

## **Jefferson Local Development Corporation (JLDC)**

Meeting Minutes, July 21, 2010

*Board members present:* Chris Rehor, Byron Stahly, Barbara Reiter, Darrell Miller, Tom Lythgoe, Barbara Sunderland, Sheila Hogan, Mark Fries, Dick Norden, Colleen Teeling, John Brower, Tara Mastel, Tom Harrington and Nancy Wheeler. *Board member absent:* Ed Handl.  
*Guest:* Shawn Bryant. A quorum was present.

### **1. Call Meeting to Order**

The meeting was called to order at 2:08 p.m. by President, Barbara Sunderland, at the Boulder City Hall. Barbara R. made a motion to approve the meeting minutes from 5/26/10; John seconded the motion. Minutes were approved as published.

### **2. Boulder South Campus**

#### **a. Building 5 Roof Report**

Tara said JLDC received a grant from HB645 for the roof on Building 5 at the South Campus. A proposal for the roof project has been received and staff is waiting for a contract to sign. The project needs to be completed by this time next year.

#### **b. Update on Culinary Campus**

Tara said she presented the price the board decided on for the South Campus buildings, excluding buildings 7 and 8, to the developer, Blair Williams of Urban Mountain Development. After sharing with her partners, Blair said that before she could start negotiating with YDI, she wanted to know if all the property around the South Campus is available for purchase. The property surrounding the South Campus is all owned by government entities and is out of JLDC's control. Staff had met with the Department of Corrections as there are two buildings the developer would really like. The Department of Corrections said they would send JLDC a letter addressing the two buildings for the project; the letter is forthcoming. Staff submitted an Appropriations request for funding for the Culinary Campus project and the request has made it to Committee. Tara will talk with Blair tomorrow.

### **3. Borden's Whitehall**

#### **a. Roof & Ceiling Report and Heating System**

Tara said the main part and vast majority of the roof project is completed. One small section between the two buildings and the gingerbread house are not yet finished. The kitchen roof needed to be completely torn off and rebuilt and the kitchen ceiling came off with the kitchen roof. Staff has two proposals for the board's consideration. One is to replace the ceiling in the kitchen at a cost of \$2,600 and the other is to move the boiler from the upstairs and reinstall it in the basement. The boiler would provide heat for the basement to prevent the pipes from freezing and heat the three areas on the main floor that are occupied; the café, the kitchen and the lobby, including the areas in back of these occupied spaces in the lobby, for a cost of \$7,000. Tara is proposing the board consider accepting these two bids and would like the board to allocate \$10,000 for the two projects. Tara said there are a couple grant opportunities that would be a good fit for the projects and staff will apply for these grants. If JLDC doesn't receive the grants, the \$9,200 proceeds from the Borden's contents sale would be used toward these projects. The gingerbread house would be heated by electric and is not included in the bid; would use the maintenance money approved at last month's meeting for that expense. There was board concern that the boiler may not work properly and should be tested before spending the funds to have it moved and reinstalled. John moved to approve the request for \$10,000 for repairing the kitchen ceiling and testing and installing the boiler. Sheila seconded the motion. The \$10,000 approval is contingent on the boiler being in usable condition. Motion carried.

A handout was distributed detailing Borden's income, expenses and motions from the various JLDC meetings that authorized transactions related to the Borden's.

### **b. Borden's Committee**

Staff contacted a developer that has purchased and renovated a large number of properties in Butte and also toured some of his properties that have been redeveloped or are in the process of being renovated into high end rental units. The developer and his partner are looking for outlying areas to expand into and have toured Borden's and are interested in the project. Tara said she would like to have a committee formed to make recommendations to the board on the Borden's property. There are many various issues for the committee to discuss including the sale price for the Borden's if JLDC were to decide to sell, conditions of the sale, clawbacks for sale and use of Appropriations money if JLDC is awarded funding, etc. Staff applied for a mini grant for the Museum; hopefully, it will be approved and the funding will provide for a researcher to research Borden's being on the National Historic Registry. Part of the reason the developers have been able to do renovations in Butte is because they received Urban Redevelopment Authority (URA) money; however, Whitehall does not have those funds so are looking at some kind of offset for the cost of development. Also, another tenant is interested in locating in Borden's so lease rates, etc. need to be established. Tara would like the committee to meet within the next month to discuss some of these issues. Barbara Sunderland and Mark Fries will be on the committee and Tara will also ask Ed if he would like to serve on the committee.

### **4. Golden Sunlight Mine (GSM) / Community Transition Advisory Committee (CTAC)**

a. Tom reported 176 employees, including about 12 summer students, and 64 contractors at the mine site. The mill is still on target to start up in January, 2011. The mine continues to progress on the engineering side of the concentrator project. The concentrator is fully permitted and, due to economics, is waiting for a decision from Barrick. The project includes a potential railroad site near the business park. Mine personnel is doing some mapping for wind development at the mine. The developer had some personnel changes in their operations section so back to looking at the potential for wind development at the mine. The wind project is still tied up with the Public Service Commission in District Court but the project is moving forward. The McLaren Tailings out of Cooke City have several million tons of waste they want to do reclamation on and Golden Sunlight Mine was selected as the place to process it so that means several years of hauling from the park to the mine. The Sunlight Business Park is moving forward. The EDA approved JLDC going out for bids and the engineer is currently working on that process. Expect to break ground at the park in August or September. There was one issue that came back on the lease after the lawyer's review that needs to be resolved yet.

### **b. Engineering Cost Increase**

Tara said some unexpected costs, all related to the EDA grant requirements and outside the bid, were received from Stahly Engineering, The increase in cost is \$7,250.00 and plan on paying for this with the contingency portion of the EDA grant. Sheila moved to approve the \$7,250 for the additional engineering costs. Barbara R. seconded the motion. Motion carried. (The amount was stated wrong at the meeting by staff. The correct amount is \$7,382.00).

Barbara S. stated she was approached by Commissioner Kirsch who said the Commission office has had some discussion on where JLDC is in the paperwork on the business park as so much money is dedicated to the park and asked that this issue be addressed. Tom H. said JLDC is committed; the \$655,000 metal mines money is a loan and a match for the EDA portion of the grant and staff and the engineer have been working through the steps for final EDA approval. The lease is the last obstacle and, once JLDC and Barrick have this clarified, the project is ready to go. Tom H. said the concentrator project is a \$35 million bill and is within the TIFID on the south end. The potential is that if Barrick approves the concentrator project, there would be a quicker payback on the metal mines loan. Barbara S. will contact Commissioner Kirsch with this information. Tom L. stated he was unaware of this issue and was not included in any discussions. Byron said it is quite a process to obtain EDA approval and the advertisement for bids will be out Sunday with the scheduled bid opening of August 16<sup>th</sup>. More will be known after that date.

### **5. Elkhorn Goldfields Projects**

#### **Montana Tunnels & Elkhorn Mine**

Tom said Elkhorn Goldfields is the parent organization for Montana Tunnels and Elkhorn Mine. The Elkhorn Mine needs about \$8 million and Montana Tunnels \$70 million to put the mines into operation.

Recovery Utility Bonds, an opportunity for a third party lender to take tax advantages when they loan money for certain type projects, became available recently and Montana Tunnels falls in the category for the bonds. The Commission passed a Recovery Bond Resolution in April that opened the county for opportunities to utilize these bonds and, subsequently, Montana Tunnels asked the County to do another resolution and an application process to the Department of Administration/Governor's office to find out if these bonds would be available. The Commission complied and approved the application for \$50 million dollars in Recovery Bonds. The application is being reviewed at the Department of Administration. If approved, the next step would be for Elkhorn to proceed and have a third party lender start issuing bonds. Montana Tunnels is confident they can find private investors for the remaining \$20 million needed and could potentially see some activity at Montana Tunnels this fall. The Elkhorn mine is working on finding private investors for the \$8 million they need. The big impact would be the potential for 300 jobs at Montana Tunnels, including employees and contractors, and 20-60 employees at the Elkhorn Mine.

## **6. Tax Increment Finance Industrial District (TIFID)**

Tom H. said both TIFIDs have been approved through the Department of Revenue. The business park in the south TIFID is moving forward and most of the current activity is in the north TIFID. Cretex is building in the north TIFID and staff is researching financing options and grants for the infrastructure as it will cost about \$1.4 million. Engineers are looking at phasing the construction project so the first phase can be built. Four-five other businesses are interested in locating in the subdivision portion of the TIFID. The developer met with the county and the county planner and worked through the process to complete the subdivision in phases to allow the developer to proceed and be able to sell lots to the interested businesses. Staff and Commissioner Lythgoe have attended East Helena City Council meetings for permission to use East Helena's water which runs through the TIFID. Due to cross county annexation issues, etc. this has not been successful. The engineers thought it worthwhile to pursue a fire hydrant there for fire requirements. At last evening's East Helena City Council meeting, Commissioner Lythgoe received permission for this and it will be a big help to have access to the water line for fire hydrants. Staff has been working with Montana Business Assistance Center (MBAC) in Helena who was helping JLDC with the utility issues and part of the ASARCO clean up. Part of the challenge has been to get gas to the TIFID as gas is a critical component for Cretex. The trustees for the ASARCO property are open to a gas line easement going from East Helena to the TIFID through ASARCO property. Shawn Bryant is the engineer working with the development and said they are on track and pushing hard to get the subdivision platted by September-October in order to sell lots and get people in there to start building increment. Tom L. stated the county has committed the Jefferson County engineer to meet with the East Helena city engineer and the fire people to discuss requirements. Tara said East Helena wants to own the hydrant and she checked with Janet Cornish, Jefferson County's TIFID consultant, and she said that's acceptable as long as it's public; TIFID can pay for it and East Helena can own it.

## **7. Board Administrative Items**

### **a. Board Vacancies**

There will be three board vacancies in September; one from each part of the county. It was decided to advertise the vacancies in the paper and, before the next JLDC board meeting, the nomination committee consisting of the President, Vice President and Manager will meet to review the applications and will present the slate of nominations to the board for consideration.

### **b. Nomination for Annual Awards**

The awards last year were for "Jefferson County Small Business of the Year" and "Jefferson County Innovative Small Business of the Year". If the board has other suggestions or categories for the annual awards, please let Tom or Tara know. Staff is proposing to ask for business nominations from JLDC board members and the JLDC membership. Staff will also place a press release in the papers asking for nominations.

### **c. Date for Annual Meeting**

The Annual Meeting will be held in Whitehall at either Borden's or the Community Center on Thursday, September 9<sup>th</sup>. Social time will begin at 6:00 with the meeting starting at 6:30 p.m. Colleen, Mark and John

will be on a committee to help with awards, menu, decorations and program details. It would be appreciated if the board would help obtain door prizes by August 15th for the event.

## **8. Comments & Questions**

**a.** John asked about the remaining items at the Borden's that weren't sold. Tara said Heather was going to have a second sale.

**b.** Sheila suggested a person in each area of the county collect the door prizes and get them to the JLDC office. Sheila will be the contact person for the northern end of the county; Barbara Reiter for the Boulder/Basin area and the southern end of the county can contact the JLDC/Extension office.

**c.** Tara said the speaker at the North County Business Roundtable held at noon today was very informative.

**d.** Tara said she emailed the JLDC board information on a board training MEDA is offering in Billings on August 10 & 11. Tara will be attending and has room available in the county car if interested in attending.

**e.** Tom H. said the National Affordable Housing Network (NAHN) application for infrastructure has been pending. There was a fire flow issue in the town of Whitehall, DEQ proposed some requirements on the town and there had been no agreement reached on even-odd watering days. At a special Town Council meeting last night the matter was approved so the application can now move forward.

## **9. Adjourn**

The next meeting is scheduled for Wednesday, August 18<sup>th</sup>, 2:00 p.m. at the Montana City Grill in Montana City. Colleen moved to adjourn; Barbara R. seconded the motion. Motion carried. The meeting adjourned at 3:15 p.m.

Respectfully submitted,

Nancy Wheeler

*Note:* There will be a tour of Marks-Miller Post & Pole in Clancy prior to the August 18<sup>th</sup> meeting; tour will start at 12:00 noon.