

Jefferson Local Development Corporation (JLDC)

Meeting Minutes, January 20, 2010

Board members present: Barbara Sunderland, Dick Norden, Darrell Miller, Ed Handl, Barbara Reiter, Colleen Teeling, Mark Fries, John Brower, Sheila Hogan, Tara Mastel, Tom Harrington, Nancy Wheeler. *Board members absent:* Tom Lythgoe, Chris Rehor & Byron Stahly. *Guests:* John Schaefer, Cindy Vukasin, Patti Vossler, Maren Olsen, Jared Brown. A quorum was present.

1. There was an optional tour of the South Campus for board members prior to today's meeting.

2. Call Meeting to Order

The meeting was called to order at 2:05 p.m. by President, Barbara Sunderland at Boulder City Hall. John B. made a motion to approve the meeting minutes from 12/02/09; Mark seconded the motion. Minutes were approved as published.

3. MTMI Presentation

Barbara S. read a letter from JLDC to be sent to David Russell, President and Chief Executive Director of Apollo Gold, thanking him for his generous land donation of 71 acres near Jefferson City. The land donation demonstrates the strong commitment to the Montana Tunnels Mine sustainability program and is a great asset that can be leveraged to help minimize the impact Jefferson County will experience from eventual mine closure. The Board really appreciates John Schaefer's perseverance in this transaction and all he's done to help make this happen for Jefferson County. Darrell said this project has been a long, drawn out process and thanked John S. for all his work and perseverance on the project and also thanked Tom for keeping MTAG active. John S. gave a lot of credit to Jeff Levell who is no longer with Montana Tunnels and said he started the process some time ago with MTAG and undertook the subdivision of the ground into parcels that were associated with the Corbin Flats cleanup site, which has restrictive covenants on the land, and subdivided those three parcels away from it and into commercial/industrial use parcels. Montana Tunnels started down a path of leasing this property and formulated some complicated lease agreements and eventually asked Dave Russell if he would consider donating rather than leasing. The land donation is a huge contribution to the county.

4. Veteran Home Update

Tom said the last Legislative session authorized development of a new 60-bed Veteran's Retirement Home in Southwest Montana. Jefferson County is one of the competing counties for the home and has been meeting on a weekly basis to strategize with Larry Lattin, Jefferson County's governor appointee to the six member committee. The six competing counties in Southwest Montana are to submit their best land infrastructure proposals by February 5th. The site selected in Boulder for the facility is the big vacant lot just north of the MDC campus. The proposal will focus on the central location of Boulder and its close proximity to Fort Harrison. Boulder is a long standing service/human resource community and its culture lends itself well to a Veteran's Home. With State budget cuts, savings can be gained by teaming with Riverside and MDC as far as laundry, maintenance, food service, etc. The Jefferson County Commission has been very supportive of the project and has allocated \$8,500 to hire a contractor, which has been done. The contractor has completed the Environmental Assessment, the geotechnical work and is putting the proposal packet together. The Commission has agreed to establish a \$25,000 Veteran's contingency fund that, if the site is located in Boulder, would go with the project to help with incidentals for Veteran's in the facility. The home would be a contract facility set up similar to the Glendive facility and would draw professionals from Butte, Helena and Bozeman. A walk-through of each of the community areas will take place the first part of March. The committee will then make their location selection and present their recommendation to the Governor.

5. Boulder South Campus

a. Sewer Project

Tara reported the sewer project is completed with the exception of the concrete repair. Staff would like to combine the road and sidewalk concrete repair project this spring with upgrading the roads to subdivision

specifications and proceed with the subdivision process that was started a few years ago.

b. Update on Culinary Campus

Tara said staff met with the developer last week and will continue meeting with her every two weeks on the project. A project that's in the very infancy stages and looking at many different options to make it happen and how it might come to fruition. Tara said JLDC will be submitting an Appropriations request for this project.

c. Painting Request for Building 7

Tara said Building 7 on the south campus is the building used for AYA's day treatment center, school and eating facility and has not been painted since it was remodeled in 2001. AYA submitted bids for the painting to JLDC from a paint business and the approximate cost to have AYA's maintenance man do the painting. The bid from the paint business was for a total of \$8,900; \$6,700 for labor and \$2,200 for materials. The approximate bid total for AYA's maintenance man was for a total of \$9,200; 7,200 for labor and \$2,000 for materials. AYA would prefer their maintenance man do the painting as it would be easier on their schedule and can work around him with the youths' schedules and classes, etc. Dick would like to have bids solicited from local painters. After discussion, Sheila made a motion to approve the painting of Building 7 with a maximum dollar amount of \$9,200. John B. seconded the motion. Discussion followed the motion. Motion carried.

d. Boiler in Building 8

Staff received a call from AYA regarding a crack in the tank on the boiler in building 8. The part for the boiler was installed in 2001. The cost estimate to replace the part is \$4,000 and might be covered by warranty. Tara wanted to inform the board of the boiler problem and the possible \$4,000 replacement part bill.

e. Historical Preservation Grant Update

Tara gave an update on the Historical Preservation Grant submitted in December for building 5. The grant was for \$250,000 for renovation of the building. One hundred thirty five (135) grants were received totaling several times the grant money available and no decisions will be made until March. The JLDC board funded the evaluation for the historical grant and also for an evaluation of building 6 that is underway and expected soon.

f. Lease Option for South Campus

Tara said JLDC has a Lease Option to purchase the South Campus property with Jefferson County. The lease option expires this spring. Staff will study the options available and give a presentation to the board at next month's meeting

6. Borden's Acquisition

a. Proposal for Estate Sale

Tara said a proposal from a local Whitehall resident was emailed to board members prior to today's meeting regarding cleaning out the Borden's building, selling what can be sold to raise money for the new roof and opening a business there. Tara said others have also expressed an interest in locating businesses in the building and said if the building is occupied, insurance rates drop drastically. Much discussion followed. Ed made a motion to empower staff to move ahead with a RFP for future use of the Borden's building. Mark seconded the motion. Discussion followed. Motion carried. The information will also be available on JLDC's website, jldcmt.com. Tom said a public meeting will be held February 9th, 6:30 p.m. at the Whitehall Town Hall to gather community ideas and input for the future of the Borden's building.

b. Operations Update

Tara said the JLDC has not yet closed on the Borden's building but expect to next week. After JLDC takes control of the property, the roof is in need of immediate attention. Staff has received one roof bid and another is expected soon. Staff proposes the money for the roof repair come from the RLF. Discussion followed. Staff will move ahead with a RFP for the roof on the Borden's building, will announce it at the February 9th public meeting and will also have the information available on JLDC's website.

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

a. Tom reported GSM has 160 employees and 35 contractors. Two new trucks have been received at the mine and they are about six-eight months ahead of their program schedule for reopening the mill. The mine continues working on a concentrator project and will discuss utilizing part of the business park land for road access, etc. with staff tomorrow after the CTAC meeting. The concentrator is an approximate \$30 million build-out project and would add about 12-14 jobs for at least a 20-year period.

b. Phase II Financing

Tom said staff received EDA's commitment letter for the \$655,000 grant for infrastructure build-out and said the metal mines loan will be the grant match. JLDC would like to break ground this spring. An engineer is working on the lot re-write for Phase 1 for 43 acres and answering questions on items the DEQ requested. After approval by DEQ, staff and the engineer will start working on the bid process. EDA has requirements for training on the grant draw process and Federal contract requirements and staff is in the process of scheduling the training.

Staff is waiting for the final go ahead for the special Congressional Appropriation through Senator Tester's office and Tom said the money will be allocated for the water tank build-out at the business park.

c. Tax Increment Financing District (TIFD)

Tara said Jefferson County has completed all the paperwork with staff and the consultant's assistance and it's on its way to the State for their consideration to finalize the two districts; one in the north end east of Helena and one in the south end at the business park. Part of the requirements of a TIF district is an Advisory Board. The board applicants are expected to be appointed by the Commission at next week's Commission meeting. The board will be advisory to the Commission on administration and finance of the districts. The board needs to be up and running quickly as Cretex is very interested in starting construction in the spring and they need water. One of the projects TIFD pays for is public infrastructure. Staff met with the East Helena City Commission last night. East Helena's water main runs right through the middle of the property Cretex is purchasing and Cretex would like to tap into that water. The League of Cities and Towns is advising communities to not allow use of their city water or sewer unless an annexation is signed stating there will be no protest to being annexed in. Staff went before the City Council for the third time last night and they made a decision to not allow Cretex to use their water unless they are annexed in to Lewis & Clark County.

d. Wind Development

Tom said the process that was used to set a price on the Power Purchase Agreement (PPA) seven years ago was flawed through the PSC and through Montana Power/NorthWestern Energy and their calculations offered a rate lower than the market rate at that time. Lawyers challenged that and the process worked its way through the PSC, the District Court and the Supreme Court who agreed with the District Court that the process was flawed and PSC needs to go back and set a realistic rate. JLDC kept the process going after the wind developer gave up on the project and retained their lawyer. When JLDC could see positive traction, asked the previous wind developer, Gamesa, if they were interested in stepping back in. Another wind developer, Sea Wind, has the option to develop wind resources on GSM land and has been doing extensive testing at the mine and it would make sense if both parties worked together when Gamesa obtains the PPA as a contract is needed to sell wind. The PPA is for about a 50 megawatt project.

8. Montana Tunnels Advisory Group (MTAG) Update

John Schaefer, Montana Tunnels Environmental Manager, gave an update. John said there is a proposal to transfer the company from Apollo Gold to the Elkhorn Goldfields group which is held by Black Diamond Financial Group out of Denver. There is a Letter of Intent to do some trading of properties in Colorado and Nevada for Montana Tunnels. Elkhorn Goldfields has the Elkhorn Mine and Elkhorn Tunnels is a joint venture with Apollo Gold and, in that joint venture agreement, they own 50 percent of the assets of Montana Tunnels already and also have an option to use the Diamond Hill Mine, which is used to process Diamond Hill Ore that is under Montana Tunnels. That operation has been shut down since 2000 to use that mill operation to process

the Elkhorn, so would be a good fit if the Black Diamond deal goes through as Elkhorn Goldfields becomes the parent company and Montana Tunnels and Elkhorn could process both ores if financing is obtained. The transfer of the company of Montana Tunnels is just one step as capital would then be needed for both the Elkhorn Mine and Montana Tunnels Mine. John said there has been activity in regard to finding financing. Apollo is not interested in getting Montana Tunnels in operation as they've invested a lot of money in Canada at the Black Fox Mine which they have a 100 percent ownership in. If funding is obtained, Montana Tunnels would have about eight more years of operation. Tom said staff met with Elkhorn Goldfields and USDA Rural Development has potential for a business industry loan as they have Recovery Act dollars for job creation. Staff is helping Elkhorn Goldfields with a business plan and looking at moving forward. Tom said it would be a stepping stone with helping Montana Tunnels get back into operation, getting some cash flow going and ore processing.

9. Small Business Administration Program Review

Cindy Vukasin, Business Development Specialist with U.S. Small Business Administration (SBA), discussed SBA programs and spoke on the Recovery Act and the changes that have occurred due to the Act. SBA helps small businesses start, grow and succeed. Cindy said SBA guarantees loans through the bank and the Recovery Act extended the loan guarantee to 90 percent; typically they were 75-85 percent guaranteed, depending on the size of the loan, etc. SBA fees charged to the customer through the bank are waived due the Recovery Act, which is a big savings to the customer. The Recovery Act money is available through February 28th and funding may be extended through the rest of the year when the new Jobs Bill is signed. There were many other programs Cindy explained and a lot of discussion. Cindy distributed a SBA informational guide "*Small Business Resource*" that contains a wealth of information about the SBA and their network of partners throughout the country.

10. Comments & Questions

a. Barbara R. asked about the status of Affordable Housing program in Whitehall. Tom said the loan applications are into the USDA for infrastructure for water and sewer and working through the process. Barbara said she is excited about the Whitehall community and the potential there and appreciates the work Tara and Tom are doing with all their projects. Barbara said she went to the Veteran's Home meeting in Boulder and also attended some meetings dealing with other potential projects coming into Boulder and one of the things she's aware of is the health department space is so crowded there is no privacy. As a resident, Barbara is concerned about resources needed when some the potential projects happen as some infrastructure will be required and hopes JLDC will be supportive of the process.

b. Ed complimented Tara and Tom on the economic opportunities such as the Borden's, Montana Tunnels and GSM that could well have passed the community by without staff's focus and help. These opportunities have congealed into real possibilities that could yield some real long-term benefits to Jefferson County and he appreciates being a part of the JLDC board and thanked staff for the opportunity to work with them.

c. John B. said he keeps up with broad trends in the economy and there is a free monthly publication from the Montana Department of Labor & Industry, "*Montana Economy at a Glance*," that contains a lot of interesting data with a special topic each month. It's also available on the Montana DLI website. The Montana Bureau of Business & Economic Research also has a quarterly magazine, "*Montana Business Quarterly*". There is a charge for the quarterly magazine but, if attending the *Economic Outlook 2010 Seminar*, a one-year subscription to the magazine is included in the registration fee. John said the seminar has good information and overview and would be a good seminar for board members to attend and asked if JLDC would subsidize board members to attend. Tara said JLDC has paid for board members to attend in the past and will do the same this year.

d. Tara said staff will again be offering the Core 4 Business Planning class for four evenings on February 11, 18, 25 and March 4 from 6:00 p.m. – 9:00 p.m. at the Boulder City Hall. The class will be held only in Boulder this year and will have participation from the Small Business Director in Butte. Registration

forms are on JLDC website, www.jldcmt.com, or available from the Extension/JLDC office. Tara encouraged people to attend and said it's great for both start-up and existing businesses as it covers the four core elements of a successful business. The class is limited to 10 businesses. The cost is \$149.00 and businesses can bring a business partner with them if working on the same business.

e. Cindy said if anyone would like her to attend an event or have SBA come and do a workshop to please call her as she would be happy to work with them.

11. Adjourn

The next meeting has been scheduled for Wednesday, February 17th, 2010 at the Boulder City Hall. Mark made a motion to adjourn; Darrell seconded the motion. Motion carried. The meeting adjourned at 3:53 p.m.

Respectfully submitted,

Nancy Wheeler, Note taker