



Anaconda-Deer Lodge County TIFID No. 2 (Mill Creek) Board

TIFID No. 2 (Mill Creek) Board

Wednesday, January 6th, 2022

Meeting called by Jim Davison, Chairperson

Type of meeting Monthly Meeting

Minutes taken by Carlye Hansen

Members Present: Jim Davison, Chair; Rich Rivers; David Galle; Carl Hamming, Planning Director; Con Malee; John Sullivan, School District #10 Superintendent; Bill Finnegan

Members Absent: None

Staff: Eric Hoiland, ADLC Treasurer; Bill Everett, CEO; Carlye Hansen, Planning Department Secretary

Guests Present: Gayle Clark; Kevin Hart

AGENDA TOPICS

Call to order

Meeting was called to order by Jim Davidson, Chairperson. at 3:03 p.m. Introductions were made of all in attendance.

Approval of Minutes: August 18th, 2021

Motion was made by Carl Hamming to approve the minutes of 08/18/2021; seconded by Dave Galle. Motion passes 7-0.

Unfinished Business

None

New Business

1. Review of Budget, First Half Taxes, and Increment Release

Eric Hoiland, ADLC Treasurer, reviewed the 2312 tax fund sheets.

Please see the attached Mill Creek Tax Increment Finance Industrial District Distribution Detail Reconciliation for Fund 2312.



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Please see attached 2021 Certified Taxable Valuation Information

Mr. Hoiland did answer some clarifying questions asked by the Board regarding the Debt Service and the Opportunity Fire District on these sheets.

It was verified that Premier Industries is no longer a viable operation and that the land has been returned to ADLC.

Motion is made by Bill Finnegan to accept the financials; seconded by Carl Hamming. Motion passes 7-0.

2. Discussion on Debt Recall on Mill Creek TID Debt

Mr. Hoiland stated that he talked to Aaron Rubio, from D.A. Davidson. He quoted about \$1.2M, but on the amortization table, there is still something under \$1.4M. This will go down after we make payments this year, but there may be some sort of savings if we recall the debt, so that is why he may have quoted him that. Mr. Davison talked to Mr. Rubio also and he was told the same thing. There is not going to be that much savings, but there will be some. There is only about 7 or 8 years left on the bonds so currently there is only 7 or 8 years left on the increment district itself. The cash reserve for the bond reserve is \$142K, plus \$150K for this year, so the fund has about \$300K in it. The capital improvement fund has about \$526K. There is \$821K in all these funds that the Board could make decisions on to recall the debt.

Bill Finnegan wanted to clarify that at the August meeting, that the minutes stated the debt repayment would go into a trust or a reserve, and that he understood that it wouldn't necessarily pay the debt off, but that it would continue to run its course. Mr. Hoiland stated that yes, they would pay it off, and then D.A. Davidson would hold this in trust and over the next 8 years, they would make the payments as they come around. They are not just going to pull the bonds. This is something where they must go to full maturity. Mr. Finnegan asked what the benefit of this is and CEO Bill Everett stated that they would get interest, it is very low, but there is some interest gained.



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3. Discussion to Sunsetting the Mill Creek TID Early

Currently, the discussion is now coming around to sunsetting the TID. This was discussed a year ago. The Board also wanted to make sure that by doing this, it doesn't cause harm to anyone and to try and see how this could be transitioned or if there were some large projects out there and then not need to sunset the district. He cannot think of any large ones at this time that would utilize the Mill Creek TIFID Funds.

At this time, Mr. John Sullivan, from the Anaconda School District, wanted to contribute some paperwork that he has put together regarding where they will stand with and without the TIF monies. He submitted School Funding Information for both the Anaconda Elementary School District as well as the Anaconda High School District.

Please see the attached Anaconda School District School Funding Information

Mr. Sullivan introduced himself as the new superintendent of the Anaconda School District. He stated that the school board currently has some concerns, so if there were things said in the past, he is not targeting anyone, he is just trying to get around and put into perspective some of the things that he has heard. He discussed that every year, there is a budget given to the school district by the OPI. They basically have their budget set for them, and the State of Montana is the one that relies on all funding. He states that it is not him that is relying on the TIFID district. The State of Montana is relying on the TIFID districts, and they have built that into the budgets. He stated that for the school board to say that we should have never relied on this, that is not the point, it is the State that is relying on this as they have already set the budget. He discussed the taxable valuation; this is what the State of Montana calculates as taxable valuation of our district. He has done this with both the Elementary and High School districts. The general fund budget for the Elementary is \$4,486,811.00. The highest budget without a vote is \$5,889,442.00. If you look at that, the adopted budget is the same number. They are going to operate on their highest budget year in and year out without a vote. They are used to doing this and they are operating pretty much the same every year. With the TIFID applied to the over-base Budget, there would be an additional \$765,502.00. The State of Montana states that they know that the district has this TIFID issued and that is what the district will rely on. The general fund mills would then be 64 mils. They then would generate from the taxpayers in property taxes an amount at \$454,338.00.



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If the TIFID funding would go away, there would be 54.8 mils to the taxpayer, that is the maximum they can go without a vote. If this district goes away, or sunsets, there will need to be a way to make it up. This is also true with the Anaconda High School District. He stated that in both cases, the district will mil the taxpayers to make up for lost funds. However, if the taxable valuation of the district property were to increase significantly it could possibly be a wash. Mr. Hoiland stated that this is something that they would need to get tied down and get a definite answer before anyone makes any decisions.

He states that right now they are milling 102.97 mils in the elementary based on \$13M property taxable valuation. If they go to \$20M property taxable valuation, then they would be milling less at 92.94, so this would be a savings to the taxpayers. Mr. Everett asked how this would affect the School District financially. Mr. Johnson states that this won't affect them at all and that the State that will take care of this and if this goes to the \$20M property taxable valuation, this will not affect them at all.

There was some detailed discussion regarding this. Mr. Everett also believes that there should be a savings. He asked if there will be any negative impact to the school with any of this and Mr. Sullivan stated that they will have their money regardless, whether they mil this to the taxpayer or not. He states that regardless of what happens, there will be mils and the school will not lose a nickel. This is just the way it must be. He states that this will look bad on the school obviously, but if the number does not go to \$20M, then this will go on the resident taxes, and it is going to look like the school has just nailed them. Mr. Everett stated that the school needs the same amount of money, and he would like to approach the taxpayers and say that there has been a savings and now we would like the mil back for new capital for construction of a new school. Mr. Hoiland also stated that if they are putting 300 mils on their and it can be dropped to 200 mils, taxpayers will be getting a county savings well.

Mr. Everett asked Rich Rivers his thoughts on this, as he is an accountant. He feels that they need to be working with real numbers and right now it sounds good. Mr. Hoiland stated that these are the real numbers that were certified with the budget and has been put before the public. Mr. Everett states that the thing that makes him nervous is that he would like to have a CPA firm document and stamp this thing as it is. He feels that this all makes sense, but to have someone do this at the State level, or even to have a CPA state that this will work, won't happen as CPA's or the State will not touch tax increments. Mr. Everett states that the last thing anyone wants to do is to hurt anyone else in the room. Mr. Everett states that he needs real numbers and he stated that the



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number crunching that Mr. Sullivan has done has been phenomenal and to try and get the Department of Revenue to do this would not happen. He states that if the TIFID Board could wait a few months until July or August, you would know more of the numbers. Mr. Hoiland stated that at this time, since it is after January 1st, there is a whole year to finalize the decisions. This will all need to be completed before January 1st, 2023.

Mr. Everett states that at the time that we do the sunseting, he wants to go out and vet to the public the idea of the new school program and he has some developments that he would like to see happen there. However, he feels they are a good 6 months before any of this can go out to the public. He wants the ideas to go out together, so folks are going to see a big savings and then not want to give anything back. His way is that he feels that the ideas need to go in unison. Here is your cut, here is what we want, here is what you will get. Realistically, they are still going to pay less in the end. Mr. Everett states that he really wants to slow this process down over the next six months.

Gayle Clark wanted to ask the question regarding the County having until January 1st, 2023, to make the decision and get everything finalized. She thinks this is a question that they need to figure out regarding checking with OPI, as they submit their budgets starting July 1st, 2022, to June 30th, 2023, and if this is closed out on January 1st, 2023, then the school probably needs to talk to the State to see how that is going to affect the second half of their budget. She feels that this is something to be looked at to see what the offset is. She would like to see if the County could get the information to them before they need to build their budget going into the next fiscal year if this is going to be changed significantly regarding any of the above conversation and whether the State will need to readjust and recalculate their budget.

Mr. Hoiland asked Mr. Davison if any other community has sunsetted the TIFID districts. Mr. Davison stated that it may be a good idea to look at the Missoula Downtown District.

Again, there was much discussion regarding all the above topics and clarifications made by Mr. Hoiland, Mr. Davison, and Mr. Everett. Mr. Everett did reiterate that financially, the County is exactly where it should be. Mr. Hoiland stated that if we got this TIFID off the books, they are going to be less than \$600,000.00 with a few loans out for the streetlights and the courthouse. Mr. Everett states that we are doing well and that with newly taxable value, there are going to be good things happening. Mr. Hoiland believes that the County needs to get a new school compound built.



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Mr. Everett is in negotiations with Patriot Rail. Basically, all they need right now is a metal building where they can throw some of the rail cars in to do some service work. They don't want everything that is over there from the years past. They also are not wanting to go out and clean up their own mess. However, if this were to change hands, he can get funds to clean this area up. Mr. Everett discussed a meeting that he had with DEQ and stated that we are onboard for primary project funding. There are many

negotiations going on in this regard. The goal right now is to build a new school compound on a Superfund site, and this would make sense for the school compound to go in and/or around the Patriot Railyard.

Mr. Sullivan said that right now, there is a project going on in the high school to revamp all the heating units in the bathrooms. The cost will be \$2.5M for the high school. There are 712 students in the high school right now and this is making the place packed in - 7th graders with seniors doesn't work very well.

Mr. Finnegan asked Mr. Sullivan to educate him a little bit. The base budget compared to the maximum budget at \$1.4M is what the funds are used for, such as boilers, or any improvement that they put into the building. Mr. Sullivan stated that this is just the general operating fund, and he states that probably 88% of this is salary. Mr. Hoiland states that the State Legislature sets money aside for capital improvement projects in schools that you must apply for. The heating project at the school is being funded by the American Rescue Act. They applied for this, and they got about \$5.5M. The idea behind this is that there are many ways you can use the funding, but that it must be used by 2023, as long as you are improving the safety and surroundings for the students. They have also used these funds to hire nurses and paraprofessionals. They have purchased more sanitation and cleaning products. He does state that the numbers you are seeing today are all general fund only. Transportation is a totally separate fund. Adult Education is a totally separate fund. Technology is a totally separate fund. He states that all in all this is a very goofy formula.

Mr. Davison asked the final questions regarding whether there will be within the Mill Creek TIFID district. Mr. Everett stated that no one wants to purchase or develop the area. It is just not a desirable area and they have been trying for years to promote this.

There was then a side conversation that developed regarding all the school properties that will need to be sold, or have been sold, and the future with the buildings.

Miscellaneous/Announcements



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Again, just a lot of significant discussion regarding the TIFID, as well as the school district and their potential plans.

Public Comment

None

Next Meeting

Thursday, April 7th, 2022

Adjournment

Motion was made to adjourn by Rich Rivers at 4:30 p.m.; seconded by David Galle. Motion passes 7-0.

Respectfully Submitted,

Carlye Hansen

Carlye Hansen, Planning Department Secretary

Attachments: Mill Creek Tax Increment Finance Industrial District Distribution Detail Reconciliation for Fund 2312

2021 Certified Taxable Valuation Information

Anaconda School District School Funding Information