

Jefferson Local Development Corporation (JLDC)

Meeting Minutes, March 24, 2010

Board members present: Dave Kirsch, Chris Rehor, Byron Stahly, Ed Handl, Barbara Reiter, Dick Norden, Colleen Teeling, John Brower, Tara Mastel, Tom Harrington, Nancy Wheeler.

Board members absent: Tom Lythgoe, Darrell Miller, Barbara Sunderland, Sheila Hogan and Mark Fries. *Guests:* Stacy Cagle and Candi Curriero. A quorum was present.

1. Call Meeting to Order

The meeting was called to order at 2:05 p.m. by Vice President, Byron Stahly, at the Elkhorn Mountain Inn, Montana City. John B. made a motion to approve the meeting minutes from 2/17/10; Barbara R. seconded the motion. Minutes were approved as published.

2. Pathways to Opportunity Presentation

Stacy Cagle and Candi Curriero from Career Training Institute (CTI) in Helena explained to board members that *Pathways to Opportunity* is a subsidized employment program funded by American Recovery and Reinvestment Act (ARRA) stimulus funds that are administered by the Department of Public Health and Human Services and gave details on how the program works and CTI's role in the program. The program will be funded through September, 2010.

3. Boulder South Campus

a. Execute Lease Option

JLDC has a Lease Option with the county to purchase the South Campus that expires May 10th. Staff had the county attorney's office draft a buy-sell agreement for executing the lease option on the South Campus and, after staff review, agrees that the document needs to be revised to have the document tied to the lease option to purchase as that was a signed agreement 10 years ago, in 2000, between the county and JLDC and should reference that it was an executed agreement. JLDC has invested about \$1.5 million into the property on behalf of the county. The county has invested an estimated \$200,000 in the property. Most of the funds that have been invested into the South Campus were from state and federal grants that JLDC put manpower into getting. The cost of insurance was the main reason JLDC has not yet executed the lease option; however, the county determined it has a reversionary interest in the property so JLDC is able to maintain the MACO insurance on the property. A decision is needed from the board on executing the lease option. Staff recommended amendments be made to tie the previous lease option agreement into the buy-sell agreement, to note that JLDC needs to repay its debt related to the property including fully funding the Revolving Loan Fund (RLF) at \$368,000 and the HUD grant for a \$208,000 loan made to the South Campus project from a project on the south end of the county. After obligations are met and if JLDC sells any of the buildings, staff recommends 20 percent of the proceeds be put into an economic development fund at the county. Discussion followed.

Ed made a motion that the JLDC board empowers staff to work with the county attorney to prepare a final buy-sell agreement which would tie in the relationship with the lease option agreement signed in 2000 and JLDC would satisfy debts to the RLF and the debt to the HUD loan from the HUD grant and that JLDC also allocate 20 percent of any future sales to the economic development fund at the county. Chris seconded the motion. John said there is no economic development fund established so the motion should be amended. Ed amended his motion to "the JLDC board empowers staff to work with the county attorney to prepare a final buy-sell agreement which would tie in the relationship with the lease option agreement signed in 2000 and JLDC would satisfy debts to the RLF and the debt to the HUD loan from the HUD grant and that JLDC also allocate 20 percent of any future sales to the future economic development fund at the county. John seconded the amendment. Motion carried.

Barbara Reiter made a motion to authorize President Barbara Sunderland to execute the agreement once it's finalized. Chris seconded the motion. Motion carried.

b. Update on Culinary Campus

Staff met with Blair Williams of Urban Mountain Development prior to today's meeting. Blair has drafted a limited liability agreement between JLDC and Urban Mountain Development for the South Campus. Staff would like to form a committee to review the agreement to make sure the agreement is crafted so JLDC's interest is secured. JLDC and Urban Mountain Development would be the LLC entity in the agreement and together would develop the property on the South Campus and lease it to the Missoula College of Technology. Tara said an attorney will need to be involved but not necessarily at the first meeting. The committee will meet next week or the week after. Dick and Colleen volunteered for the committee. If other board members would like to be included on the committee, please let Tara know.

The Missoula College of Technology has a culinary school and wants to expand their programming but have run out of space. The Associate Dean, who is in charge of the Missoula College of Technology, is scheduled to come to Boulder in early April to look at the South Campus and talk more about the project. Tara said there is a working session tomorrow afternoon from 3:00-5:00 in Boulder for community leaders, Urban Mountain Development, and anyone from JLDC interested in attending. There will be a presentation by the architects and engineers that are working on the culinary campus design and they will seek input on their initial ideas from the community. Plans will be made for holding a larger, public meeting for the broader audience of Boulder and are also talking about scheduling a statewide public stakeholder meeting in April for people to give input on the project.

The Helena College of Technology is still interested but it's easier for the Missoula College of Technology to expand their existing campus/program. The Helena College of Technology would need to go before the Board of Regents and start an entirely new program. Missoula already has a feasibility study and market analysis and doesn't need to go through the Board of Regents for an expansion.

c. Historic Preservation Grant Update

Tara said JLDC did an analysis of buildings five and six on the South Campus in order to apply for a Historic Preservation Grant. Staff found out last week it was recommended JLDC receive \$77,000. JLDC applied for \$250,000 but there were 135 grant applications. Staff is not sure if JLDC will receive the funds, but the recommendation has been made.

4. Borden's Whitehall

a. Clean-out Project Update

Tara said the clean-up project is underway and the big sale of inside items is happening this weekend, Saturday and Sunday.

b. Roof Bids

JLDC received three bids on the roof and, after talking with each of the contractors and learning more about the project, did an amended RFP and asked the contractors for new information. JLDC heard back from two of the bidders and staff said both are solid contractors. Staff recommended that Christman Roofing out of Montana City do the roof. Tara said the base roof cost is \$45,912 with an option for R-18 insulation at an additional \$13,200 cost; the parapet walls are crumbling and falling over and need to be repaired so that the membrane can connect into the wall. Mason repair is estimated at \$5,000-\$15,000. A ten year warranty on the roof is an additional \$1,800. There are a lot of existing challenges such as an excess of old swamp coolers and junk such as vent pipes, etc. that have accumulated over the years that need to be taken down and cleared and staff recommended hiring a local contractor to do this at a cost of \$2,000-\$3,000 as it will save \$2,000-\$4,000 on the roof cost and make the roof more stable. Including insulation, the roof cost would be about \$78,000 and there is an insulation rebate of about \$3,000. The roofing costs will be taken from the Revolving Loan Fund (RLF). It was suggested the roof needs to be checked for structural problems (dry rot). Discussion followed. Tom H. will check the ceiling for structural damage; however, staff said they did specifically point out the roof areas that have been leaking to the contractors. Ed said JLDC needs to move forward but with enough knowledge to make changes if necessary and correct any deficiencies that are found such as structural problems and address them from the inside. Dick made a motion to move forward with the roof repair at approximately

\$78,000. Barbara Reiter seconded the motion. If there are additional problems and decisions need to be made, it will be a separate issue and staff will email the board for input. Motion carried.

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

Tom gave a brief overview of the March CTAC meeting as all JLDC board members receive copies of the minutes and they are also posted on JLDC's website; www.jlDCmt.com. GSM is still on track for mill start up in January, 2011. The mine received three new haul trucks, has hired additional drivers and is proceeding with their stripping operation. Mine staff met with the DEQ to work out a contract for GSM to process ore from the McLaren tailings in Cooke City next summer. Part of GSM's strategy, moving forward, is to look for third party ore processing to supplement running the mill. GSM is still in the running for the concentrator and will need a construction decision from Barrick by May. There is talk of a potential rail site development out of Cardwell for rail access to go with the concentrator project. The rail site would also be a great asset to the business park.

The wind project is moving forward. Gamesa is looking at a potential partnership with wind developer and lease holder, Sea Wind, to forward wind development. JLDC is still waiting on the final outcome of the Supreme Court/PSC Power Purchase Agreement rate which will be a key part of Sea Wind's feasibility analysis.

The engineers expect final DEQ approval on the lot rewrite soon and, once that is received, staff will obtain approval through EDA on their checklist so bids can be solicited and ground breaking at the park can occur in June.

6. Montana Tunnels Advisory Group (MTAG) Update

Tom said the group will be now be called Elkhorn Goldfields Community Group as Elkhorn Goldfields, LLC is the parent organization for both Montana Tunnels and Elkhorn, Inc. Elkhorn Goldfields purchased all of Apollo Gold's interest in Montana Tunnels and are now the sole owner of Montana Tunnels and also own the Elkhorn, Inc. mine near Boulder. Staff has been working with Elkhorn, Inc. the past few months on business plan development and financials and Elkhorn, Inc. is now pursuing some of the potential funding opportunities. Montana Tunnels is working with outside investors as that is a \$70 million investment. A combined MTAG/Elkhorn, Inc. meeting was held this morning with a good turnout from both mine groups and the community and will continue the monthly meetings with the new appropriate group name. When mine operations resume, there is a potential for 220 jobs at Montana Tunnels and 50-60 jobs at Elkhorn, Inc.

7. Board Administrative Items

a. Board Evaluation

Tara said JLDC is scheduled to do a board evaluation in April according to JLDC's Board Governance Calendar. Tara proposed she email about 10 questions to board members to respond to within the next couple weeks and the results will be reviewed at the annual board retreat. Tara said the board evaluation is a good practice for non-profit organizations and a tool of communication between the staff and the board.

b. Schedule Board Retreat

Every April JLDC has a board retreat for annual strategic planning. This year's retreat will be held Wednesday, April 28th, from 1:00-5:00 p.m. at the Basin Community Hall. Tara will email details to the board members.

8. Comments & Questions

a. Tara said the Commission is considering releasing the north end metal mines money from the shut down of Montana Tunnels and is scheduled for evaluation next week. On the Commission agenda for March 30th is "Metal Mines monies – how much is left and what earmarks are there." Tara said this is the metal mines loan fund where a portion of taxes from the hard rock mine operations are put aside and put into an account that can be used for economic development and planning purposes when the mines shut down. Tara said JLDC has used a lot of that money for different things and JLDC is borrowing \$655,000 of that money for the grant match

for the Sunlight Business Park. Another item on the agenda is to “discuss and decide on use of metal mines monies from Montana Tunnels to pay off the Intercap Loan obtained for campus/building improvements.” The Commission would be taking a substantial amount of that money to pay off improvements such as the carpet in the courthouse, the renovations to the Treasurer’s office and sidewalks in front of the Commission office. Another agenda item is “to discuss and decide on the continuation of the metal mines grant & loan program.” Dave said money is tight and he is not supportive of the grant program. There was discussion on the beneficial uses that money has provided in communities for things that wouldn’t have been able to be done without that money. Tara said it’s important the board is aware of these items. Dave said there are two categories for that money; one is for economic development and the other funds can be used at Commissioners’ discretion.

b. Ed said it’s exciting that JLDC is on the verge of being economically stable in the future with some of the projects JLDC is working on and that’s been a goal amongst a lot of board members for a number of years and it’s important that JLDC continue to march toward that target.

c. Dick thanked Tom and Larry Lattin for all the work they did on the Veteran’s home and suggested sending a letter from JLDC to Larry.

d. Dave said the Commission is giving Larry Lattin a plaque for his efforts and a trip to either Chico or Fairmont as a thank you.

9. Adjourn

In lieu of the April JLDC meeting, the annual strategic planning session (board retreat) will be held Wednesday, April 28th from 1:00-5:00 p.m. at the Basin Community Hall. Tara will email details to board members. The meeting adjourned at 3:42 p.m.

Respectfully submitted,

Nancy Wheeler