), _____ (please print), certify that the statements and estimates within this Application as well as any and all documentation submitted as attachments to this Application or under separate cover are true and correct to the best of my (our) knowledge and belief.

Signature _____

Address _____

Title _____

Address _____

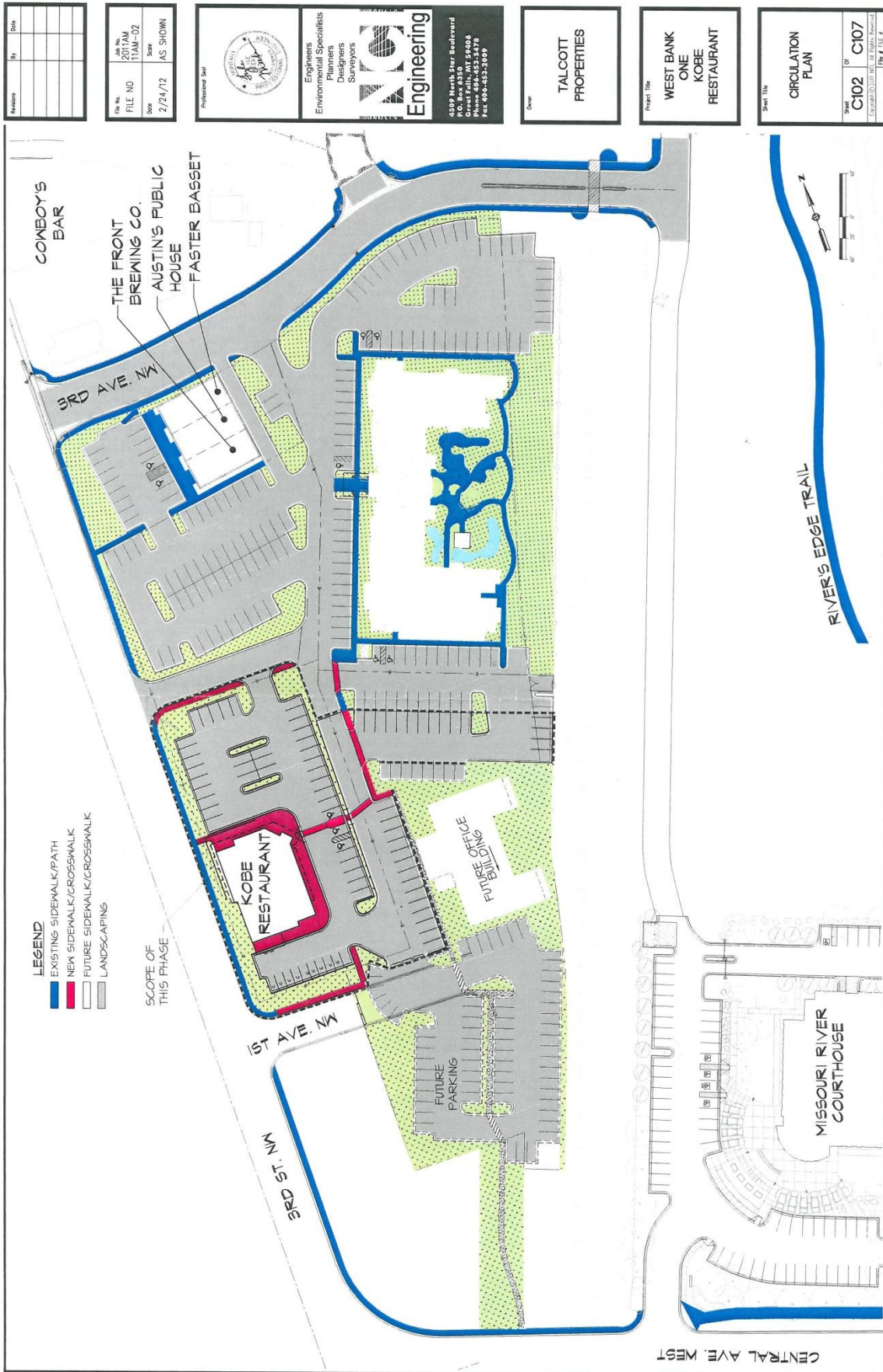
Date _____

Date _____

Signature _____

Title _____

Exhibit C – West Bank One Site Plan



February 15, 2012

Melissa Kinzler
City of Great Falls
Fiscal Services director
PO Box 5021
Great Falls, MT 59403
406-455-8476

Dear Melissa,

We are requesting the remaining TIF for West Bank One Development.

These are the items that qualify for reimbursement of TIF. We realize the total below is more than the remaining money available.

West Bank Hotel Properties
Hotel Development
TIOF Request
February 2012

Curb and Gutter	\$ 13,855.00
Sidewalks	\$ 3,630.00
Parking lots and Roads	\$ 18,122.00
Utilities (Water, Sanitary and Storm)	\$ 74,590.00

Total: \$ 110,197.00

Sincerely,



Brad Talcott
West Bank Properties
4415 River Dr. No
PO Box 2493
Great Falls, MT 59403

**CITY OF GREAT FALLS
WEST BANK URBAN RENEWAL DISTRICT
INDUSTRIAL TAX INCREMENT DISTRICTS
TAX INCREMENT FINANCING (TIF) APPLICATION**

Project Name: Kobe Steak and Seafood Date Submitted: 5-7-12

APPLICANT INFORMATION

1. Name: Talcott Properties, LLC.
2. Address: PO Box 2493
Great Falls, MT 59403
3. Telephone Number: 406.761.0018

PROJECT INFORMATION

1. Building Address: Intersection of 4th Ave NW and 3rd Street - GF, MT
2. Legal Description: Parcel of land in the (SW1/4) and governmental lot 7, section 2
Township 20 North, Range 3 east, P.M.M., Cascade County, Montana.
3. Ownership: Talcott Properties, LLC.
Address: PO Box 2493, Great Falls, MT 59403
4. If property is not owned by the Applicant, list leasehold interests: (Attach evidentiary materials.)
Name: MP
Address: _____
5. Existing/Proposed Businesses: Restaurant
Business Description: Kobe Steak and Seafood
6. Employment: Existing FTE Jobs —
New Permanent FTE Jobs created by project 45 Construction FTE jobs 55
7. Architectural/Engineering Firm
Firm: CTA
Address: 219 2nd Ave S., Great Falls, MT 59405
Representative: Martin Byrnes
8. Description of Project: (Attach narrative explanation.)
9. Rehabilitation/construction Plans (Attach schematics, site, and landscaping plans.)
10. Project Schedule: (Attach time line or schedule through completion.)

PROJECT COSTS

Land and Site Improvements (Itemized)

1. Equity in Land and Buildings	\$	<u>525,000</u>	
2.	\$	<u> </u>	
3.	\$	<u> </u>	
4.	\$	<u> </u>	
Subtotal			\$ <u>525,000</u>

Construction/Rehabilitation Costs (Use general construction trade divisions)

1. Site /landscaping	\$	<u>495,972</u>	
2. Concrete	\$	<u>87,283</u>	
3. Steel	\$	<u>163,756</u>	
4. Masonry	\$	<u>97,356</u>	
5. Finishes	\$	<u>230,841</u>	
6.	\$	<u> </u>	
7.	\$	<u> </u>	
8. Mechanical	\$	<u>115,080</u>	
9. Electrical	\$	<u>84,136</u>	
10.	\$	<u> </u>	
Subtotal			\$ <u>1,274,424</u>

Fees

1. A&E design/Supervision	\$	<u>108,400</u>	
2. Permits	\$	<u>6,250</u>	
	\$	<u> </u>	
3. Other fees <u>Tap</u>	\$	<u>926</u>	
	\$	<u> </u>	
Subtotal			\$ <u>115,576</u>

Total Project Development Costs \$ 1,915,000

PROJECT FINANCING

Please complete Sources of Funds detail and summarize below.

Developer Equity

Cash Invested	\$	<u>150,000</u>	
Land & Buildings	\$	<u>525,000</u>	
Other (Specify) _____	\$	_____	
_____	\$	_____	
Subtotal			\$ <u>675,000</u>

Lender Commitments (Attach evidence i.e. Letters of Credit or other documentation.)

Lender	Loan Amount	Interest	Term	Payment/Period
<u>Stockman Bank</u>	\$ <u>1,100,000</u>	<u>6</u> %	<u>20</u> yrs	\$ <u>7,900</u> /mo
_____	\$ _____	_____ %	_____ yrs	\$ _____ /mo
Total Loan Amount				\$ <u>7,900</u>

TIF Request

Eligible Improvements (See Narrative)

<u>utilities</u>	\$	<u>95,000</u>
<u>curb and gutter</u>	\$	<u>45,000</u>
	\$	_____
	\$	_____
	\$	_____

Subtotal \$ 140,000

Sources of Funds Summary (Post totals from above)

Developer Equity	\$	<u>675,000</u>
Lender Commitments	\$	<u>1,100,000</u>
TIF Request	\$	<u>140,000</u>
Other Funds (Specify) _____	\$	_____

Total Project Financing \$ 1,915,000

**DEVELOPER'S STATEMENT OF QUALIFICATION
AND FINANCIAL RESPONSIBILITY**

Applicant

1. Name: Talcott Properties, LLC.
Address: PO Box 2493 Great Falls, MT 59403
2. If the applicant is not an individual doing business under his/her own name, the applicant has the status indicated below and is organized or operating under the laws of _____.
- _____ A corporation
_____ A nonprofit or charitable institution or corporation
_____ A partnership known as _____
 Other (explain) LLC, Operations Similar
- Date of organization: 1/21/1999
3. Names, address, title of position (if any), and nature and extent of the interest of the officers and principal members, principal members, principal shareholders, investors, or partners of the applicant.

<u>Name and Address</u>	<u>Nature and Extent of Interest</u>
<u>Bradley B. Talcott 2801 4th Ave North Great Falls, MT 59401</u>	<u>Member</u>

Financial Condition

1. Provide a current financial statement for each private entity involved in the project.
Documentation of financial capacity may include net worth statements, balance sheets, or profit and loss statements. See original TIF application
2. Has the applicant or any individual or entity affiliated with the development of this project been adjudged bankrupt, either voluntary or involuntary, within the past ten years?
No Yes _____ If yes, give date, place, and under what name _____
3. Has the applicant or any individual or entity affiliated with the development of this project been indicted for or convicted of any felony within the past 10 years?

No X Yes _____ If yes, give the date, charge, place, court and action taken for each case _____

CONSTRUCTION CONTRACTOR

1. Identify the construction contractor or builder who will undertake this project.
Name: James Talcott Construction, Inc.
Address: PO Box 2493 Great Falls, MT 59403
2. Has such contractor or builder ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract within the last 10 years? No X Yes _____ If yes, explain.

CERTIFICATION

I (we), Bradley B. Talcott (please print), certify that the statements and estimates within this Application as well as any and all documentation submitted as attachments to this Application or under separate cover are true and correct to the best of my (our) knowledge and belief.

Signature Bradley B. Talcott

Title Member

Address 2801 4th Avenue N
Great Falls, MT 59403

Date 5-7-12

Address _____

Date _____

Signature _____

Title _____

CITY OF GREAT FALLS
WEST BANK URBAN RENEWAL DISTRICT
INDUSTRIAL TAX INCREMENT DISTRICTS
TAX INCREMENT FINANCING (TIF) APPLICATION

Narrative: Talcott Properties, LLC. is adding a restaurant to West Bank One as per master plan.

Construction Plans: See attached

Project schedule: Job started in February 2012 and will be completed in September 2012.

West Bank One

Criteria for Tax Increment Financing

1. Economic Stimulus

This phase of the West Bank One development has resulted in the addition of three new businesses to Great Falls: Kobe Steak and Seafood, The Front Brewing Company and The Front Public House. As new businesses, they provide both new taxes and new jobs. Employment includes not only the permanent jobs created by the businesses, but the temporary work of construction. Likewise, there is the intangible stimulus provided by the cleanup of a blighted area and the resulting higher-end use in a neighborhood that has been sorely lacking in investment and development.

2. Tax Generation

Tax revenues for the three new businesses have yet to be determined. However, it should be noted that the taxes for an earlier phase (Staybridge Suites), came in more than 50 percent higher than originally anticipated by the City for a total of about \$150,000 annually. We anticipate that the two new buildings will each generate at least \$10,000 in additional annual property taxes.

3. Employment Generation

Kobe Steak and Seafood will generate about 45 jobs, or roughly 35 FTE. The Front Brewing Company and The Front Pub will generate at least 10 FTE total. Construction work associated with the buildings will generate at least 55 FTE jobs for the construction period. Not included in this count is the work provided to architectural and engineering firms, attorneys and business consultants.

4. Elimination of Blight

The West Bank Redevelopment Area has been identified by the City of Great Falls as its area of greatest potential for elimination of blight and economic redevelopment. The West Bank One project – including this phase – meets virtually every goal set for this area. They include:

- Removal of blighted buildings. All of the previous buildings in this development were demolished and removed, and all hazardous materials (asbestos and lead paint) removed.
- Creation of a high density urban environment. The businesses created all are of the nature identified in the Great Falls West Bank Redevelopment Plan as desirable for the location. We have specifically declined opportunities to place casinos or box stores on the property in an effort to meet this goal.
- Create a walkable neighborhood. Accommodating foot and bicycle traffic is a priority for the development – especially given the close proximity to the popular River’s Edge Trail. All design was performed with this in mind, and each building will have bike racks and benches or outdoor seating available.
- Integrate a variety of uses. Each phase of West Bank One includes a different use. The first phase was lodging; this phase is restaurant/bar space; the next stage is office space.

5. Special/Unique Opportunities

The City of Great Falls earlier declared the cleanup of the West Bank area as its top redevelopment priority. This phase of the project continues the effort to meet that goal. We are working hard to not only attract new businesses (which we believe has been done very successfully during a national economic downturn), but also to make the West Bank area special. To accomplish that, we have invested substantial funds to design and construct particularly high-quality buildings. We have likewise invested significantly to provide the most innovative landscaping of any development in the region. Our goal is to set the highest possible standard for redevelopment along West Bank, creating a very special place in our community.

6. Impact Assessment

The positive environmental impacts of West Bank One are many. They include:

- Removal of blighted properties and associated hazardous materials.
- Replacing (and adding to) existing utilities with underground utilities.
- Using the latest environmentally sound practices for storm water removal.
- Using native plants and materials in much of the landscaping to minimize water use and maximize aesthetics.

We have a harder time identifying negative environmental impacts, with the exception of the obvious increase in traffic to the area.

In terms of project design, as stated above, we are committed to providing the highest-quality buildings and landscaping feasible.

The impact on existing businesses and residences has yet to be determined. The businesses that were previously located on the site (with the exception of an old motel that had already closed) were relocated, so those jobs were not lost. We believe that as West Bank One progresses, other businesses in the area will benefit from the additional traffic to this area.

7. Financial Assistance

This phase of West Bank one includes the following sources of funding:

- \$765,00 – developer equity
- \$1,100,000 – lender commitment (Stockman Bank)
- \$140,000 – TIF funds

8. Project Feasibility

This project has been determined feasible by our banker, as well as by the new businesses committed to operating at West Bank One.

9. Developer Ability to Perform

Talcott Properties demonstrated with construction of the Staybridge Suites hotel during the first phase of this project that we have the capacity to bring this project to fruition. We have done development and redevelopment work in Great Falls for more than 25 years.

10. Timely Completion

As we are in control of our construction schedule, we have no problems meeting completion deadlines.

11. Payment of Taxes

Talcott Properties and all associated businesses and individuals have been and remain current on all taxes.