

Exhibit "C"
Great Falls International Airport
Tax Increment Financing Industrial District Plan

1. INTRODUCTION

The Great Falls International Airport (GFIA) Authority is interested in fostering the development of secondary, value adding industries in the City of Great Falls as part of its overall mission to promote aviation related economic development, to improve area employment opportunities and to expand the tax base. This effort will be facilitated through the creation of a Tax Increment Financing Industrial District or TIFID, which will encompass the entire Airport property.

History of the Great Falls International Airport

The GFIA was developed in response to an initiative of the U.S. Department of Commerce in 1928. The City acquired 640 acres of land and construction was started on Runway 16/34, which was completed in June 1929. By 1939 the airport facilities included four runways, a large hangar, and an administration building.



Early Air Mail Plane

In 1939, the Great Falls Airport Commission appealed to Harry H. Woodring, Secretary of War, to locate an Air Corps squadron at Great Falls. In 1941, the Civil Aeronautics Authority provided money for the further development of the Great Falls Municipal Airport, which was known then as Gore Field.

During World War II, the airport was leased by the U.S. War Department and used as a base for the 7th Ferrying Command. During the war years, more than 7,500 bombers and fighter aircraft passed through Great Falls on their way to the war fronts in Europe and the Pacific. While using the airport as an airbase, the U.S. Army acquired an additional 740 acres of land and built many buildings and other facilities.



First Terminal

In June 1948, the U.S. War Department deeded the airport back to the City of Great Falls with the stipulation that the facility could revert to military control in the event of a

national emergency. The airport was released from this clause in 1961. In 1975, the terminal at the GFIA was replaced and all runways, aprons, and taxiways updated. With use of Federal Aviation Administration (FAA) matching funds, the Airport Authority performs annual operations, maintenance, and capital improvements.¹ In addition to commercial, freight and private air services, the GFIA houses the 120th Fighter Group of the Montana Air National Guard (MANG) on 138 acres just southwest of the Terminal area.

Today, the GFIA is governed by a Regional Airport Authority, which recognizes the economic influence that airports have on the areas they serve. To this end, the Great Falls International Airport Authority (Authority) has reconstructed 80% of its existing infrastructure and expanded its aviation infrastructure to support the development of 29 new hangers. FedEx Cargo has established a 79,000 square foot regional hub at the Airport and since 2000, the Authority has helped to foster the creation of 300 new jobs of which 200 are primary sector jobs.

In 2006, privately owned businesses located on airport property generated \$685,000 in property taxes that benefit city and county governments, as well as area schools. This amount represents a 78% increase since 2003. However, airport area infrastructure is near its capacity. As a result, the Authority is faced with limitations on new development due to a lack of developable sites with sufficient utilities, roads and general infrastructure improvements. Installing additional infrastructure would allow the Authority to continue growing the tax base for the community. However, there are no viable revenue sources to install the infrastructure necessary to leverage growth of secondary, value adding industries.

Tax Increment Financing for Industrial Development

At the request of and in concert with the Airport Authority, the City of Great Falls intends to establish a Tax Increment Financing Industrial District (TIFID) at the Great Falls International Airport. The base year for the purposes of measuring any incremental value will be 2008 and the base value will be calculated as of January 1, 2008.

Tax increment financing is a mechanism that allows communities to use new tax dollars resulting from increasing taxable value for reinvestment within the geographic area in which they are derived. Until 1989, tax increments could only be used for rehabilitation efforts within urban renewal areas, which were usually blighted central business districts. In 1989, the Montana Legislature amended the Montana Urban Renewal Law to enable municipalities to create special industrial districts which could employ tax

¹ Great Falls International Airport History, http://www.gtfairport.com/airport_info/history.html

increment financing to assist in the development and retention of secondary, value-adding industries. In doing so, the Legislature noted that the State of Montana wishes to encourage secondary, value-adding industrial manufacturing that uses Montana timber, mineral, oil and gas, coal and agricultural resources in the production of goods in the State. The legislation recognized that secondary, value-adding industries, in order to be competitive in today's world economy, require expensive infrastructure that is beyond the means of most Montana communities. Senate Bill 472 resulted in Section 7-15-4299 Montana Code Annotated (MCA), originally codified in 1989 and amended in 2007. This law enables communities to assist in industrial development in areas that are deemed to be infrastructure deficient. Tax increment financing may now be used for improvements as defined in 7-15-4288 MCA.

In March of 2008, the Montana Department of Revenue, under its administrative rule making authority, more specifically defined "secondary industries" as those that use mechanical or chemical processes to transform materials or substances into new products in the manner defined as manufacturing in the North American Industry Classification System Manual. These industries engage in the:

- processing of raw materials, such as minerals, ore, oil, gas, coal, agricultural products, and forestry products; or
- processing of semi-finished products that are used by the industry as a raw material in further manufacturing.

"Value-added" is defined as an increase in the worth of the raw or semi-finished product that results from a mechanical or chemical transformation and may not be attributable to a mere increase in existing production.

In order to make use of this innovative economic development strategy, the City of Great Falls must adopt an industrial development plan which defines the specific geographic area within which the tax increment will be measured and reinvested. Further, the plan must outline those activities that the local government intends to undertake in order to successfully develop (or retain) value-adding industrial activity.

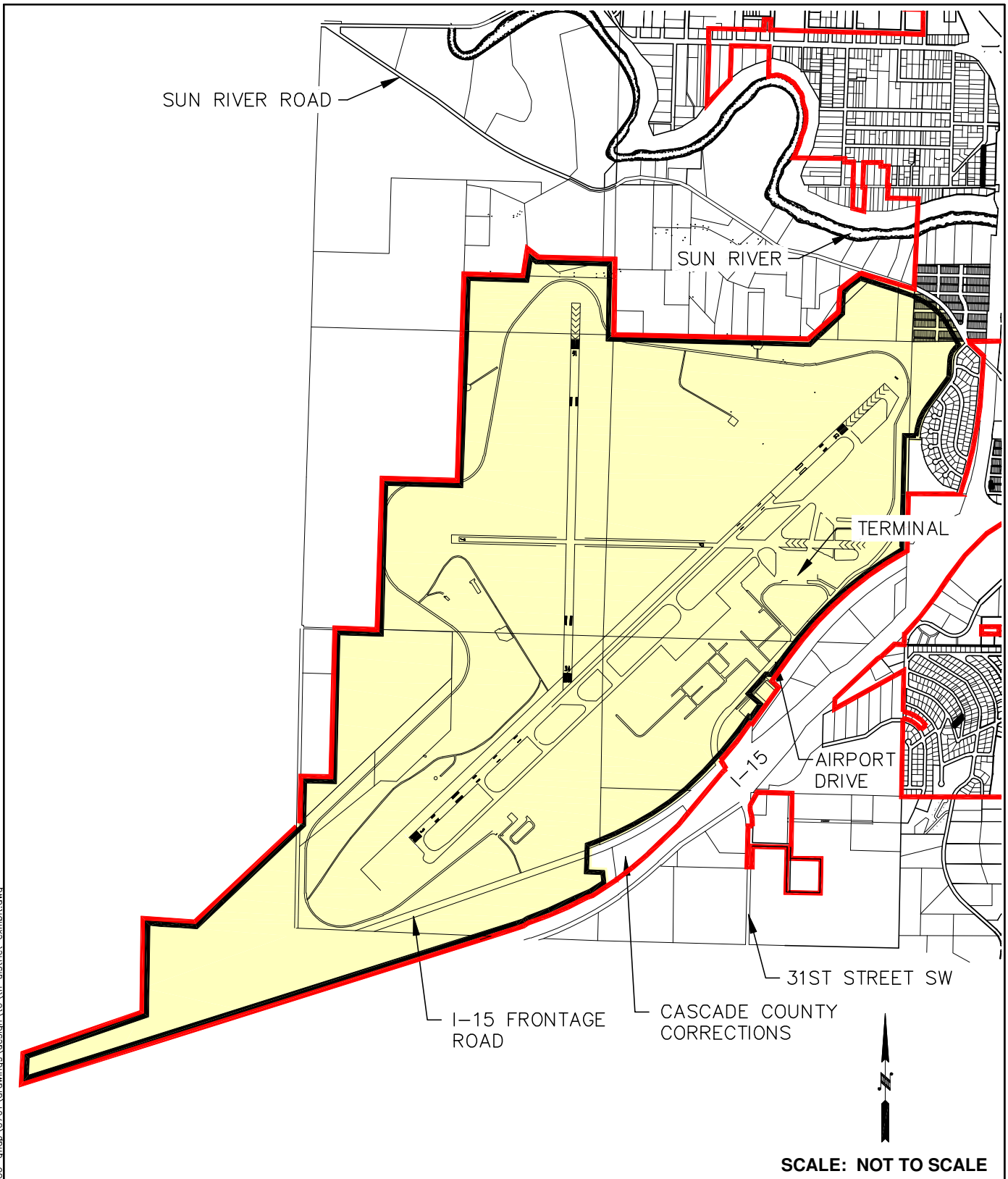
2. DISTRICT DESCRIPTION



The GFIA is situated at the western limits of Great Falls, Montana in Cascade County and is located entirely within the Great Falls corporate limits.

Location Map


Figure 1 illustrates the proposed area of the Great Falls International Airport TIFID. (A separate Exhibit B contains the legal description of the Airport).

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	DISTRICT BOUNDARY
	CITY LIMITS

**PROPOSED GREAT
FALLS AIRPORT TIFID
DISTRICT**

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FIGURE 1

3. EXISTING INFRASTRUCTURE ANALYSIS

The existing infrastructure at the GFIA includes a combination of public and private utility services built in response to growth and needs at the Airport. These are summarized in Figures 2-5.

Figure 2 shows current City water and sanitary sewer utilities. The Airport's location and elevation, well above all treatment facilities, dictates the location of lift stations and the distances required to service mains. Key water connections exist at three separate locations into the GFIA. All sanitary sewer lines are channeled into the single sewer main connection, just north of the Airport Interchange on Interstate 15.

Figures 3A and 3B show both the public roads and the City storm drain facilities. The Airport generally drains toward the north, and provides on-site storm water detention which is a permitted-industrial release site, through the Montana Department of Environmental Quality (DEQ). Storm water is discharged at the north end of the Airport into the Sun River. The single connection to the road network is at I-15 Interchange # 277 with Airport Drive.

As the sole access road into the GFIA, Airport Drive also provides traffic distribution for the majority of airside and all landside facilities. Airport Drive is primarily a two-lane, urban street with some supplemental turning lanes. Design and operating speeds are less than 35 miles per hour (mph). Airport Drive serves as the sole emergency access to and from the Airport and currently serves all vehicle types, with a mix ranging from large semi-trailers to passenger cars. The I-15 Frontage Road also provides access to the undeveloped, southern portion of the Airport lands, on a two-lane rural roadway. In an agreement with the City of Great Falls, the GFIA provides street maintenance on Airport Drive and other, public streets that serve the terminal and freight areas.

The Airport Perimeter Road circumnavigates the fenced (secured, airside of the Airport). Due to aviation security requirements, this roadway is considered a private roadway and has no public access. It is primarily a narrow, two-lane, paved surface with no signing, striping or shoulders.

Natural gas service lines provided by Energy West are shown in Figure 4. This current system extends along Airport Road from the Terminal/MANG areas to the north Airport boundary, terminating at the FedEx facility.

Figure 5 shows Northwestern Energy's electric lines and available communication service. Although numerous electric lines are shown along the runways, these service

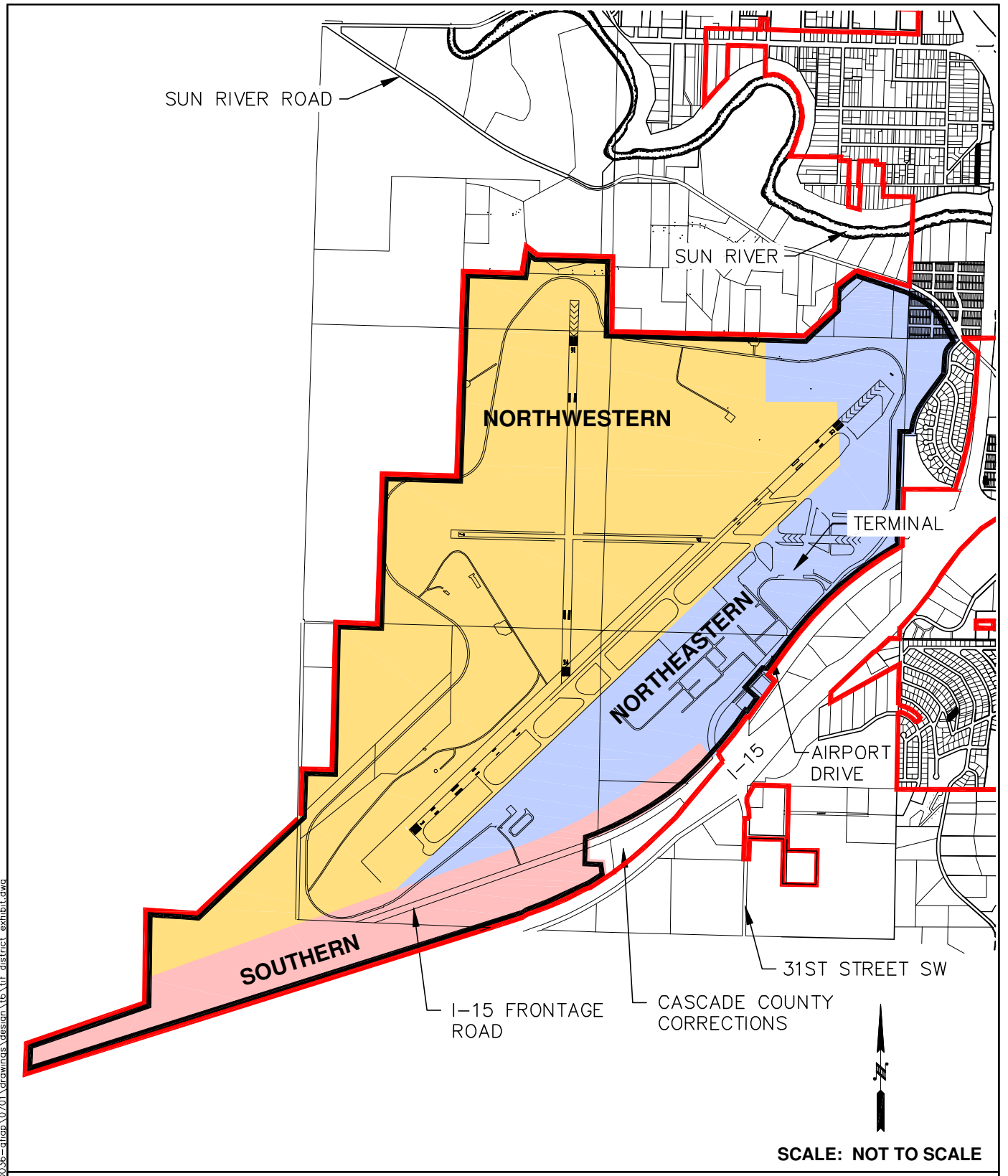
lines are not considered for extension to future development. Local and long-distance telephone connections are currently available at the Terminal and developed areas. Both fiber optic and cable connections exist on the east (non-airport) side of I-15 with some fiber lines extending to specific buildings (MANG, Federal Aviation Administration, etc) within the GFIA.



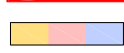
4. INFRASTRUCTURE DEFICIENCIES FOR TARGETED SECONDARY, VALUE-ADDING INDUSTRIES

The development of secondary, value-adding industries in the TIFID will require adequate infrastructure -- roads, sewer, water, electricity and communications. A review of the existing infrastructure and the infrastructure needed for the development of secondary, value-adding industries within the TIFID reveals the following deficiencies, which are presented by sub area within the proposed TIFID.

Figure 6 shows three geographic areas within the TIFID that currently provide similar infrastructure services. These areas were established to summarize the infrastructure deficiencies for the development of secondary, value adding industries within the TIFID.

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	DISTRICT BOUNDARY
	CITY LIMITS
	INFRASTRUCTURE DISCUSSION AREAS

PROPOSED GREAT FALLS AIRPORT TIFID DISTRICT

SE **Stalling Engineers, Inc.**
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FIGURE 6

Deficiencies by Area

The Northeastern Area (from the I-15 interchange, north to the FedEx complex) of the TIFID is well served by all infrastructure, except roads and communication infrastructure. The road infrastructure is limited by the lack of dual access and the capacity limits of a single, two-lane, low-speed road for all Airport access.

- Cable and fiber-optic service do not exist as services have not been extended across the Interstate to serve any of the Airport or TIFID areas at the time of this evaluation.

The Southern Area (generally south of Airport Drive and directly along the I-15 Frontage Road) has service connections at the east edge, but few extensions along the Frontage Road corridor.

- Electricity, telephone, water and sanitary sewer services are available at the east edge but would require main (or transmission line) extensions along the Frontage Road corridor.
- Gas and storm sewer would need to be connected to existing distribution systems. Gas would likely connect to existing systems in the Northeastern Area via an extension along the Frontage Road corridor. Storm systems could connect into either the Northeastern or Northwestern Areas, depending upon design needs.
- The road infrastructure provides reasonable access through this area but does not have intersection improvements (turn lanes, driveway approaches, traffic signals, lighting or roundabouts). Because the Frontage Road is under the Montana Department of Transportation (MDT) jurisdiction, additional access changes will be required to meet MDT access and design standards. The road infrastructure is also limited as Airport Drive provides the only emergency access (the Frontage Road does extend further south, but requires additional travel time that eliminates its feasibility as an emergency response route).
- Cable and fiber-optic service do not exist as services have not been extended across the Interstate to serve any of the Airport or TIFID areas at the time of this evaluation.

The Northwestern Area (all areas west of the main runway) essentially has no infrastructure suitable for industrial development. New connections to all infrastructure would be required for industry, including major extensions for:

- Water mains and service (including possible upgrading of Gore Hill systems for fire demand, which could include pump station, storage and distribution)
- Sanitary mains and distribution (including the possible addition of a lift station)
- Storm Drain Systems
- Roadway Systems (access to development and improvements to Frontage Road and/or Airport Drive)

- Gas (main and distribution lines)
- Electrical Service (transmission and distribution lines)
- Telephone Service
- Cable and fiber-optic service do not exist as services have not been extended across the interstate to serve any of the airport or TIFID areas at the time of this writing.

5. INDUSTRIAL DEVELOPMENT ACTIVITIES TO BE UNDERTAKEN

Once the TIFID is established, the Great Falls International Airport Authority, in concert with the City of Great Falls, will work to foster industrial economic development within the District. This program will be multifaceted and will include market analysis, capital improvement planning, industry recruitment, and project financing and implementation.

Identification of secondary, value-adding industries

The Authority has identified industries that could be targeted for development within the proposed TIFID. This list of industries is based on the following analysis, as provided by the Authority:

...industry groups, or clusters, have been identified as target industries for on-airport development. These industry clusters have a propensity to locate business activities on airports or immediately adjacent to airports, depending on airport land availability. Industry clusters were identified based on airport development trends throughout North America. It should be noted that these industry clusters are not specifically related to airport and aircraft services or visitor industry services. Rather, these industry clusters locate on an airport to take advantage of access to airside facilities such as air cargo facilities, aircraft aprons, taxiways and runways. By locating on the airport, these industries reduce, if not eliminate, time in trucking cross-city or –region, as well as being well positioned to receive air cargo and personnel.

The list of potential industries is presented in Table 1, as follows.

Table 1. Potential Industries for Attraction

NAICS Code	Industry
334511	Search, Detection, Navigation, Guidance, Aeronautical, & Nautical System & Instrument Manufacturing
336411	Aircraft Manufacturing and Refurbishing
336412	Aircraft Engine and Engine Parts Manufacturing
336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing
336414	Guided Missile and Space Vehicle Manufacturing
336415	Guided Missile and Space Vehicle Propulsion Unit and Propulsion Unit Parts Manufacturing
336419	Other Guided Missile and Space Vehicle Parts and Auxiliary Equipment Manufacturing
334111	Electronic Computer Manufacturing
334112	Computer Storage Device Manufacturing
334113	Computer Terminal Manufacturing
334119	Other Computer Peripheral Equipment Manufacturing
334210	Telephone Apparatus Manufacturing
334220	Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing
334290	Other Communications Equipment Manufacturing
334310	Audio and Video Equipment Manufacturing
334412	Bare Printed Circuit Board Manufacturing
334413	Semiconductor and Related Device Manufacturing
334414	Electronic Capacitor Manufacturing
334418	Printed Circuit Assembly (Electronic Assembly) Manufacturing
334419	Other Electronic Component Manufacturing
333295	Semiconductor Machinery Manufacturing

Further research and analysis will be required to determine which of these industries can be actively recruited based on market conditions and Great Falls' unique position in the market place. Issues such as energy costs related to operations and transportation, distance from markets and overall industry trends, as well as infrastructure requirements will help determine industries to be targeted.

Capital Improvements Planning and Implementation

The Great Falls International Airport Authority will undertake the necessary planning required to identify more particularly the infrastructure required to support the development of targeted secondary, value-adding industries. This planning effort will address necessary capital improvements and the associated costs. Infrastructure design

and development could include roads and other transportation infrastructure, pedestrian ways, sewage pre-treatment, sewer lines, water mains, utilities, street lighting and buildings.

TIFID Program Design

Once targeted industries and required capital improvements have been more clearly identified, the next step will be to develop the mechanisms to implement the overall TIFID program. Given that private industrial development will generate the property taxes necessary to finance a portion of the infrastructure development, recruitment and infrastructure development must occur hand in hand. It is likely that construction of public infrastructure will be financed through the sale of Tax Increment Bonds in combination with other state and federal funding programs. Tax increment financing mechanisms can include:

- Tax Increment Bonds – Tax increment revenues would be pledged to pay bond principal and interest annually. The size and term of the bond would depend on tax increment revenues available from private sector taxpayers within the TIFID. While Montana law provides that tax increment districts may only be authorized for 15 years, the time period may be extended to coincide with the term of a tax increment bond, but no longer than an additional 25 years. In most cases, it will be necessary for the private taxpayer(s) to enter into an agreement with the City of Great Falls to assure, for the term of the bond, the annual payment of all property taxes due or an equivalent amount if the taxpayer no longer holds property in the district. The amount of tax increment realized each year must be enough to cover all bond payments due, as well as an adequate reserve.
- Annual Tax Increment Appropriations – The City of Great Falls may finance smaller public infrastructure improvements from its annual tax increment receipts by appropriation. Funds available each year would be determined by the size of the annual increment and any prior commitments (such as bond debt service requirements and administrative costs).
- Conventional Financing – The City of Great Falls may borrow funds from commercial lending institutions in order to finance public infrastructure improvements. Principal and interest on the loan will be paid by annual tax increment revenues. A conventional loan agreement will not, however, extend the authorized 15 year time period for a TIFID.

Per 7-15-4291 MCA, the City of Great Falls may enter into agreements with the other affected taxing bodies to remit to such taxing bodies any portion of the annual tax increment not currently required for the payment of the costs listed in 7-15-4288 MCA or pledged to the payment of the principal of premiums, if any, and interest on bonds.

Industry Recruitment

Once the District is established, local staff and resources and/or consultant services could be used to assist in the development of business plans, market studies and general research to recruit secondary, value-adding industries to the TIFID. Once the District starts generating revenue, TIFID funds may be directed to these activities as well.

Partnership Development

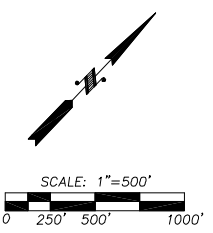
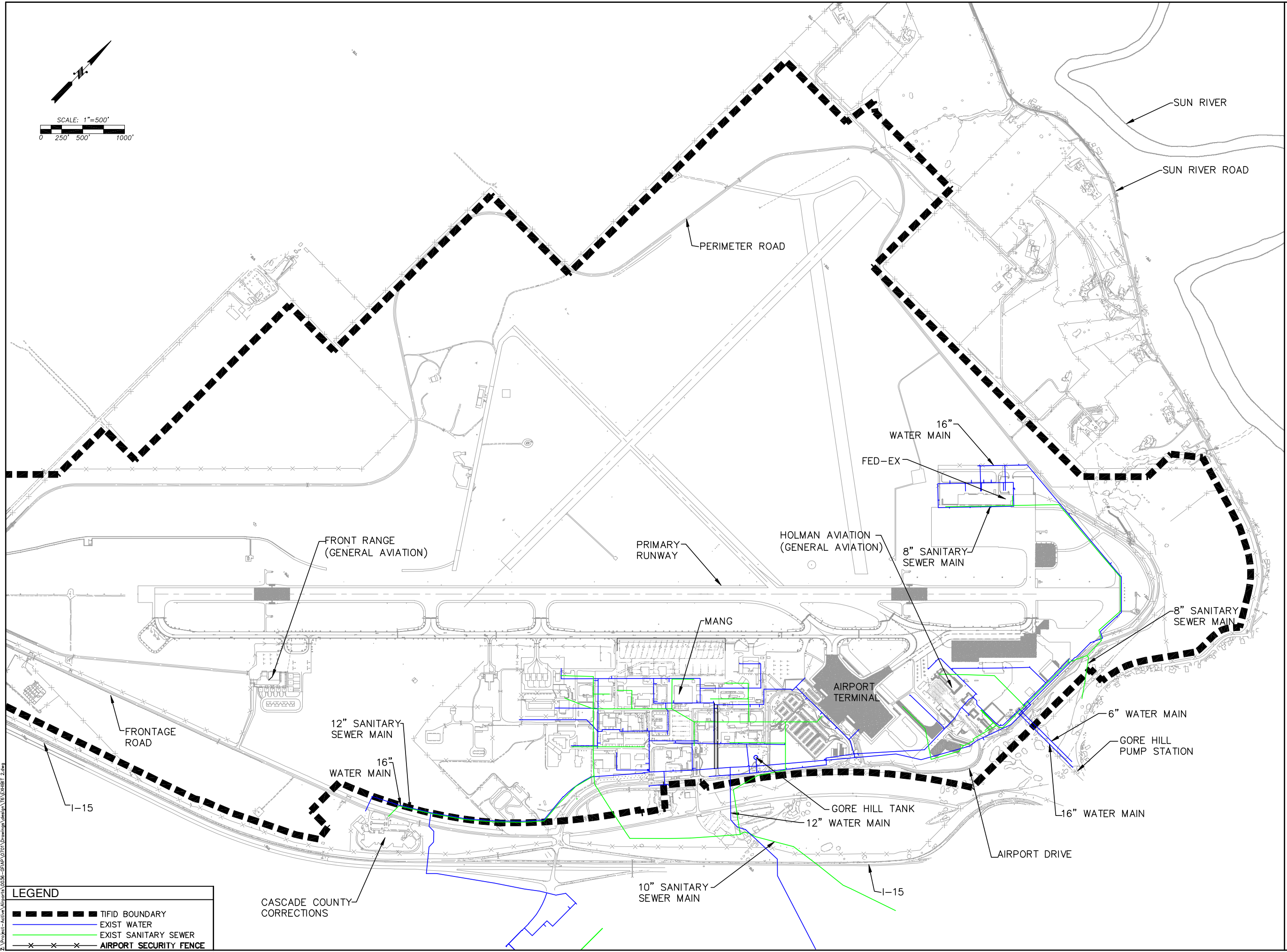
The TIFID program will rely on cooperative efforts among the City of Great Falls, the Airport Authority and other development organizations to achieve its goal of fostering industrial development. In many cases, these cooperative partners will work jointly on market analyses, business recruitment and capital improvements planning. Also, as noted above, it will be necessary to work with other local, state and federal entities in providing additional financing and matching funds to build industrial infrastructure in the TIFID. Potential partnerships can be forged using a variety of programs and funding mechanisms. A sampling of these includes:

Programs

- The Treasure State Endowment Program (Montana)
- Community Development Block Grant (U.S. Department of Urban Development)
- The Montana Intercap Program
- Economic Development Administration (U.S. Department of Commerce)
- *Water, Wastewater and Solid Waste Action Coordinating Team* (a group of professionals from state, federal, and non-profit organizations that finance, regulate, or provide technical assistance for community water and wastewater systems)
- Community Transportation Enhancement Program – Under 23 USC 133 (d) (2) (Federal Code), 10 percent of the Surface Transportation Program monies are awarded to each state for transportation enhancements.

Funding Mechanisms

- Local mill levies for transportation infrastructure (7-14-4101 MCA)
- Transportation Improvement Authority (7-14-1001, MCA)
- Special Improvement Districts (7-12-4101 MCA)
- Debt Financing – Cities can make use of various kinds of debt financing to fund industrial development projects. These include general obligation bonds, special improvement district bonds and revenue bonds as well as Tax Increment Financing Bonds.
- State Fuel Tax (15-70-101MCA)



LEGEND

	TIFD BOUNDARY
	EXIST WATER
	EXIST SANITARY SEWER
	AIRPORT SECURITY FENCE

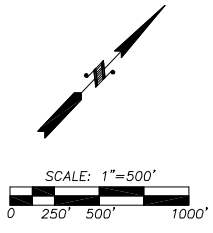
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GREAT FALLS INTERNATIONAL AIRPORT
TIFD DISTRICT
 GREAT FALLS, MONTANA

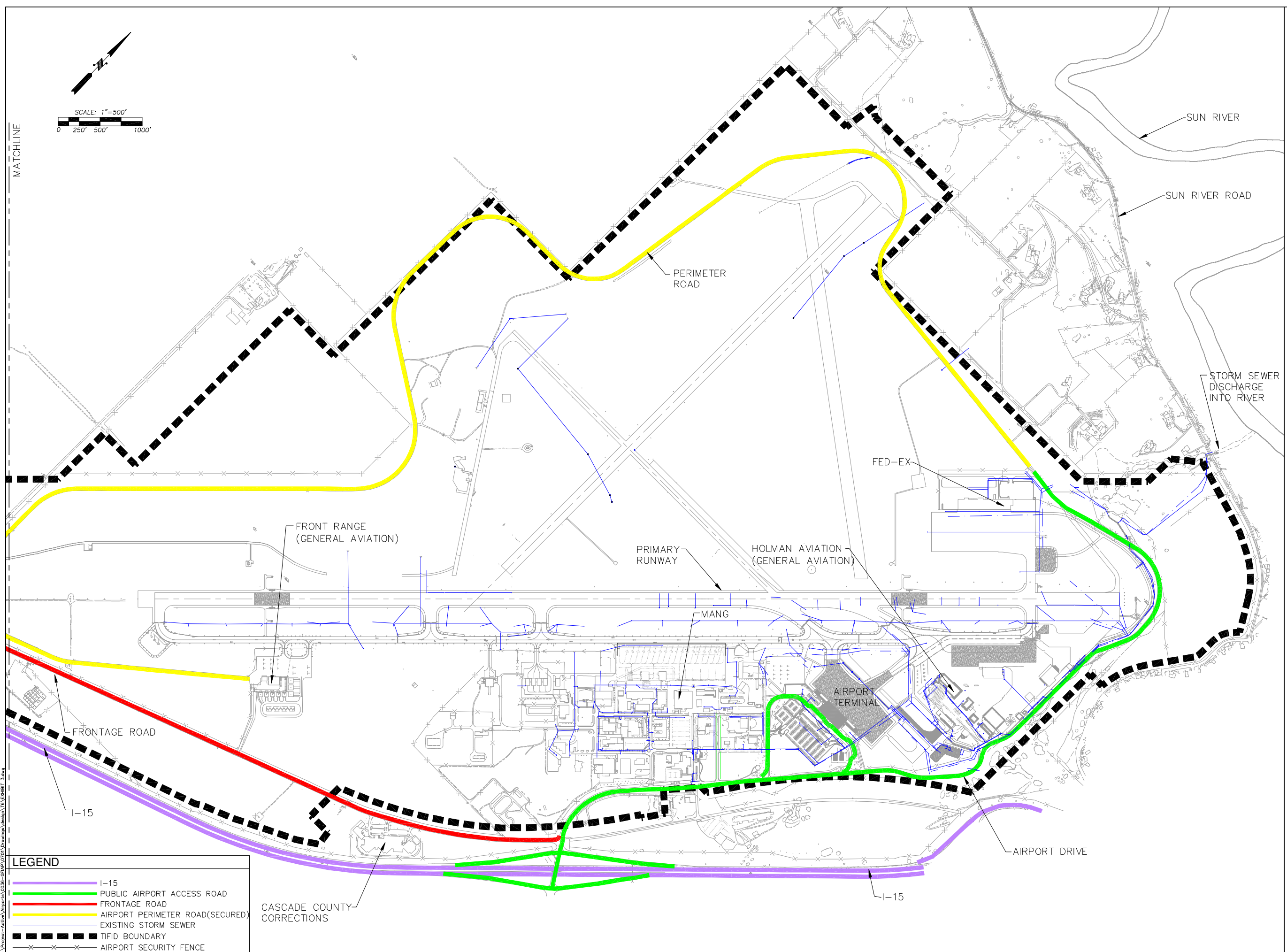
EXISTING
INFRASTRUCTURE
EXHIBIT
WATER & SEWER

Project Number: 0036-0701-T6
 Civil Eng. & Surveying
 Design: P.M.H. Drawn by: K.J.H.
 P.M.H. Date: 8/22/08
 Sheet number: FIGURE 2

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MATCHLINE



LEGEND

	I-15
	PUBLIC AIRPORT ACCESS ROAD
	FRONTAGE ROAD
	AIRPORT PERIMETER ROAD (SECURED)
	EXISTING STORM SEWER
	TIFD BOUNDARY
	AIRPORT SECURITY FENCE

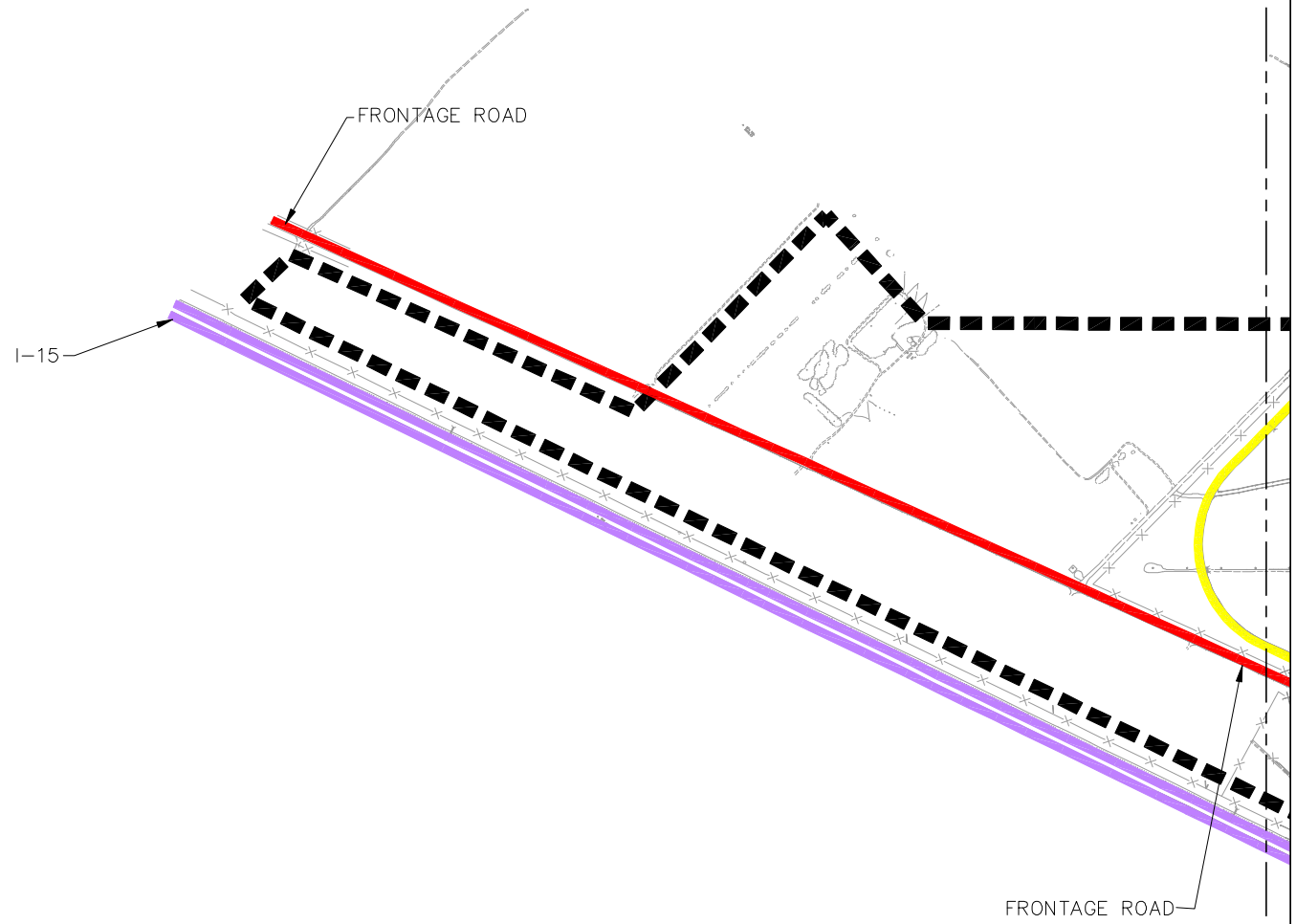
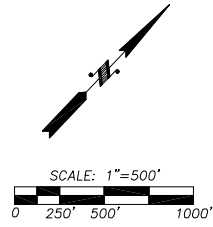
CASCADE COUNTY CORRECTIONS

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GREAT FALLS INTERNATIONAL AIRPORT
TIFD DISTRICT
 GREAT FALLS, MONTANA

EXISTING
INFRASTRUCTURE
EXHIBIT
ROADS & STORM
DRAINAGE

Project Number: 0036-0701-T6
 Cadd. Date: 8/22/08
 Design: PWH
 AS SHOWN
 Date: 8/22/08
 Sheet number
 FIGURE 3A



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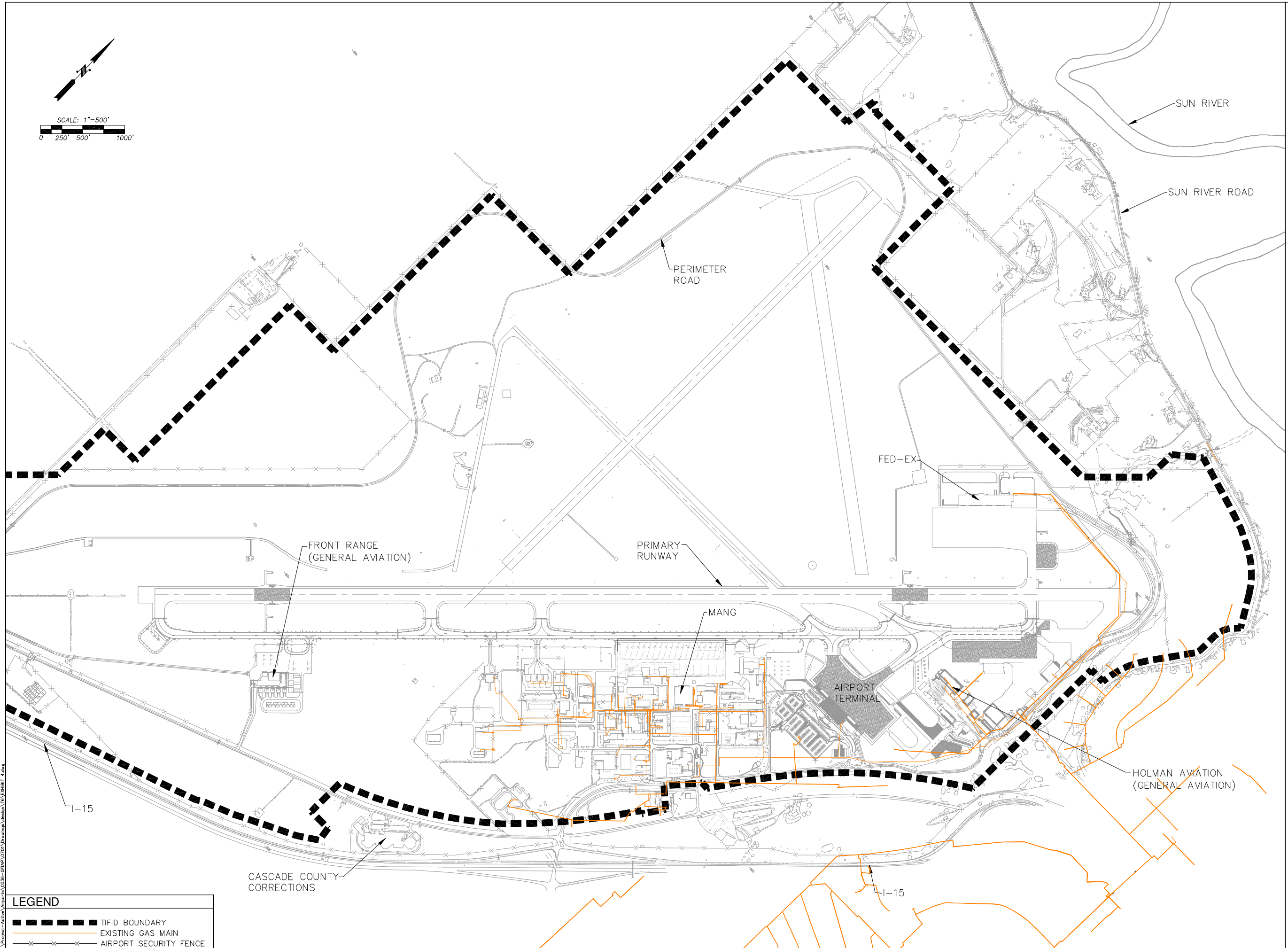
LEGEND	
	I-15
	PUBLIC AIRPORT ACCESS ROAD
	FRONTAGE ROAD
	AIRPORT PERIMETER ROAD (SECURED)
	EXISTING STORM SEWER
	TIFID BOUNDARY
	AIRPORT SECURITY FENCE

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GREAT FALLS INTERNATIONAL AIRPORT
TIFID DISTRICT
 GREAT FALLS, MONTANA

EXISTING
INFRASTRUCTURE
EXHIBIT
ROADS & STORM
DRAINAGE

Project Number: 0036-0701-T6
 Code: 0036-0701-T6
 Design: PWH
 Date: 8/22/08
 Sheet number: FIGURE 3B



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**GREAT FALLS INTERNATIONAL AIRPORT
 TIFD DISTRICT
 GREAT FALLS, MONTANA**

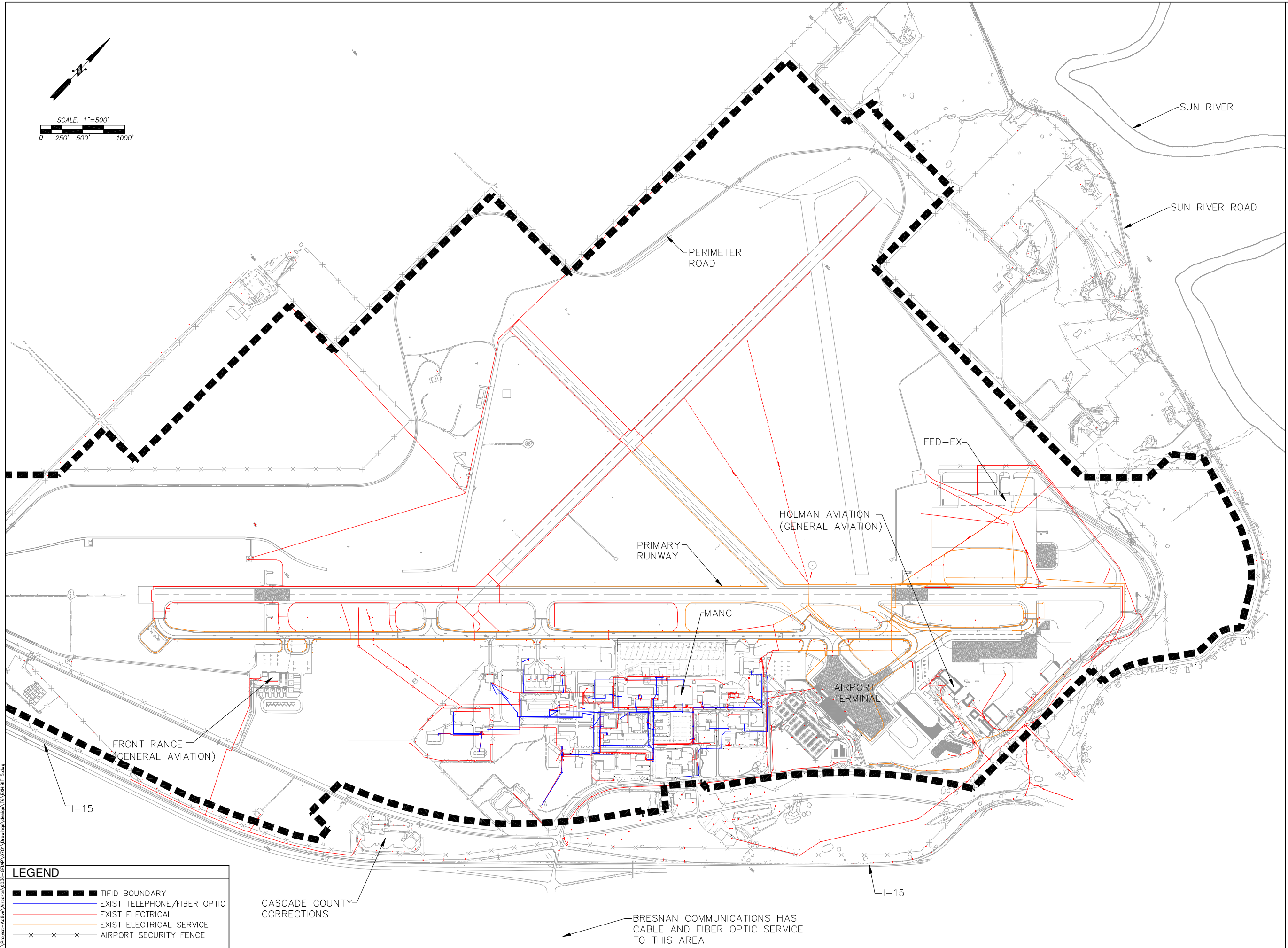
**EXISTING
 INFRASTRUCTURE
 EXHIBIT
 NATURAL GAS**

Project Number: 0036-0701-T6
 Code: 4.000
 Design: PWH
 Date: 8/22/08
 Sheet number: FIGURE 4

LEGEND

	TIFD BOUNDARY
	EXISTING GAS MAIN
	AIRPORT SECURITY FENCE

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**GREAT FALLS INTERNATIONAL AIRPORT
 TIFD DISTRICT
 GREAT FALLS, MONTANA**

**EXISTING
 INFRASTRUCTURE
 EXHIBIT
 ELECTRICAL &
 COMMUNICATIONS**

LEGEND

	TIFD BOUNDARY
	EXIST TELEPHONE/FIBER OPTIC
	EXIST ELECTRICAL
	EXIST ELECTRICAL SERVICE
	AIRPORT SECURITY FENCE

CASCADE COUNTY CORRECTIONS

BRESNAN COMMUNICATIONS HAS CABLE AND FIBER OPTIC SERVICE TO THIS AREA

Project Number:	0036-0701-T6
Code:	EXHIBIT 5.DWG
Designed by:	PWH
Checked by:	KJH
Date:	8/22/08
AS SHOWN	
Sheet number	FIGURE 5

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