

Jefferson Local Development Corporation (JLDC)

Meeting Minutes, August 18, 2010

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

Darrell Miller gave a very interesting and informative tour of Marks-Miller Post & Pole in Clancy to some of the board members prior to today's meeting.

1. Call Meeting to Order

The meeting was called to order at 2:10 p.m. by Secretary/Treasurer, Sheila Hogan, at the Montana City Grill and introductions were made. John made a motion to approve the meeting minutes from 7/21/10; Chris seconded the motion. Minutes were approved as published.

2. Boulder South Campus

a. Building 5 Roof Report

Tara said a contract is expected from the architect this week. JLDC will receive approximately \$17,000 additional grant money from HB645 for the roof project from the Department of Commerce as one of the grantees was not able to use their money

b. Update on Culinary Campus

Tara said there is nothing new to report on the campus since last month. Staff has heard nothing further on the Appropriations request submitted for funding for the Culinary Campus project.

c. Divestment Status

Tara reported JLDC has a request into Economic Development Administration (EDA) asking permission to divest the property on the South Campus. Staff has a meeting with EDA next week and will discuss with them at the meeting. JLDC subcontracted with Team Vivrette to do the subdivision and that is progressing. Jefferson County adopted resolutions that impact the county for Jefferson County economic development and one the resolutions specified that 20 percent of any sale of properties would go back into an economic development fund for Jefferson County. Twenty percent of the taxes from any project JLDC is involved with may also go into the economic development fund.

Youth Dynamics Inc. (YDI) contacted the JLDC office for more specific information to present to their board. They asked staff if JLDC would be interested in financing the deal. Discussion followed. Dick and Mark will work with staff on financing options.

3. Borden's Whitehall

a. Update & Special Funding Earmark

Tara said a grant application in the amount of \$7,000 was submitted to the South County Metal Mines Grant program for the heating system and the roof on the gingerbread house. Heather Dove, the person leasing the space in the Borden's, is progressing with her business plans and setting up her shop. Heather's plans for the kitchen are into the sanitarian and she's waiting for approval. Shannon Jones tested the boiler and the boiler did hold pressure.

Staff heard from Senator Baucus' office that JLDC's Appropriations request for the restoration of downtown Whitehall was approved in the amount of \$150,000 for a Revolving Loan Fund through the Small Business Administration. There are still hurdles to go through and, if the money is received, it may not be until next year.

b. Borden's Committee Update

The Borden's Committee met and Tara said they asked about progress on the cleanup of the remaining items in the building. Heather will be working on that within the next couple months as the areas dry out. Tom H. put together some available options for Borden's for interested investors and the committee is considering the options. Tara said Tom L. & Tom H. have been working hard on the special Recovery Bonds made available through the stimulus package. The county is looking at using the bonds for the Montana Tunnels Mine. The bonds may also be a consideration for the Borden's building. Tara said the roof project is all completed with the exception of the gingerbread house roof and that is one of the items the grant request is for.

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

a. Tom H. said CTAC will meet tomorrow morning and will give an update next month.

b. Sunlight Business Park (SBP) Update

Tom H. said staff is working with the EDA on the bid documents and lease. A pre-bid hearing was held last week with about 20 contractors. Bids for the infrastructure must be into the Extension Service office by Monday, August 23rd at 5:00 p.m. The engineer will open the bids at that time and, once the bids are certified, the winning bidder will need to be cleared through EDA and the bid will then be awarded. There is a 30-45 day window after the bid is awarded to get the contractor onsite and break ground. A groundbreaking ceremony will be held. The EDA representative will conduct an onsite tour of SBP on Tuesday. There is a pending issue on a clause in the lease for the land that's being worked on by Barrick attorneys.

Tom H. said Recovery Bonds might also be an opportunity for the SBP. The bonds are for depreciable assets and could help with the building of the first structure in the park; the business incubator building. Tom H. said infrastructure could be put in simultaneously with the business incubator building.

5. Elkhorn Goldfields Projects

a. Montana Tunnels

Elkhorn Goldfields has been seeking financing since they took over for Apollo Gold. One of the financial avenues available is the facility Recovery Bonds that allow for purchase of depreciable assets. The Jefferson County Commission has declared Jefferson County as a recovery zone to qualify for use of the bonds. Elkhorn said they could use about \$50 million worth of Recovery Bonds to purchase equipment and get back into operation. The Commission submitted an application to the Department of Administration (DOA) and there was a public hearing yesterday. In order to get tax-free status over to a for-profit entity a municipality or county agency is needed. Jefferson County consented to be the conduit to make it happen and interest free bonds would be offered through the market to the public with a third party lender (Piper Jaffray). The DOA approved \$36.9 million of authorization to Elkhorn Goldfields for Montana Tunnels. Elkhorn requires \$70 million total to put the mine back into operation and Elkhorn will look at finding private investors for the remaining funds. Piper Jaffray will not issue any bonds before Elkhorn secures the full amount of funds required. Tom H. said there was a lot of good questions and good discussion at the hearing.

b. Elkhorn Mine

Tom H. said the Elkhorn Mine is also owned by Elkhorn Goldfields. There was some discussion that if Tunnels wasn't approved for the full \$50 million on Recovery Bonds, may look at procuring funding for Elkhorn as that requires only an \$8 million start up cost.

6. Tax Increment Finance Industrial District (TIFID)

Tara said staff is waiting to hear if GSM's Concentrator project will happen on the south TIFID and moving forward on getting the infrastructure in the park. On the north TIFID, one large business, Cretex, is building on their site. There are also five-six smaller businesses interested in locating in the subdivision portion of the north TIFID. The businesses all need infrastructure so there has been a lot of effort to make that happen, using financing from the TIFID. The engineers are executing the design and working through what needs to be done to get businesses in there. There is not much up front money when doing the TIFID, so will do the bare

essentials to get the businesses into the TIFID. The county has agreed to finance \$380,000 with a loan that will be repaid by the TIFID. A gas line is needed in the TIFID at a cost of approximately \$250,000. NorthWestern Energy has been asked if they will finance the gas line to expedite the process. Tom L. & Tom H. were attending East Helena City Council meetings for permission to use East Helena's water which runs directly through the TIFID. East Helena has declined letting the TIFID use their water for domestic use but will allow use of their water for fire suppression which should help with time length and cost.

Tara said she was approached at the North County Business Roundtable on a TIFID for Montana City. Tara said this is not likely as Montana City is not incorporated so would need to go industrial and the main reason for doing a TIFID is the majority of activity needs to be industrial versus retail/commercial.

7. Board Administrative Items

a. Board Vacancies

Board vacancies were advertised and no applications were received. The slate of nominees will be the persons currently occupying those seats; Ed Handl, Sheila Hogan and Barbara Reiter. Discussion followed and it was decided to discuss board vacancies at JLDC's April board meeting.

b. Nomination for Annual Awards

The awards this year are for "Jefferson County Small Business of the Year" and "Jefferson County Innovative Small Business of the Year". A press release asking for nominations was published, was advertised in the county newspapers, emails were sent to JLDC's membership and is on JLDC's website. Three different business nominations have been received. Another email will be sent to the JLDC members as a reminder that the deadline for nominations is the end of August. Once nominations are received, Tara will send an email out to the Annual Meeting Committee.

c. Date for Annual Meeting

Colleen and Mark, as part of the Annual Meeting Committee, met with staff to discuss details for the Annual Meeting. The Annual Meeting will be held in Whitehall at the Community Center on Thursday, September 9th. Social time will begin at 6:00 followed by dinner at 7:00 p.m. There will be a no-host bar. The program will follow the same format as in the past where a JLDC board member from each area of the county will present this year's update. Ed will be the Master of Ceremonies. The cost is \$25 per person for non-members, \$15 for JLDC members, and the higher levels of membership will receive free dinners for a buffet featuring Baron of Beef and Pork.

8. Comments & Questions

a. Dick distributed flyers on the upcoming Boulder Country Music & Arts Festival. There will be a barn dance Friday, September 10 featuring *Hillbilly Mafia* and the Arts Festival will be held Saturday, September 11th and Sunday, September 12 in Boulder. For a schedule of events, visit www.bouldermitchamber.com or call 406-465-2106.

b. Tom H. said there has been much activity the last several months in Jefferson County and the Commission has been very supportive of economic development and thanked them. Some of the projects the Commission have been very involved with are the TIFID financing, Recovery Bonds and the public hearing yesterday, the East Helena water issue for the TIFID and the resolutions for economic development operations funding.

c. Sheila asked about the possibility of press at the Annual Meeting on JLDC's accomplishments for the year as not everyone knows the benefits JDLC provides for the county. Sheila said there has been a lot of work done by the organization that ultimately benefits the county. Discussion and suggestions followed.

d. Tara said she attended the Montana Economic Development Association (MEDA) Professional Development Course in Billings last week intended for Managing your Economic Development Organization and Strategic Planning.

e. Sheila said the Montana Economic Summit with Montana Tech and the Montana Economic Developers Association at Montana Tech will be held in Butte on September 13-14. To register for the Summit, visit website www.montanaeconomicsummit.org. For questions, call 1-800-332-6106. Tara said the Main Street Conference is September 15-16 in Bozeman.

9. Adjourn

The JLDC Annual Meeting will be held Thursday, September 9th at the Community Center in Whitehall and will be in lieu of the regular September meeting. The following month's regular JLDC board meeting will be held Wednesday, October 13th, 2:00 p.m. at the Boulder City Hall. Mark moved to adjourn; John seconded the motion. Motion carried. The meeting adjourned at 3:10 p.m.

Respectfully submitted,

Nancy Wheeler