



**Meeting of the TIFID Board of Directors
Friday, December 14, 2018
Boardroom, Business Development Center
305 W. Mercury**

Members Present: Todd Tregidga, Brendan McDonough, Todd Johnston, Rody Holman

Members by Speaker Phone: Mick Ringsak

Members Absent: Cindy LaSalle, Andy Durkin

Staff Present: Kristen Rosa, Sherrie Walsh

1.0 Todd Tregidga called the meeting to order and determined there was a quorum.

2.0 Rody Holman moved, seconded by Brendan McDonough to accept the November 9, 2018 minutes as presented. The motion passed unanimously.

3.1 Century Link Grant Application \$161,746 dollars for Fiber Optic Installation – Staff Recommends Approval – Todd Tregidga gave an overview of the Century Link Grant Application of \$161,746 for fiber optic installation that is needed in the MCBDP. A Request for Qualifications then went out for bids to partner with Butte-Silver Bow. Todd Tregidga stated that Butte-Silver Bow will not own the fiber. Century Link will own the fiber and are looking for assistance in building the fiber. Kristen then spoke and stated that the first Request for Qualifications had no qualified bidders. Kristen stated that after reaching out a second time, and having a meeting, Century Link and Mammoth Networks had responded. Kristen stated that the company that makes the most sense is Century Link. Kristen stated that it is infrastructure that BSB is allowed to fund this type of project through tax increment. Kristen stated that there isn't anyone in Butte-Silver Bow that could maintain this fiber. Danette Gleason, BSB Budget and Finance Director and Eileen Joyce, BSB County Attorney met with Kristen and stated that BSB could go through an infrastructure grant process. Kristen had the TIFID Board follow along on the map as she explained the pink line that Century Link already has in place and the darker red line that is on the east side of Rick Jones Way is what will be constructed this Spring. Kristen stated that in the letter and application the TIFID Board will read that anyone that has a cooperative agreement with Century Link, can provide services to the customers in the MCBDP so BSB is not creating a monopoly for Century Link. Kristen stated that there will be competitive pricing when it comes time to do this. Kristen stated that this will be a one-time grant of \$161, 746 dollars. The TIFID Board had questions and discussion regarding the cooperative agreement. Kristen had the TIFID Board look at a table that is in the back of the proposal regarding a monthly payment. Kristen stated that this table is only if BSB wanted to finance the \$161,746 dollars with Century Link and it would then allow BSB to pay it over one, two or three years. Kristen stated that she told Century Link that BSB would pay the

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\$161,746 dollars in one payment. The TIFID Board had questions and discussion on the process of the customer paying and Century Link having a monopoly. Kristen stated that in her meetings with Century Link she addressed with them, that BSB is not going to put out this kind of money to give Century Link a monopoly. Kristen stated that Century Link is already servicing REC and the Port of Montana. Todd Johnston stated that BSB has followed the processes. Again, Kristen stated that this process went out publically, and the MCBDP needs the fiber optic. Rody stated that Kristen has done good work and the fiber optic is needed in the MCBDP. Rody stated that fiber had been put in overhead many years ago and was not capitalized on. Rody's question was that it is publically funded infrastructure and historically all of the publically infrastructure remained in the ownership of the TIFID/BSB and made arrangements with the utility, as the substation is funded with public tax dollars. Rody asked if there was no other means to do the same with this infrastructure, even though it is in name only and does it pass muster being on solid, legal footing as it relates to tax increment by using public money to provide infrastructure to a private company and ownership to a private company. Kristen stated that she relies on Eileen Joyce, BSB, County Attorney to say yes, it passes legal muster. Kristen spoke that it is hard to differentiate this project from the Montana Precision Products in paying for their infrastructure and parking lot and will eventually be owned by them and Fed Ex project for the dirt work, and this is why Kristen thought this was a viable way to go. Also, this infrastructure will support future job creation. Mick asked why Zayo wouldn't do this project. Kristen stated that Zayo wouldn't respond and that she understood that Zayo business model is not to work with individual customers such as Montana Precision Products and Fed Ex, etc., they want to build this kind of infrastructure and sell it to the Century Link's, and the Spectrum's etc.. Todd Tregidga stated that Zayo is more of a long haul carrier not a distribution company. The TIFID Board had questions and discussion. Rody asked if Century Link will have a beneficial use tax. Kristen stated that Century Link will have a beneficial use tax and will pay on their mileage inside the district. Kristen stated that the TIFID will receive some increment. The TIFID Board had questions and discussions on redundancy and then going and using the existing fiber and using an existing agreement. Kristen stated that this will be looked at once bids come back for railroads, roads, etc.. Todd Johnston discussed having a memo for the record memorializing this discussion. Todd Johnston moved, seconded by Brendan McDonough to recommend to the Council of Commissioners to approve the Century Link Grant Application of \$161,746 dollars for Fiber Optic installation in the MCBDP. Rody Holman wanted to have the minutes reflect the fact that Kristen has vetted this with Eileen Joyce, BSB, County Attorney to the point that she is comfortable that the path forward is consistent with the tax increment provisions. The motion passed unanimously with Mick Ringsak voting for approval of this motion by speaker phone.

4.1 Railroad Progress – Kristen stated that Rody is still working on the insurance issue that was discussed at a previous meeting. Kristen stated that she has heard back from the developer group that she is working with and their insurance agent also ran into dead ends. Kristen has had further discussions with two more options. Kristen stated that she has brought Jon Sesso back into the conversation to see if we can purchase this property, as all the environmental investigation done on this property to date have shown no issues of concern. If BSB could purchase the property then the insurance issue would no longer be a problem. Kristen stated that the State has some say, as to whether BSB can purchase the property. Kristen stated that Jon was brought back in as a State Senator and as his involvement with Superfund. Kristen stated that this is to see if there is a work around that BSB can convince the State that BSB is capable of understanding what the obligations would be in taking this piece of property. The second option that is in the works is that the

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developer has offered to take on a nonexclusive easement themselves and would allow additional customers to be on the railroad in the future. Also, they would allow BSB to construct the rail and would be the entity that could meet the all of the easement obligations through both insurance and indemnification wise. The TIFID Board had questions and discussion as this being concerning, as BSB should control this process. Kristen agreed with the concerns. Rody stated that he has send the Port of Montana's and BSB's current insurance program with memorandums, to a large brokerage that does a lot of public entity work. Rody stated that in a policy, they are trying to create or carve out all of the activity, but for this activity and insure it. Rody explained why BSB and Port of Montana should control this process. Kristen stated that she has told the developer no, and that there would be problems with this. Kristen stated that she did have a conversation with Eileen, BSB, County Attorney and the developer and the developer stated that he would have this be a nonexclusive easement and as soon as BSB purchased the property the easement would go away. Kristen stated that she had a conversation with Jenny Chambers from the Montana Department of Environmental Quality, per Jon Sesso's request, and that she may have answers to BSB by next week. Kristen explained to the TIFID Board what the questions were and the answers that needed to be given to BSB by next week. Kristen explained why the State is involved. The TIFID Board had questions and discussions. Rody asked if the State gives the OK, is Solvay willing to sell BSB the land. Kristen stated that her understanding is yes through Dan Bersanti, Solvay and Jeff Lang, Attorney for Solvay. Kristen stated that Jon Sesso is asking for a letter from the State. Kristen stated that if the developer doesn't have an answer by mid-January, they will go elsewhere. The TIFID Board had questions and discussion. Kristen stated that the only realistic option that BSB has right now, is to work with the developer and see if BSB could get an easement in place that BSB would feel comfortable in participating in. Kristen stated that the company that is looking, would develop a piece of property south of Montana Craft Malt. Their spur would be the sister to MCM's spur and would have 10-20 acres south of MCM. The company would then develop that piece of property and the business that they are in is construction material and this would be a \$10 to \$15 million dollar investment with five to ten jobs. The company is wanting an answer that BSB can get them rail. Kristen stated that she has asked Dan Bersanti, Solvay and Jeff Lang, Attorney for Solvay that if they would entertain entering into the easement with the developer.

4.2 Fire Suppression – Kristen reported that BSB Public Works and Water and Environmental Technologies (WET) did test the pumps for MCM and for BSB to have a good understanding of what BSB's fire suppression requirements and capabilities are. The specific goal of the last test, was to see if there is enough pressure in the 32 inch line, to put out a fire at MCM's building which is three stories high. Kristen stated that after the testing, there may not be enough pressure to get the water up to the third story. Kristen stated that her goal was then to deal with this at the beginning where the pumps are, but it was then pointed out to Kristen that might not be the only issue that might happen if you crank up the pumps. Kristen stated that right now, BSB and WET are looking into if the pumps can be adjusted, but timing wise and the information from the test, it is probably not likely that buildings that are taller than two stories are going pass, just having Silver Lake as their fire suppression system. Kristen stated that booster pumps will be needed, and MCM will possibly come to the TIFID Board with an Application for Assistance. The TIFID Board had questions and discussion.

5.0 TIFID Action Items From Prior Meetings – Kristen reported that the ICS change order and Pintler Group Contract passed on the Council of Commissioners consent agenda.

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60. Other Updates - Kristen reported that property sales were completed to Old Dominion and MCM.

Todd Tregidga asked if the TIFID Board needs to do Long Range Planning. Kristen suggested that the TIFID Board do Long Range Planning in the spring, after the Railroad is put out to bid and the other road projects out to bid. Kristen stated that more refined decisions could be made. Kristen stated that the TIFID Board could then focus on the financials a little bit better. Also, Todd Tregidga stated that exit planning needs to be discussed. Kristen stated that the TIFID Board could meet in April or May.

7.0 Public Comment - There was no public comment.

8.0 There being no further business, the meeting adjourned.