

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Missoula, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. _____ entitled: "**Resolution Approving a Proposed Project as an Urban Renewal Project for the North Reserve-Scott Street Urban Renewal District; Making Findings with Respect Thereto; and Declaring the Intention of the City to Use Tax Increment Revenues or Tax Increment Revenue Bonds to Pay, Reimburse or Finance Eligible Costs Thereof**" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City on March 4, 2024, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Council members voted in favor thereof: _____; voted against the same: _____; abstained from voting thereon: _____; or were absent: _____.

WITNESS my hand and seal officially this 4th day of March, 2024.

(SEAL)

City Clerk

RESOLUTION NO. _____

Resolution Approving a Proposed Project as an Urban Renewal Project for the North Reserve-Scott Street Urban Renewal District; Making Findings with Respect Thereto; and Declaring the Intention of the City to Use Tax Increment Revenues or Tax Increment Revenue Bonds to Pay, Reimburse or Finance Eligible Costs Thereof

BE IT RESOLVED by the City Council (the “Council”) of the City of Missoula, Montana (the “City”), as follows:

Section 1. Recitals and Authorizations.

1.01. Under Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the “Act”), the City is authorized to create urban renewal areas, prepare and adopt an urban renewal plan therefor and amendments thereto, undertake urban renewal projects therein, provide for the segregation and collection of tax increment with respect to property taxes collected in such areas, issue its bonds to pay the costs of such projects and to refund bonds previously issued under the Act and pledge to the repayment of the bonds the tax increment and other revenues derived from projects undertaken within the urban renewal area. Infrastructure costs, including costs of workforce housing, are eligible to be paid from tax increment or proceeds of tax increment revenue bonds.

1.02. Pursuant to the Act and Ordinance No. 3534, adopted by the Council on August 24, 2014, as amended by Ordinance Nos. 3550, 3556 and 3698, adopted by the Council on July 20, 2015, November 2, 2015 and May 23, 2022, respectively, the City has created the City of Missoula North Reserve – Scott Street Urban Renewal District as an urban renewal area (the “District”) and has approved the City of Missoula North Reserve – Scott Street Urban Renewal Plan (the “Plan”) as an urban renewal plan. The Plan provides for the segregation and collection of tax increment revenues with respect to the District in accordance with the provisions of the Act.

1.03. The Plan states that goals for the District include promoting economic development and achieving urban density mixed land uses, including by preparing properties for redevelopment by facilitating land assemblage and property transfer, supporting rehabilitation and upgrading of commercial and industrial properties to increase expansion of mixed-use opportunities, and supporting development of affordable housing opportunities.

1.04. The City previously purchased approximately 19 acres of property located along the west side of Scott Street and adjacent to the current City Shops property, the eastern portion of which has been subdivided in preparation for redevelopment into: Tract 1, 1.88 acres of public right-of-way for Charlo and Shakespeare Streets; Tract 2, a 2.97-acre parcel to be used for the development of affordable housing; and Tract 3, a 5.16 acre parcel to be developed for mixed uses including market-rate housing.

In February 2021, the City and Ravara Development, LLC (the “Developer”) executed a letter of intent relating to the development of the eastern portion of the Scott Street Property,

which included a commitment from the Missoula Redevelopment Agency (the “MRA”) to fund necessary infrastructure for the development, and the City and the Developer have engaged in an extensive public process for input on neighborhood needs and priorities. The City and the Developer now anticipate that Tracts 2 and 3 will be developed as follows:

- Tract 2 will be donated to a community land trust and developed by the Developer into resident-owned housing, with an expected 89 units in a mix of condominiums and townhomes, of which 51% are expected to be permanently restricted for sale to income qualified purchasers (the “Ravara Project”); and
- Tract 3 will be sold to an affiliate of the Developer and developed for mixed uses, including market rate rental housing and approximately 35,000 square feet of commercial space, expected to include a childcare facility and uses like a co-working space, grocery store and/or restaurant space, as well as approximately 1 acre of green space and parking.

The redevelopment of Tracts 2 and 3 require infrastructure improvements, including street construction and related improvements, landscaping in the right-of-way, sidewalks, street lighting, a new bus stop and cycle track on Scott Street, extension of water and sewer mains, extension of electric and gas lines, compaction of non-structural soil on Tract 2, removal of unsuitable soils, and related improvements (collectively, the “Infrastructure Improvements”).

The income-qualified units in the Ravara Project will constitute attainable workforce housing, within the meaning of Section 90-6-143, M.C.A. Pursuant to Sections 7-15-4283 and 7-15-4288 of the Act, workforce housing is infrastructure, the costs of which are a permissible use of tax increment and tax increment financing. The Ravara Project has a funding gap of approximately \$3,250,000. The Infrastructure Improvements, including master planning, design and engineering thereof, are expected to cost approximately \$6,235,774 (which includes contingency). With costs of financing, the City anticipates that completing the Infrastructure Improvements and the Ravara Project are up to \$9,800,000.

1.05. The MRA has found that the Ravara Project and the Infrastructure Improvements are contemplated by the Plan and that the Ravara Project and the Infrastructure Improvements are eligible activities for tax increment financing under Section 7-15-4288 of the Act. Therefore, the MRA recommends that the City approve the Ravara Project and the Infrastructure Improvements as urban renewal projects and that the City finance costs of the Ravara Project and Infrastructure Improvements using tax increment of the District.

Section 2. House Bill 819 and Related Findings. House Bill 819, enacted by the 2023 Legislature (“HB 819”), authorized the Montana Board of Investments (“BOI”) to purchase up to 50% of a bond or other security issued by an eligible government unit to cover all or a portion of the costs of expanding or extending water, wastewater, storm water, street road, curb, gutter and sidewalk infrastructure to serve new or rehabilitated residential development at a below-market interest rate. For the costs of an infrastructure project to be eligible to be paid by proceeds of bonds or other securities purchased by BOI under HB 819, the infrastructure project must provide for residential development at a minimum gross density of 10 units for each acre. In addition, under HB 819, BOI must require that the eligible government waive impact fees for the developer and require that housing built using infrastructure funded in part by a security

purchased by BOI provide for provisions to preserve long-term affordability of the housing that runs with the property for the term of the security.

The City has applied to BOI to purchase a portion of a bond to be issued to pay eligible costs of the Infrastructure Improvements. In connection with such purchase by the BOI:

- The Infrastructure Improvements will provide for residential development at a gross density in excess of 10 units per acre;
- The City will waive impact fees for the Developer with respect to the Ravara Project and will identify other sources for payment of the impact fees related to the Ravara Project; and
- The costs of the Infrastructure Improvements paid from proceeds of the bond purchased in part by BOI will support the Ravara Project. The transfer of Tract 2 to a community land trust will result in removing the cost of the underlying land from the costs of the Ravara Project housing units, which will preserve the long-term affordability of the Ravara Project housing units for a term not shorter than the term of the applicable bond.

Section 3. Bonds. The City intends to issue tax increment revenue bonds in an aggregate principal amount sufficient to pay or reimburse the Developer for a portion of the costs of the income-qualified units of the Ravara Project, to pay or reimburse the Developer for costs of the Infrastructure Improvements, and to provide amounts necessary to establish reserves (if any), amounts necessary to pay capitalized interest (if any) and amounts necessary to pay costs of the issuance and sale of the bonds. The bonds would be payable solely from tax increment of the District. The payment terms of any such bonds (including principal amount, interest rates and maturity schedule) shall be reflected in a bond resolution to be approved and adopted by Council, and shall take into account the tax increment revenue of the District expected to be received by the City and available to pay debt service.

Section 4. Findings. It is hereby found, determined and declared by this Council as follows:

- (a) no persons will be displaced from their housing by the Ravara Project or the Infrastructure Improvements;
- (b) the Plan, the Ravara Project and the Infrastructure Improvements conform to the City's growth policy;
- (c) the Ravara Project and the Infrastructure Improvements are authorized as urban renewal projects pursuant to the Act and the Plan;
- (d) the Plan, the Ravara Project and the Infrastructure Improvements will afford maximum opportunity, consistent with the needs of the City as a whole, for the rehabilitation or redevelopment in the District by private enterprise;

(e) a sound and adequate financial program exists for the Ravara Project and the Infrastructure Improvements; and

(f) the Ravara Project and the Infrastructure Improvements and the issuance and sale by the City of its tax increment bonds to finance the costs thereof and the costs of issuance of the bonds are in the best interests of the City.

In addition, the City hereby finds and determines that the income-qualified units in the Ravara Project are a means to provide safe, sanitary and healthful workforce housing, which constitutes a public purpose and a public use for which tax increment funds may be spent.

Section 5. Approval of the Ravara Project and Infrastructure Improvements as Urban Renewal Projects. The Council hereby approves the Ravara Project and the Infrastructure Improvements as urban renewal projects under the Act and the Plan. The Ravara Project and the Infrastructure Improvements are contemplated by and within the scope of the Plan, and are eligible for tax increment financing under the Act.

PASSED AND APPROVED by the City Council of the City of Missoula, Montana, this
4th day of March, 2024.

Mayor

Attest: _____
City Clerk