SPECIAL
CASCADE COUNTY COMMISSION MEETING
September 6, 2016
COMMISSION CHAMBERS
COURTHOUSE ANNEX, ROOM 111
9:30 a.m.

Notice: These minutes are paraphrased and reflect the proceedings of the Board of Commissioners. MCA 7-4-2611 (2) (b). *These minutes are in draft form until officially approved at the November 15, 2016 Commission meeting.*

PRESENT:
Commission: Chairman Joe Briggs, Commissioner Jane Weber, and Commissioner Jim Larson.
Present: Bob Edwards, John Stevens, Dan Rooney, JoAnn Wright, Richard Liebert, Jolene Schalper, Dr. Sam Boor, Ronald Gessaman, Carey Ann Haight, Bonnie Fogerty, and Marie Johnson.
PLEDGE OF ALLEGIANCE: Everyone participated in reciting the pledge of allegiance.
CALL TO ORDER: Chairman Briggs reconvened the Budget Hearing from the August 30, 2016 opening.
PUBLIC COMMENT: Chairman Briggs opened the meeting to public comment.
Richard Liebert of 289 Boston Coulee Road, commended the Commission on the new website and shared his disappointment; that he was unable to obtain copies of this budget, off the website before the meeting. He also had questions about ADF, Calumet and the Library in which the Commission answered.
PRESENTATION: Chairman Briggs requested that Mary Embleton present her Power Point presentation of the Cascade County Fiscal Year 2016-2017 Annual Operating Budget and Capital Improvements Plan (see Exhibit "A").
Mary Embleton Budget Officer noted that she began employment on June 6th of this year. She presented an overview of the 2016/2017 fiscal year budget using a PowerPoint presentation.
PUBLIC COMMENT: Chairman Briggs again invited public comment.
Ron Gessaman of 1006 36th Ave NE questioned what the maximum tax mills were from last year in 2016.
Mary Embleton explained how the mills are calculated and explained that she did not have the prior year's mills at the meeting. Mary Embleton and the Commission were looking for documentation of last year's mills, but no one brought them to this meeting.

FINAL DRAFT 10/6/2016

Chairman Briggs recalled that the Commission had left a few mills on the table the previous year and actually county wide taxes went down. Mary Embleton left the meeting to recover data from FY 2016.
PUBLIC COMMENT: Chairman Briggs again invited public comment.

Peter Johnson reporter for Great Falls Tribune requested last year's taxable value for a typical homeowner.
Chairman Briggs noted that he had run this on his own home (if that is considered a typical homeowner) and the value of his home is $161,600 the net change on taxes into the County was $12.78 which was a little less than two years ago. As he mentioned, last year they did not levy at all of all the mills, which resulted in a slight decrease in taxes.

Mary Embleton returned from her office with information and announced that the total general mills allocated last year 2015-2016 was 114.5 mills.

Chairman Briggs asked for further public comments.

Richard Liebert stated that he thought that the handout (see Exhibit "A") of the Budget was a good document but he wished it had posted on the website last week. He also noted the importance of having this meeting televised for the public not in attendance. He also asked for the exact amount that Calumet will be paying to the County for their assessment.

Commissioner Weber stated that the amount has not been broken down for them and that he could request it from the Department of Revenue.

Richard Liebert spoke about the impacts of these expected revenues to the County.

Ron Gessaman announced that he crunched the numbers and he came up with 172.67 mills which is 10% below the City of Great Falls which suggested the County would receive $750,000 from Calumet.

Chairman Briggs notified Mr. Gessaman that he cannot stack the mills. There was further discussion about the mills.

FINAL DRAFT 10/6/2016

Chairman Briggs asked for further public comment after which no one came forward.

Chairman Briggs closed the budget hearing at 9:57 a.m. and reconvened the special meeting at 9:57 a.m.

PROCLAMATION: Wild Fest Days (September 9-10, 2016)

Commissioner Weber read this proclamation with Gerry Jennings from the Wilderness Association. Ms. Jennings, thanked the Commission for showcasing this event which occurs every eight (8) years in Great Fall. She encouraged everyone to attend Wild Fest Days.

Chairman Briggs introduced this agenda item.

Special Meeting Agenda Item #1

Motion to approve/disapprove Resolution 16-84: Adopting a Budget for Fiscal Year 2016-2017

Commissioner Weber made a **MOTION** to approve Resolution 16-84 setting a budget for fiscal year 2016-2017 with the budgeting being in the amount of $70,424,452.

Chairman Briggs thanked Mary Embleton for her hard work at a difficult time since June of this year. He noted it was difficult job due to several Capital Improvement Projects this upcoming year totaling nearly five (5) million dollars.

Commissioner Weber reminded the public that the Commission is trying to bridge these very expensive capital improvement projects over several fiscal years. The Courthouse roof will be over three (3) fiscal years and the RSID Fox Farm Road project will last two (2) fiscal years. She also reminded them that the figures are preliminary on the Fox Farm Road project until final figures are available from bidding documents later in the year. She also stated that it is their intent to move forward with the RSID, at this time. but until the final bids are available, the commissioners will not make that final decision.

Commissioner Larson thanked Mary Embleton and the Department Heads and Elected Officials for making the needed budget cuts.

Chairman Briggs called for a vote on the motion.

FINAL DRAFT 10/6/2016

*Commissioner Weber made a **MOTION** to approve Resolution 16-84 setting a budget for fiscal year 2016-2017 with the budgeting being in the amount of $70,424,452. Motion previously made see above.*
Motion carries 3-0

Chairman Briggs closed the special meeting at 10:06 a.m. and opened the Public Hearing at 10:06 a.m. to consider the request for new and expanding industry classification applications.

Chairman Briggs waived the reading of the public notice with no objections (see Exhibit "B").

Chairman Briggs called for a Representative for ADF to come forward to present.

Dan Rooney, ADF General Manager presented his brief history of the tax abatement application. He stated originally when ADF was considering coming to town they worked extensively with the Great Falls Business Development Authority to put together a tremendous amount of information about Cascade County, City of Great Falls and State of Montana. When considering a location on the western portion of America, these entities assembled some incentives in this area, and part of that was tax abatement. A tax abatement normally reduces taxes by 50% at the onset and then prorates the balance over a ten (10) year period. ADF also explored a program with Montana Board of Investments (MBOI) which provides incentives for businesses investing and creating jobs in Montana. MBOI funds are a loan that must be administered through a public entity. The City of Great Falls had agreed to be that entity. As part of the MBOI loan process ADF understood they would have to turn over their property and their capital improvements as collateral on that loan to the City. At that time Mr. Rooney explained that ADF International did not really have any equity because no structures had yet been built. ADF officials met with the City Attorney, City Manager and at the time believed there would be no property taxes levied because of that transfer of collateral to the City of Great Falls. ADF then went before the City Commission and debated that proposal to have the City serve as an entity for the MBOI loan. At that time, the city commission felt ADF would be tax exempt. He noted that it passed the City Commission at that time which was around April of 2014, then after operating the plant for roughly six (6) months to a year they received a letter from the Department of Revenue that said they actually qualified for a beneficial use tax. Mr. Rooney stated that they were very busy

FINAL DRAFT 10/6/2016

operating a plant and trying to get things running so they just set the tax abatement application aside and it was forgotten about, until they received their first tax bill. They then realized that they needed to go back and complete the application in which they have done. They completed it then it went to the City Commission and they approved the tax abatement. ADF's two (2) properties do not qualify for 100% of the tax abatement because of the timing of the application and he noted that they understand that. He also stated that they are not asking to go backwards or relook at why they missed out on a few years of that tax abatement. He requested that the Commission fully consider the tax abatement because it was one of the reasons we were asked to relocate to Great Falls and it has passed the City Commission twice.
He requested the Commission also pass that tax abatement as that is why we relocated and the tax abatement is still an ingredient in what they feel will be part of their success going forward. ADF has not been without their challenges like other construction since 2008. He thanked the Commission for their consideration of the tax abatement.

Chairman Briggs asked if anyone had any questions for Dan Rooney; there were no questions.

Chairman Briggs then called for Proponents:

Jolene Schalper from Great Falls Development Authority announced that Dan Rooney's presentation was reflective of the events that occurred. She stated that when recruiting companies they never promise tax abatements, but they do work with Commissioners to inform them that this might be a possibility. She stated that they also encourage applicants to submit the applications before construction is finished. She stressed the importance of the tax abatement for company's cash flow, it also helps business grow and expand and create jobs. She urged the Commission to vote to approve this tax abatement request from ADF.

Chairman Briggs then called for Proponents three (3) times in which no one came forward.

Chairman Briggs then called for Opponents:

Ron Gessaman of 1006 36th Avenue NE. announced that he was the only opponent at the City hearing held on June 21st, regarding

FINAL DRAFT 10/6/2016

this tax abatement. The City Commission approved this tax abatement, despite staff's recommendation it be denied. He noted, the argument presented by ADF and Great Falls Development Authority (GFDA) was that they were promised the tax abatement. Then Commissioner Bronson from the City said wait a minute, no one but local government has the right to promise a tax abatement and that promise needs to be stated at a public meeting. Mr. Gessaman noted that a promise was made to ADF by the GFDA and possible individual government officials, and that such a promise was completely wrong. He pointed out that in the City Commission staff report, dated June 21, 2016 it states the reason why the resolution was denied - due to the nearly $5 million low interest loan through the City and the MBOI as well as two big Economic Development Trust Fund Grants and other funds from GFDA. Mr. Gessaman went on to state that this applicant has had many bites of the apple, which there might not even be a core of the apple left. Mr. Gessaman continued to state, he was a member of Neighborhood Council #3 and a representative from ADF *(Talia Paschini)* came to their meeting to answer questions about this particular project and the Council voted to recommend the project to the City Commission based on her answers. He said they asked her, "Are you going to ask the taxpayers to pay for this?" and Ms. Pashini said, "No, we will pay everything ourselves". Now the citizens have seen ADF get TIF district funds, 5 million dollars in low interest loans and grants, creating the appearance of a creditability problem from ADF.

Chairman Briggs then called for Opponents:

Richard Liebert, stated that he would like to know the exact amount of the tax abatement and suggested that the staff report include an abstract so the numbers can be previewed ahead of time.

Chairman Briggs stated that this is an extremely strange scenario for a number of reasons. But the fiscal impact on the County is zero- because if there is a tax levy it goes into the City's TIF district. Whether the abatement is granted or not, the difference would be how much money would go into the TIF district.

Richard Liebert, questioned the abatement and which department would lose- the Road Department or Public Safety. He also questioned if there was a mechanism in place that will help the Commission make those decisions when there is a shortfall in expected revenue? He also stated that City Commissioner Bronson

FINAL DRAFT 10/6/2016

made an eloquent point that there are no expectations made by public officials to come here, deals are not expected. Mr. Liebert again requested having numbers before the meeting. He had further comments on Calumet and tax revenue for the City and County.

Chairman Briggs then called for further Opponents: in which there were none.

Chairman Briggs, called for informational witnesses.

Dr. Sam Boor of 15 Trapper Valley Road, stated he was making a point in favor of tax abatement. He stated that in his research of Donald Trump, tax abatement was one of his main methods, which has encouraged growth in New York City, and that not all tax abatements are bad. He also suggested that the Commission research some of these methods to see how tax abatement can work for them.

Chairman Briggs, called for further informational witnesses, in which there were none.

Chairman Briggs, closed the Public Hearing section of this meeting at 10:22 a.m. and returned to Item #3, the motion to approve/disapprove Resolution 16-85: New or Expanding Industry Classification ADF International, Inc.- Paint Shop in the Special Meeting.

Chairman Briggs announced before calling for the motion, he wanted to share his background research. He went through the City Staff Report, as well as the applications and the original contract that was done with the ADF and MBOI loan. He reiterated, this is an odd situation at best.
He noted, that the original agreement did clear through the City Commission and was signed by the City Manager.
He emphasized that the City basically agreed three (3) things; they agreed to be the hosting entity for the MBOI loan, they agreed to exempt ADF from the TIF district and they agreed that they would pay no taxes at all because they would be exempt.
Chairman Briggs state two (2) of these three (3) promises by the City are not things that the City can legally grant. They cannot grant an exemption from a TIF district, once a TIF is established the law is very clear all tax generated within the TIF district goes into the Tax Increment Funding. They also have no legal authority to waive the Beneficial Use Tax. It's been asserted that the City did not

FINAL DRAFT 10/6/2016

know about the Beneficial Use Tax. He reminded the body that this was not first MBOI loan package that the City has done. He stated, therefore, the Commission finds themselves in a very odd circumstance. Whether, they grant this tax exemption/abatement or not there is no impact on the County's bottom line. He noted on the plus side they will be attempting to help the City honor a commitment that they indeed did make when they signed the MBOI loan agreement. The down side is as a matter of public policy Chairman Briggs said that personally he has a problem with tax abatements in a TIF district, because the whole idea of the TIF district is to generate funds from taxes to pay for the infrastructure which becomes short-circuited by the abatement. Another issue he noted was a mechanical one. Typically, the state tax system cannot handle having two different taxable values on the same parcel. So to have the City grant the abatement, and the County decline to grant the abatement causes a mechanical problem. Chairman Briggs stated that the only way he could think of getting around it would be to create a special taxing jurisdiction for the ADF properties. Since the tax system won't allow a change to the taxable value so one would have to change the mill value which would result in the same piece of property in two (2) taxing jurisdictions which causes another software problem. In closing, he announced that this is a very odd conundrum and he wanted the other Commissioners to be aware of his research.

Chairman Briggs then stated that he would entertain a Motion.

Commissioner Weber made a **MOTION** to approve Resolution 16-85 to grant a taxation benefit for the new expansion by ADF International Inc. in the Industrial Paint and Coatings Plant.
Motion carries 3-0

Commissioner Larson stated that this one has bothered him ever since they first received it, because it is mostly a City issue, and the Department of Revenue Department said that the Commission needed to act on it. He stated that they try to be good neighbors with their City friends but it looks like they may have overstepped their bounds on some of this. In closing; he announced that he would like to be against this, but since it is a City issue he would pass it on that matter alone.

Commissioner Weber made a **MOTION** to approve Resolution 16-86 to grant a taxation benefit for the new expansion by ADF International Inc. for the Steel Fabrication Plant.

FINAL DRAFT 10/6/2016

Motion carries 3-0

PUBLIC PARTICIPATION IN DECISIONS OF BOARD AND ALLOWANCE OF PUBLIC COMMENT ON MATTERS THE COMMISSION HAS JURISDICTION, ON ITEMS NOT COVERED BY TODAY'S AGENDA.

Chairman Briggs called for Public Comment:

Dr. Sam Boor questioned how the Commission encouraged growth and population of Great Falls?

Chairman Briggs responded by stating that there are excess jobs, and the need for moderate income housing available.

Dr. Sam Boor also asked about Gibson Flats Road and Gerber Road, stating it was in bad shape (washboard condition) due to the increase of traffic and industrial truck use.

Chairman Briggs stated that until the budget improves it is not in the cards and the traffic counts do not justify upgrade to a pavement road.

Richard Liebert suggested that the Commission set some criteria for abatements. He also requested more information ahead of time before the meeting. There was further discussion and questions about the TIF. He also commended the Zoning Board of Adjustments for their decision on the solar substations. Mr. Liebert also spoke about the Conservation District and the Vet Program.

Ron Gessaman made his comments about the tax abatement for ADF and made his comment that there is a flaw in the system.

Dan Rooney presented the positive aspects of this tax abatement which include; the ability to stay in Montana, encourage business in Montana and the promotion of growth in Cascade County.

ADJOURNMENT: The meeting was adjourned at 10:45 am

FINAL DRAFT 10/6/2016