

RESOLUTION NO. 06-18488

A RESOLUTION RELATING TO THE DOWNTOWN REDEVELOPMENT DISTRICT AND MODIFICATION OF THE URBAN RENEWAL PLAN OF THE NORTH 27TH STREET DISTRICT URBAN RENEWAL AREA; CALLING A PUBLIC HEARING ON THE PROPOSED REMOVAL OF PROPERTY FROM THE DOWNTOWN REDEVELOPMENT DISTRICT, THE EXTENSION OF THE NORTH 27TH STREET URBAN RENEWAL AREA TO INCLUDE SUCH REMOVED PROPERTY, THE PROPOSED ADOPTION OF A MODIFIED URBAN RENEWAL PLAN INCLUDING A TAX INCREMENT PROVISION.

WHEREAS, under the provisions of Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the "Act"), the City of Billings, Montana (the "City") is authorized, among other things, to create urban renewal areas; to prepare, adopt and modify urban renewal plans therefor; to undertake urban renewal projects therein; to provide in such plans for the segregation and collection of tax increment with respect to property taxes collected in such areas; to issue its bonds to pay all or a portion of the costs of such projects; and to pledge to repayment of the bonds the tax increment and other revenues derived from the urban renewal projects.

WHEREAS, the City Council of the City (this "Council") created the Downtown Redevelopment District as an urban renewal area (the "Redevelopment Area") pursuant to, among other documents, Resolution No. 12303, adopted by this Council on December 20, 1975, as amended and supplemented, and the City has issued its tax increment urban renewal bonds payable from the tax increment generated from the Redevelopment Area, which were outstanding as of September, 2006 in the aggregate principal amount of \$2,645,000 (the "Outstanding Bonds"), pursuant to Resolution No. 12937, adopted February 26, 1979, as amended and supplemented from time to time (as amended and supplemented to date, the "Bond Resolution").

WHEREAS, this Council desires to conduct a public hearing on a proposal to modify the North 27th Street Plan by adopting the Urban Renewal Plan of the Extended North 27th Street District Urban Renewal Area ("Modified Plan"), and amending the boundaries of the North 27th Street District Urban Renewal Area (hereinafter the "Extension Property") and adding said Extension Property to the North 27th Street District, thereby establishing a modified urban renewal area to be designated as the Extended North 27th Street District Urban Renewal Area (hereafter the "Extended North 27th Street District" or "the District"), and to undertake urban renewal projects therein, all as authorized by the Act.

WHEREAS, an opportunity has been presented to the City that makes it desirable for the City to consider urban renewal projects within the Extended North 27th Street District consisting of demolishing certain blighted structures within the district; improving such properties with new construction, landscaping, utilities, and other similar improvements; and making the properties so improved available for private redevelopment in accordance with the Act (the "Projects"). Development proposals to be considered for funding should include mixed-use facilities. The

Projects could also include building renovations and the construction or expansion of City owned parking structures within the District. The Projects may be financed in part from the proceeds of tax increment urban renewal bonds (the "Bonds").

WHEREAS, the District proposed to be consolidated as the Extended North 27th Street District is legally described on the attached Exhibit A (which is hereby incorporated in this resolution and made a part hereof). In order to provide the public support deemed necessary to encourage the redevelopment of the District by private enterprise through the undertaking of Projects, which are proposed to be financed in part through tax increment generated from the District, it is necessary to add the Extension Property to the North 27th Street District to establish a modified urban renewal area under the Act.

WHEREAS, the Extension Property, as part of the 1975 Redevelopment Area, was previously determined to be blighted and an appropriate area for an urban renewal project in Resolution 12107 dated January 5, 1976; and

WHEREAS, the City desires to establish the Property as an urban renewal area designated as the Extended North 27th Street District and adopt a modified urban renewal plan therefore titled the Urban Renewal Plan of the Extended North 27th Street District Urban Renewal Area ("Modified Plan") containing a tax increment provision by adoption of a proposed ordinance ("**Ordinance**") **in the form of the attached Exhibit B, and the Modified Plan is Attachment 5 to the Ordinance.**

WHEREAS, as a condition to approving the Ordinance, the Act requires that a public hearing be held after appropriate notice to consider the proposed Ordinance, and this Council wishes to provide such notice by virtue of the present Resolution.

WHEREAS, the Modified Plan contains a tax increment provision and it is proposed that the tax increment derived from the District be segregated and applied to pay costs of Projects or be pledged to secure the Bonds that the City will issue to finance a portion of the costs of the Projects, as provided in Sections 7-15-4282 through 7-15-4293 of the Act.

NOW, THEREFORE, the City Council of the City of Billings, Montana, declares and resolves as follows:

1. Public Hearing. A public hearing is hereby called and shall be held on October 10, 2006 at 6:30 p.m. in the Council Chambers at 220 N. 27th Street, on the removal of property from the Downtown Redevelopment District, the extension and modification of the North 27th Street District to establish the Extended North 27th Street District, the adoption of the Modified Plan, the undertaking of the Project, and the issuance of the Bonds to finance a portion of the costs thereof.

2. Form of Notice. The notice of the public hearing shall be in substantially the following form:

NOTICE OF PUBLIC HEARING ON THE REMOVAL OF CERTAIN PROPERTY FROM THE DOWNTOWN REDEVELOPMENT DISTRICT AND THE PROPOSED INCLUSION OF SUCH PROPERTY IN THE EXTENDED NORTH 27TH STREET DISTRICT URBAN RENEWAL AREA AND ADOPTION OF A MODIFIED URBAN RENEWAL PLAN THEREFOR (INCLUDING A TAX INCREMENT PROVISION), ALL IN ACCORDANCE WITH MONTANA CODE ANNOTATED, TITLE 7, CHAPTER 15, PARTS 42 AND 43

CITY OF BILLINGS, MONTANA

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of Billings, Montana (the "City") will hold a public hearing on _____, 2006, at _____ p.m., M.S.T., at Council Chambers in the City Hall, 210 N. 27th Street, Billings, Montana, on the proposed removal of certain property as hereinafter described from the Downtown Redevelopment District, an existing urban renewal area of the City, and the proposed aggregation of such property with the existing 27th Street District Urban Renewal Area to form the Extended North 27th Street District Urban Renewal Area (hereafter the "Extended North 27th Street District"); the adoption of a modified urban renewal plan therefor containing a tax increment provision; and the approval of developing urban renewal projects to encourage the private redevelopment of such property, to be financed in part by the issuance of urban renewal bonds of the City, all in accordance with Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the "Act").

Although the majority of Urban Renewal Projects would require investment made by private investors, it is proposed that a portion of such costs would be financed from tax increment derived from property within the district or from urban renewal revenue bonds of the City secured by such tax increment.

In general terms the proposed Extended North 27th Street District would include downtown property and the district would have the following legal description:

Beginning at a point at the centerline intersection of the 1st Avenue North right of way and the centerline of North 25th Street right of way and proceeding west along the centerline of 1st Avenue North until reaching the intersection with the centerline of the alley right of way between North 27th Street and North 28th Street then proceeding north down the centerline of the alley until the intersection of the alley and the centerline of the 4th Avenue North right of way then proceeding west along the centerline of 4th Ave. North until the intersection of 4th Ave. North and the North 30th Street centerline then proceeding north along the centerline of North 30th

27th Street District to form the Extended North 27th Street District, the City must obtain the report specified above and that such report must reach conclusions necessary to expand the District. Officers of the City are hereby authorized and directed to retain or cause the retention of an Independent Financial Consultant to undertake all appropriate studies and prepare such report if necessary.

ADOPTED by the City Council of the City of Billings, Montana, this 25th day of September, 2006.

CITY OF BILLINGS:

Ron Tussing, Mayor

Attest: _____
Marita Herold, CMC/AAE City Clerk

EXHIBIT A

Legal Description of Property

The area in the City of Billings which is inside the boundaries described as:

Beginning at a point at the centerline intersection of the 1st Avenue North right of way and the centerline of North 25th Street right of way and proceeding west along the centerline of 1st Avenue North until reaching the intersection with the centerline of the alley right of way between North 27th Street and North 28th Street then proceeding north down the centerline of the alley until the intersection of the alley and the centerline of the 4th Avenue North right of way then proceeding west along the centerline of 4th Ave. North until the intersection of 4th Ave. North and the North 30th Street centerline then proceeding north along the centerline of North 30th Street until the intersection of North 30th Street and the centerline of the 6th Avenue North right of way then proceeding east along the centerline of 6th Avenue North until the intersection of 6th Avenue North and the centerline of North 26th Street then proceeding south along the centerline of North 26th Street right of way until the intersection of the centerline of 4th Avenue North right of way then proceeding east along the centerline of 4th Avenue North until the intersection of the centerline of North 25th Street right of way then proceeding south along the centerline of North 25th Street until the intersection of the centerline of the 3rd Ave. North right of way then proceeding east along the centerline of 3rd Avenue North until the intersection of the centerline of North 26th Street right of way then proceeding south along the centerline of North 26th Street until the intersection of the centerline of the 2nd Avenue North right of way then proceeding east along the centerline of 2nd Avenue North until the intersection with the centerline of North 25th Street the proceeding south along the centerline of North 25th Street to the intersection of the centerline of 1st Avenue North thus arriving at the beginning, all inclusive.



NORTH ↑

EXHIBIT B

ORDINANCE NO. _____

AN ORDINANCE MODIFYING THE URBAN RENEWAL PLAN OF 27TH STREET DISTRICT URBAN RENEWAL AREA TO INCLUDE CERTAIN PROPERTY FORMERLY PART OF THE DOWNTOWN REDEVELOPMENT DISTRICT IN ORDER TO ESTABLISH THE EXTENDED NORTH 27TH STREET DISTRICT URBAN RENEWAL AREA; ADOPTING A MODIFIED URBAN RENEWAL PLAN THEREFOR INCLUDING A TAX INCREMENT PROVISION; APPROVING AN URBAN RENEWAL PROJECT THEREIN AND AUTHORIZING THE ISSUANCE OF TAX INCREMENT URBAN RENEWAL REVENUE BONDS OF THE CITY TO FINANCE COSTS THEREOF

NOW, WHEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BILLINGS, MONTANA:

WHEREAS, the City Council of the City (this "Council") created the Downtown Redevelopment District as an urban renewal area (the "Redevelopment Area") pursuant to, among other documents, Resolution No. 12303, adopted by this Council on December 20, 1975, as amended and supplemented, and the City has issued its tax increment urban renewal bonds payable from the tax increment generated from the Redevelopment Area, which were outstanding as of September, 2006 in the aggregate principal amount of \$2,645,000 (the "Outstanding Bonds"), pursuant to Resolution No. 12937, adopted February 26, 1979, as amended and supplemented from time to time (as amended and supplemented to date, the "Bond Resolution").

WHEREAS, on July 11, 2005 the City Council adopted Ordinance No. 05-5333, which created the 27th Street District Urban Renewal Area (hereafter "North 27th Street District") and adopted the Urban Renewal Plan of 27th Street District Urban Renewal Area ("27th Street Plan") that included a tax increment provision and endorsed a mixed-use urban renewal project known as "the Sandstone."

WHEREAS, it has been determined that the North 27th Street District and the 27th Street Plan should be modified to include additional property contiguous to the North 27th Street District that is currently included in the Redevelopment Area.

WHEREAS, this Council on October 10, 2006, conducted a public hearing on a proposal to modify the North 27th Street Plan by adopting the Urban Renewal Plan of the Extended North 27th Street District Urban Renewal Area, which calls which calls for the removal of certain property from the Downtown Redevelopment District (the "Extension Property") and aggregating said Extension Property North 27th Street District, thereby establishing a modified urban renewal area to be formally designated as the Extended North 27th Street District Urban Renewal Area (the "Extended North 27th Street District" or "the Property"), and to undertake urban renewal projects therein, all as authorized by Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the "Act").

WHEREAS, the Extended North 27th Street District is depicted on Attachment 1 and Attachment 1a (depicting the relationship of the old urban renewal area to The Redevelopment Area) hereto and Attachment 2 (each of which is hereby incorporated herein and made a part hereof). Pursuant to this Ordinance, the boundaries of the Redevelopment Area are being modified to reflect the removal of the Extension Property from the Redevelopment Area and addition the removed properties of Extension Property depicted on the map on Attachment 1. The Redevelopment Area, as modified, is depicted on Attachment 2 and legally described on Attachment 3 (the “Resulting Redevelopment Area”) (each of which is hereby incorporated herein and made a part hereof). The Resulting Redevelopment Area is contiguous.

WHEREAS, the Extension Property, as part of the Downtown Redevelopment Area, was previously determined by this Council to be “blighted” within the meaning of the Act and an appropriate area for an urban renewal project in Resolution 12107 dated January 5, 1976; and

WHEREAS, opportunities have been presented to the City that makes it desirable for the City to consider urban renewal projects within the Extended North 27th Street District consisting of demolishing certain blighted structures within the district; improving such properties with new construction, landscaping, utilities, and other similar improvements; and making the properties so improved available for private redevelopment in accordance with the Act (the “Projects”). Development proposals to be considered for funding include mixed use occupancies. The Projects could also include building renovations and the construction or expansion of City owned parking structures within the District (the “Bonds”).

WHEREAS, the proposed modified urban renewal plan titled the Urban Renewal Plan of the Extended North 27th Street District Urban Renewal Area is attached hereto as Attachment 4 (which is hereby incorporated herein and made a part hereof) (the “Modified Plan”). The Modified Plan contains a tax increment provision and will govern the operation and administration of the Extended North 27th Street District.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Billings, Montana, as follows:

1. Findings. This Council hereby finds, determines and declares, based on the comments received at the public hearing and other studies and information available to this Council, that:

a. The Property presently contains structures and improvements that are in a state of substantial deterioration, are obsolete or defective, pose unsanitary or unsafe conditions, are vacant and unused, and have inappropriate uses. The present condition of the Property substantially impairs the sound functioning of the downtown area of the City and its environs, is conducive to juvenile delinquency and crime, poses the threat of vandalism or mischief and fire or loss, constitutes an economic and social liability, and is a menace to the public health, safety, and welfare of the residents of the City. Accordingly, the Council reaffirms its previous findings that the Property remains a blighted area within the meaning of Section 7-15-4210 of the Act. This Council finds that the rehabilitation, redevelopment or a combination thereof of the Property is

necessary and in the interest of the health, safety, morals or welfare of the residents of the City. This Council finds that undertaking measures to eradicate or diminish the blight affecting the Property will help to foster a more dynamic, livable, and vibrant downtown.

b. If Projects require relocation of displaced persons, a detailed relocation plan is required.

c. The Plan must conform to the Growth Policy and Framework Plan or parts thereof of the City.

d. The Plan will afford maximum opportunity, consistent with the needs of the City as a whole, for the rehabilitation or redevelopment of the District by private enterprise.

e. A sound and adequate financial program is required for the financing of Projects, which program includes substantial private investment and financing and the sale and issuance by the City of the Bonds in an amount not to exceed \$10 million after payment of administration costs, reserve fund deposits, capitalized interest and costs of issuance of the Bonds, in proportions yet to be determined, for the purpose of financing a portion of the costs of the Projects as set forth above.

f. Approved Projects will constitute urban renewal projects within the meaning of the Act and are authorized to be undertaken by the City.

2. Plan Adoption. The Modified Plan is hereby adopted and approved in all respects, including without limitation, the segregation and application of tax increments as provided in Sections 7-15-4282 through 7-15-4293 of the Act as provided therein. For purposes of allocating taxes according to the Act, the "prior assessed value" of taxable property within the Extended North 27th Street District is that value shown on the assessment rolls as of January 1, 2006.

3. Project Approval. Authorized Projects are hereby approved.

4. Bonds. This Council approves financing the costs of Urban Renewal Projects, or a portion thereof, with proceeds of the Bonds. The City is hereby authorized and directed to undertake activities and analysis ordinarily prerequisite to the issuance of tax increment urban renewal revenue bonds in a principal amount not to exceed \$10 million for financing of the costs of Urban Renewal Projects or a portion thereof.

5. Conditional Commitment. The adoption of the Plan does not constitute a guarantee or a firm commitment that the City will issue the Bonds or undertake Projects. If, based on comments or information made available to or obtained by the City, it appears that the issuance of the Bonds or Projects is not in the public interest or consistent with the purposes of the Act, the City reserves the right not to issue the Bonds or undertake the Project.

7. Repealer. All resolutions, ordinances, and sections of the City Code inconsistent herewith are hereby repealed.

8. Severability. If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect the other provisions of this ordinance which may be given effect without the invalid provisions or application, and, to this end, the provisions of this ordinance are declared to be severable.

9. Effective Date. This Ordinance shall be in full force and effect from and after the date that is 30 calendar days after the date set forth below.

ADOPTED by the City Council of the City of Billings, Montana, on second reading this _____ day of 2006.

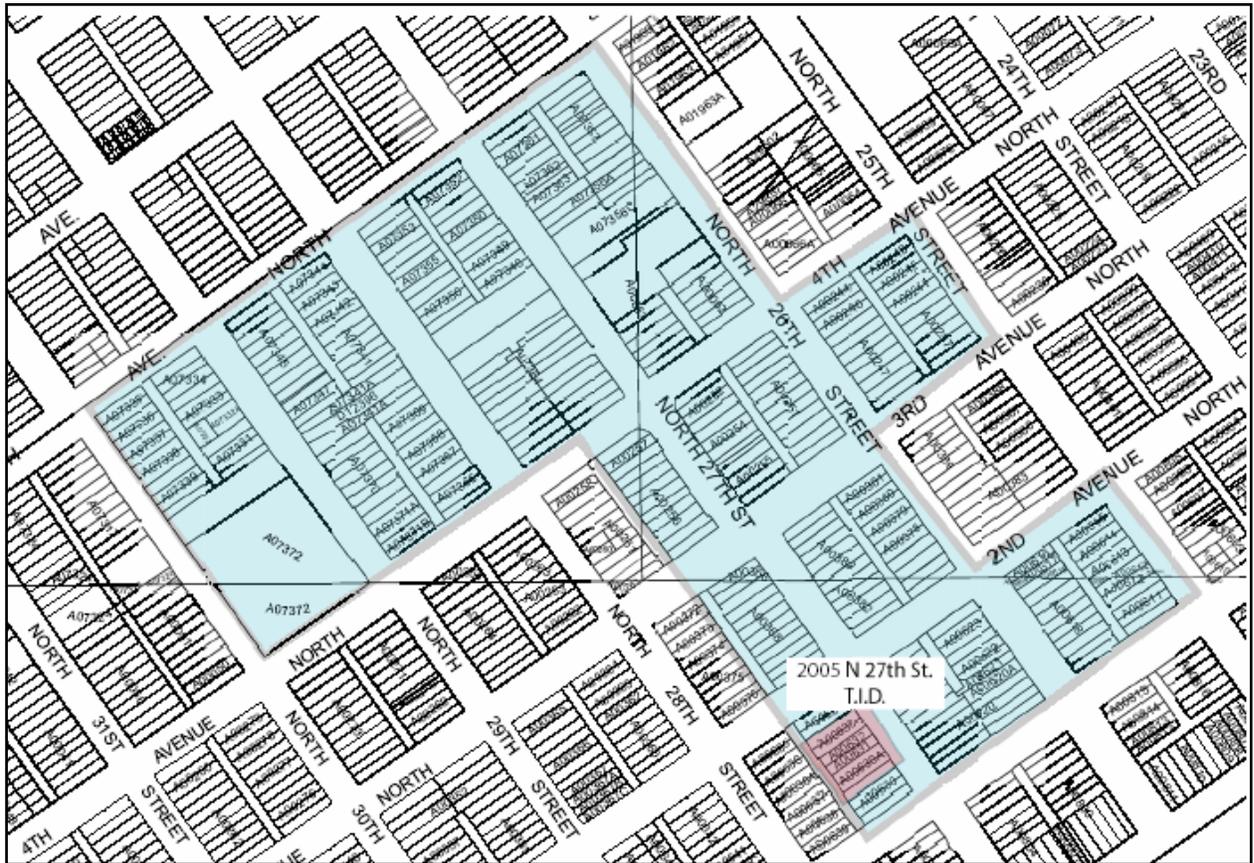
Mayor

ATTEST:

City Clerk

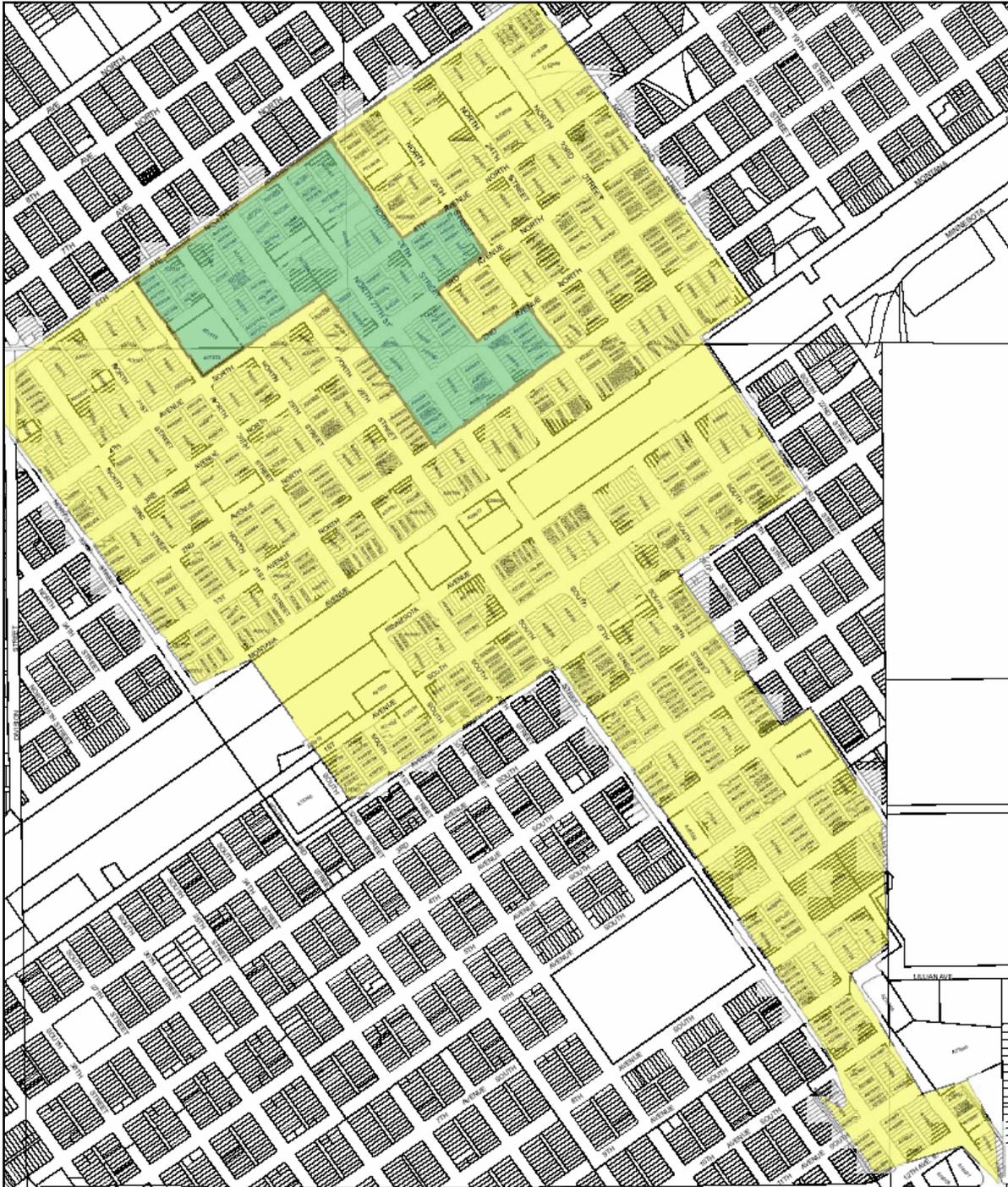
ATTACHMENT 1

Map of the Proposed Extended District In Relation to Established District (2005) (NORTH = ↑)



ATTACHMENT 1a

Map of the Proposed Extended District In Relation to Old Urban Renewal Area – TID
(NORTH = ↑)



ATTACHMENT 3

Legal Description of the Resulting Redevelopment Area

Legal Description of Property

The area in the City of Billings which is inside the boundaries described as:

Beginning at a point at the centerline intersection of the 1st Avenue North right of way and the centerline of North 25th Street right of way and proceeding west along the centerline of 1st Avenue North until reaching the intersection with the centerline of the alley right of way between North 27th Street and North 28th Street then proceeding north down the centerline of the alley until the intersection of the alley and the centerline of the 4th Avenue North right of way then proceeding west along the centerline of 4th Ave. North until the intersection of 4th Ave. North and the North 30th Street centerline then proceeding north along the centerline of North 30th Street until the intersection of North 30th Street and the centerline of the 6th Avenue North right of way then proceeding east along the centerline of 6th Avenue North until the intersection of 6th Avenue North and the centerline of North 26th Street then proceeding south along the centerline of North 26th Street right of way until the intersection of the centerline of 4th Avenue North right of way then proceeding east along the centerline of 4th Avenue North until the intersection of the centerline of North 25th Street right of way then proceeding south along the centerline of North 25th Street until the intersection of the centerline of the 3rd Ave. North right of way then proceeding west along the centerline of 3rd Avenue North until the intersection of the centerline of North 26th Street right of way then proceeding south along the centerline of North 26th Street until the intersection of the centerline of the 2nd Avenue North right of way then proceeding east along the centerline of 2nd Avenue North until the intersection with the centerline of North 25th Street the proceeding south along the centerline of North 25th Street to the intersection of the centerline of 1st Avenue North thus arriving at the beginning, all inclusive.

ATTACHMENT 5

URBAN RENEWAL PLAN OF THE
EXTENDED NORTH 27TH STREET DISTRICT
URBAN RENEWAL AREA

TABLE OF CONTENTS OF
URBAN RENEWAL PLAN OF THE EXTENDED NORTH 27TH STREET DISTRICT
URBAN RENEWAL AREA

Section 1 – Introduction.....	11
Section 2 – Background.....	11
Section 3 – Summary of Blight Findings.....	14
Section 4 – Description of Blighted Areas	15
Section 5 – Determination of Blight.....	17
Section 6 – The Site and Its Relationship to the City.....	18
Section 7 – Traffic Pattern	19
Section 8 – Legal Description.....	20
Section 9 – Tax Status.....	22
Section 10 – Property Developers.....	22
Section 11 – Project Relationship to the Framework Plan	22
Section 12 – Opportunities Brought through the Urban Renewal District.....	26
Section 13 – Economic Impact	26
Section 14 – Conformance to the Growth Policy	28
Section 15 – Certain Plan Features and Financial Matters	29
Section 16 – Tax Increment	30
Section 17 – Component Improvements for the Expanded District Plan.....	31
Section 18 – Conclusions.....	32
Exhibit A – Detailed List of Properties.....	34
Exhibit B – TIF Development Criteria	37

SECTION 1 – INTRODUCTION

On July 11, 2005, the City Council adopted an ordinance that (a) created the North 27th Street District Urban Renewal Area (“North 27th Street District”) and (b) adopted an urban renewal plan for the district. The North 27th Street District is located on the west side of the 100 Block of North 27th Street. For reasons discussed in this Urban Renewal Plan of the Extended North 27th Street District Urban Renewal Area (“Modified Plan”), it has been determined that the North 27th Street District should be expanded to include other blighted properties in need of redevelopment. Further, it has been determined that this area, known as the “core” of downtown Billings, has been and is in need of expanded public parking, enhanced pedestrian connections and experiences, and infrastructure improvements to public and private properties that will lead to increased taxable values. The existing urban renewal plan may be modified by ordinance in accordance with the procedure described in M.C.A. § 7-15-4221. The Urban Renewal Plan of the 27th Street District Urban Renewal Area approved by the City Council on July 11, 2005 (“27th Street Plan”) is hereby included by reference as part of this Modified Plan and shall remain applicable hereto except to the extent the original plan is explicitly or impliedly amended by this Modified Plan. It is recognized as part of this Modified Plan that the basic vision of the document known as Downtown Billings Framework Plan, adopted by the Billings City Council on December 22, 1997 and by the Yellowstone County Commissioners on December 23, 1997, is still valid and should be considered a part thereof. The terms defined in “Part I – DEFINITIONS” of the 27th Street Plan shall have the same meanings in this Modified Plan unless a contrary meaning is expressed herein. The expanded district proposed in this Modified Plan is hereafter referred to as the “Extended North 27th Street District.”

SECTION 2 – BACKGROUND

The original Downtown Redevelopment District, a downtown tax increment finance district, was created on December 20, 1975 by a resolution which cited hazardous conditions existing in the district due to overhead utility wires, inefficient land use, problems of access and circulation, physical constraints to development, random location of mixed uses and deteriorated building conditions, and found that rehabilitation and redevelopment of the District would be in the public interest. That original district (hereafter “1975 District”) comprised about seventy blocks in the city center was expanded in 1985 and again in 2004. The 1975 District expires March 1, 2008.

In 1979, bonds were issued to pay for the construction of a city parking garage in the downtown at a cost of \$3,990,000. Other downtown improvements that have occurred over the years include: The Depot renovation, downtown streetscape improvements, Old Chamber Building renovation and parking lot, the Venture Theatre, SoNoMa Lofts, renovation of the Securities Building and Wells Fargo Bank Building, The CTA Building, The Rocky Mountain Professional Building, and numerous housing, parking, technical assistance, façade and awning projects. Currently, Park 2 is being expanded, and a bus transfer facility is planned on North 25th Street.

It is estimated that since the original 1975 District was created there has been over \$75 million dollars of private investment and about \$25 million dollars of tax increment dollars spent in the downtown. In today's marketplace this could well equate to over \$150 million of development. The tax increment program has been a major factor in the Central Business District resurgence.

Because the 1975 District will soon terminate, it was determined that it would be in the best interest of the City to form a new tax increment district to assist the construction of public and private development, stabilize and grow the tax base, increase the parking inventory, increase the inventory of downtown residential property, stimulate multi-use development ("Multi-Use Facility Projects") and further implement the vision of the Downtown Framework Plan.

On June 14, 2005, the Yellowstone County Planning Board approved an urban renewal plan to allow creation of a tax increment district. This new district, called the 27th Street District Urban Renewal Area, was to be located on the west side of the 100 Block of North 27th Street. Subsequently, the new tax increment district was created by Ordinance adopted by the City Council on July 11, 2005.

Currently, there is a need to expand the North 27th Street District to encompass development needs on the North 27th Street corridor, North 28th Street and other underutilized properties within the core of downtown Billings. Although there has been significant improvement in the valuation of property in much of the 1975 District, the area defined by this proposed expanded tax increment district has been neglected for many years and either continues to or is starting to

show signs of blight and tax base decline. In fact, much of the property shows an continued decline in taxable value. Many parcels have been removed from the tax rolls. The Extended North 27th Street District creates an opportunity to continue redevelopment of the center of downtown with a mixture of public and private investment in a slightly larger than fourteen - square-block district (about 12% of the size of the 1975 expanded district) encompassing the existing 27th Street District, by **beginning at a point at the centerline intersection of the 1st Avenue North right of way and the centerline of North 25th Street right of way and proceeding west along the centerline of 1st Avenue North until reaching the intersection with the centerline of the alley right of way between North 27th Street and North 28th Street then proceeding north down the centerline of the alley until the intersection of the alley and the centerline of the 4th Avenue North right of way then proceeding west along the centerline of 4th Ave. North until the intersection of 4th Ave. North and the North 30th Street centerline then proceeding north along the centerline of North 30th Street until the intersection of North 30th Street and the centerline of the 6th Avenue North right of way then proceeding east along the centerline of 6th Avenue North until the intersection of 6th Avenue North and the centerline of North 26th Street then proceeding south along the centerline of North 26th Street right of way until the intersection of the centerline of 4th Avenue North right of way then proceeding east along the centerline of 4th Avenue North until the intersection of the centerline of North 25th Street right of way then proceeding south along the centerline of North 25th Street until the intersection of the centerline of the 3rd Ave. North right of way then proceeding west along the centerline of 3rd Avenue North until the intersection of the centerline of North 26th Street right of way then proceeding south along the centerline of North 26th Street until the intersection of the centerline of the 2nd Avenue North right of way then proceeding east along the centerline of 2nd Avenue North until the intersection with the centerline of North 25th Street the proceeding south along the centerline of North 25th Street to the intersection of the centerline of 1st Avenue North thus arriving at the beginning, all inclusive.**

The area has a low taxable value, with several lots of the land being owned by government and other non-profit entities.

The creation of the Extended North 27th Street District is essential to any planned development at 4th Avenue North and North 28th Street. It could also assist with the essential remodeling of the property immediately north of Park 2, i.e., the Wells Fargo Bank Building, as well as, following possible additional expansion when the 1975 District sunsets, the redevelopment of the Babcock Theater Building, the Northern Hotel properties, the Sheraton and the Lincoln Hotel properties. Specifically, it is currently expected that the Extended North 27th Street District may help fund the following projects:

1. At least one new parking structure for approximately 400 to 500 cars
2. Expansion of the Park II facility
3. Construction of multi-use facilities that include housing, commercial and office space
4. Upgrading infrastructure and beautification of the district
5. A potential new office tower in the “core” area

SECTION 3 – SUMMARY OF BLIGHT FINDINGS

The area in the proposed Extended North 27th Street District contains a great deal of blight. Within the district there is substantial structural deterioration, long-term land vacancy, and a railroad spur line that has been abandoned. Several of the commercial buildings in the district are deteriorated and need demolition. Many of the storefronts and upper floors are vacant or under-occupied. Sidewalks are cracked; alleys are deteriorated, and, in general, much of the area is below accepted standards. In contrast to the above, there are certain properties within the district in good repair but included in the district to allow for a contiguous block of land within the district; and because pockets of revitalization cannot be sustained if areas of neglect and blight surround them. Over time, without continued managed urban renewal, even these success stories will once again decline in taxable value. Most of the district falls into the blighted, neglected and under-utilized categories.

SECTION 4 – DESCRIPTION OF BLIGHTED AREA

The extended urban renewal area described in this Modified Plan incorporates portions of several blocks centered in the downtown area. Within the district there are several older, single-story

structures that have been retrofitted for offices and warehousing, numerous surface parking lots, and several vacant structures. Many of these structures are unsuited to their current uses because of age obsolescence and physical deterioration.

Montana's Urban Renewal Law (Montana Code Annotated Title 7, Chapter 15, Parts 42 and 43) provides the authority to declare the existence of blighted areas and to target them for improvements. "Blighted area" is defined in Section 7-15-4206(2), M.C.A., as follows:

[A]n area that is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime; substantially impairs or arrests the sound growth of the city or its environs; retards the provision of housing accommodations; or constitutes an economic or social liability or is detrimental or constitutes a menace to the public health, safety, welfare, and morals in its present condition and use, by reason of:

- (a) the substantial physical dilapidation; deterioration; defective construction, material, and arrangement; or age obsolescence of buildings or improvements, whether residential or nonresidential;*
- (b) inadequate provision for ventilation, light, proper sanitary facilities, or open spaces as determined by competent appraisers on the basis of an examination of the building standards of the municipality;*
- (c) inappropriate or mixed uses of land or buildings;*
- (d) high density of population and overcrowding;*
- (e) defective or inadequate street layout;*
- (f) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;*
- (g) excessive land coverage;*
- (h) unsanitary or unsafe conditions;*
- (i) deterioration of site;*
- (j) diversity of ownership;*
- (k) tax or special assessment delinquency exceeding the fair value of the land;*
- (l) defective or unusual conditions of title;*
- (m) improper subdivision or obsolete platting;*
- (n) the existence of conditions that endanger life or property by fire or other causes;*

or

- (o) any combination of the factors listed in this subsection (2).*

The extended urban renewal area includes 81 (Exhibit A) properties. Within that total area, there are "target blocks" that should be, the initial focus for redevelopment, but potential projects outside of this "target area" may come forward and should be considered as equal in value to the urban renewal plan as the "target area." This target area includes all of Blocks 48, 49, 50, 52, 53 and 54 of Foster Addition; Lots 13 through 23 and Lot 24A of Block 51, Foster Addition; Lots 13A and Lots 14 through 21 of Block 9, Billings Original Townsite; Lots 13 through 24 of Block 43, Billings Original Townsite; Lots 1 through 12 of Block 44, Billings Original Townsite; Lots

1 through 12 of Block 58, Billings Original Townsite; Lots 13 through 24 of Block 59, Billings Original Townsite; all of Block 91, Billings Original Townsite; all of Blocks 109 and 110, Billings Original Townsite; the east half of Block 93, Billings Original Townsite and Lots 5 through 12 of Block 92, Billings Original Townsite. Also included are the intervening street rights-of-way of North 27th, 28th, 29th Streets and 2nd, 3rd, 4th Avenues North, as well as all the intervening alley rights-of-way. The total area of the Expanded District, excluding public sidewalks and streets, is 291,987 square feet. Within the “target area” described above, there are approximately 31 commercial structures, one public parking ramp, one private parking ramp, one warehouse, 21 paved parking lots, and several tax exempt structures. Three of the commercial structures are completely vacant and several more are 50% or less occupied.

The target area encompasses at least six, intersecting streets serving the downtown area. Two of the streets, 4th Avenue North and North 27th Street, are classified as principal arterials. Fourth Avenue is an eastbound one-way street. The intersecting streets, including North 29th and North 30th, are one-way streets, northbound and southbound, respectively. Only North 27th and North 28th Streets are two-way. North 27th Street is part of the state highway system and carries approximately 18,000 vehicles a day.

SECTION 5 – DETERMINATION OF BLIGHT

The proposed Extended North 27th Street District contains a number of underdeveloped properties. The Council previously determined that the property included in the North 27th Street District was “blighted” within the meaning of the Act in Resolution 05-18276 adopted June 13, 2005. The Redevelopment Area, including the portion that is to be expanded, to form the Extended North 27th Street District, was previously determined to be blighted and an appropriate area for an urban renewal project in Resolution No. 12107 dated January 5, 1976. Deficiencies in public and private properties located in the district lead to a determination that the area continues to be blighted, as defined by state statute. Specific areas of blight on the site are listed below:

Deficient Structures in Extended Area

There are several buildings that are over 50 years in age and do not qualify as being historically

significant. Many are in poor repair and may contain potentially hazardous asbestos and lead paint.

Deficient Public Facilities in Extended Area

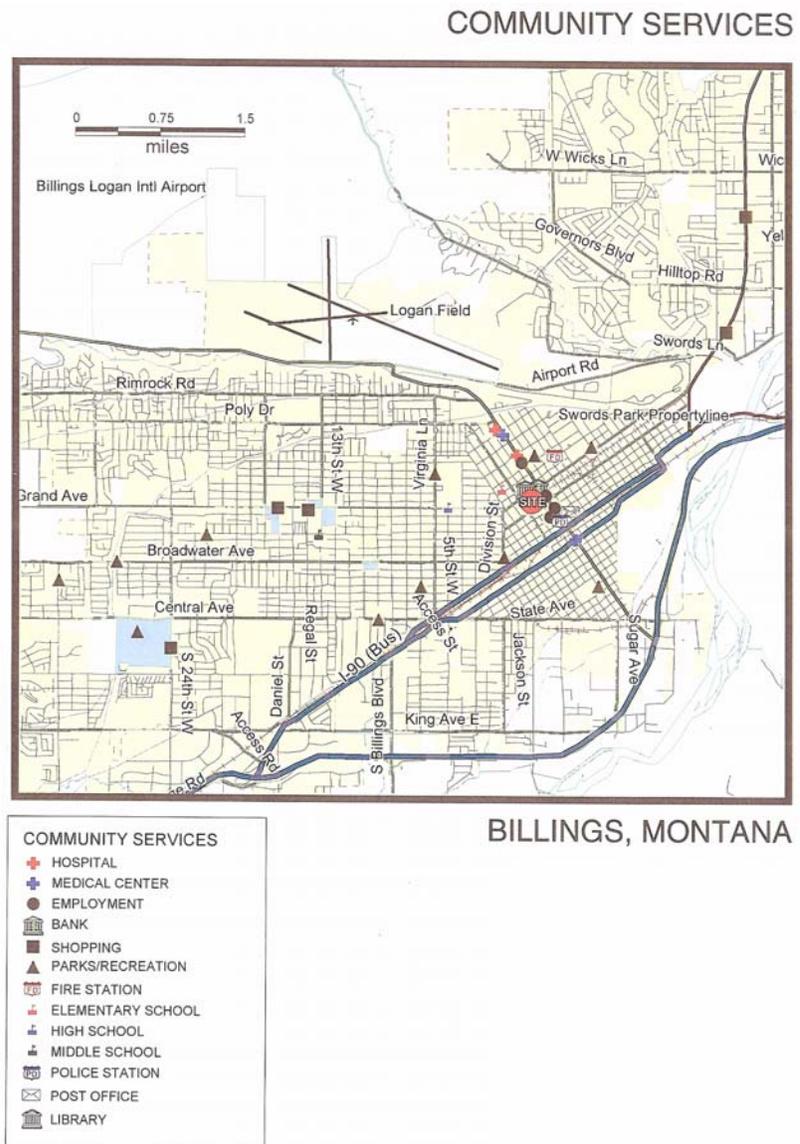
The streets, curbs, gutters and sidewalks are generally in satisfactory repair. However, sewer and water utilities in the area are aging and have required frequent repairs in recent years. City parking lots generally do not meet code requirements for paving, striping and landscaping. Many of them are cracked and crumbling. The city owned parking ramps within the area have extensive “waiting lists” and public parking for adjacent office and commercial structures continues to be inadequate. Demand for parking will continue and additional and expanded parking structures will be required to accommodate commercial growth.

Deficient Land Use in Extended Area

In general, the area is under-utilized due to the significant amount of surface parking areas and a large number of single-story structures. The extended district is located in what could be a prime commercial area including and surrounding what is considered to be the center of the CBD and may have a higher development potential than what is presently in place.

SECTION 6 – THE SITE AND ITS RELATIONSHIP TO THE CITY

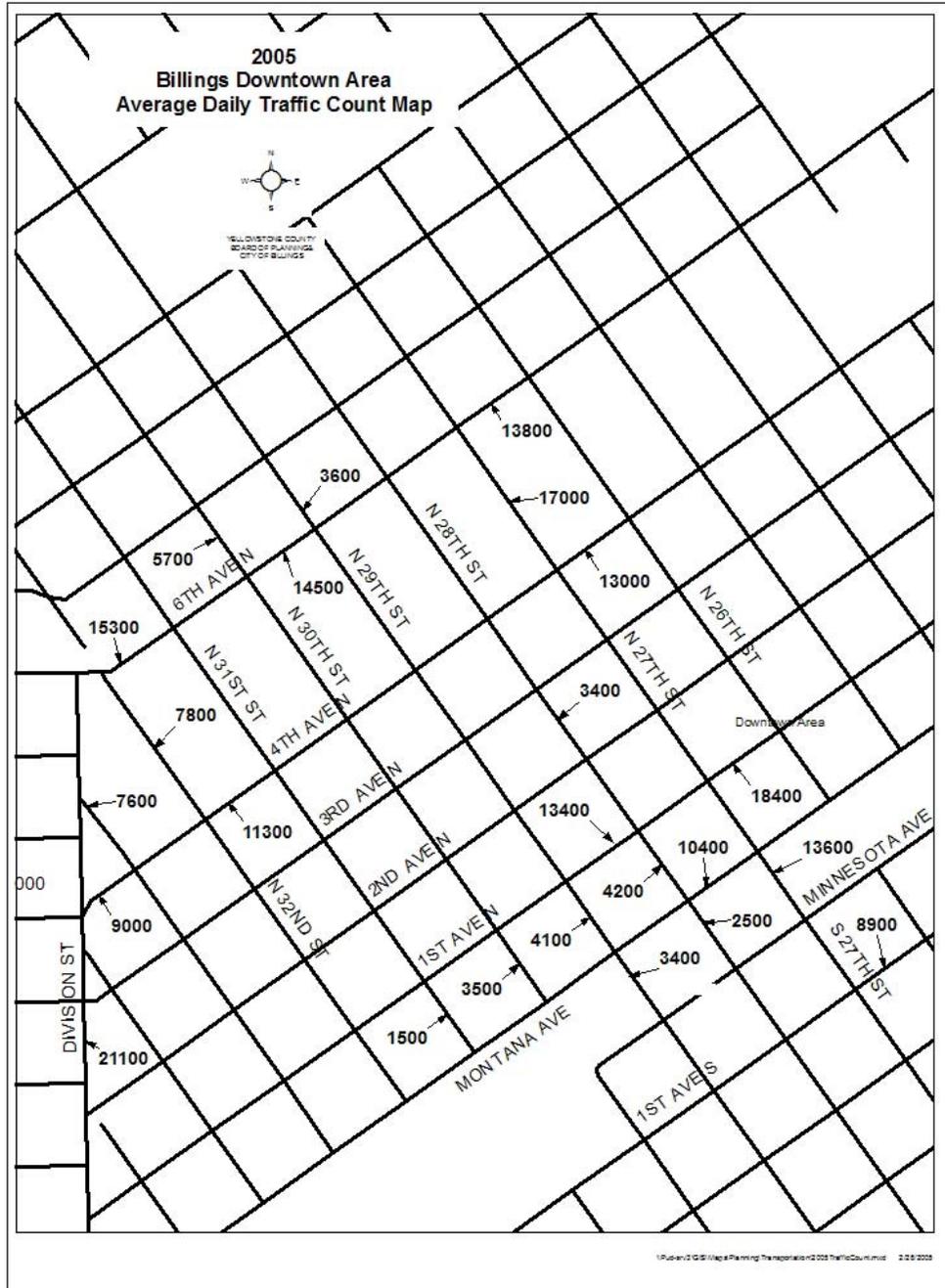
The proposed Expanded North 27th Street District is located within and around the primary downtown business district. It is surrounded by a number of



community services as described and shown on the following:

SECTION 7 – TRAFFIC PATTERN

Average daily traffic counts along streets that surround and flow through the extended tax increment district are shown below as excerpted from the 2005 Billings Urbanized Area Traffic Count Map prepared by the City-County Planning Department.

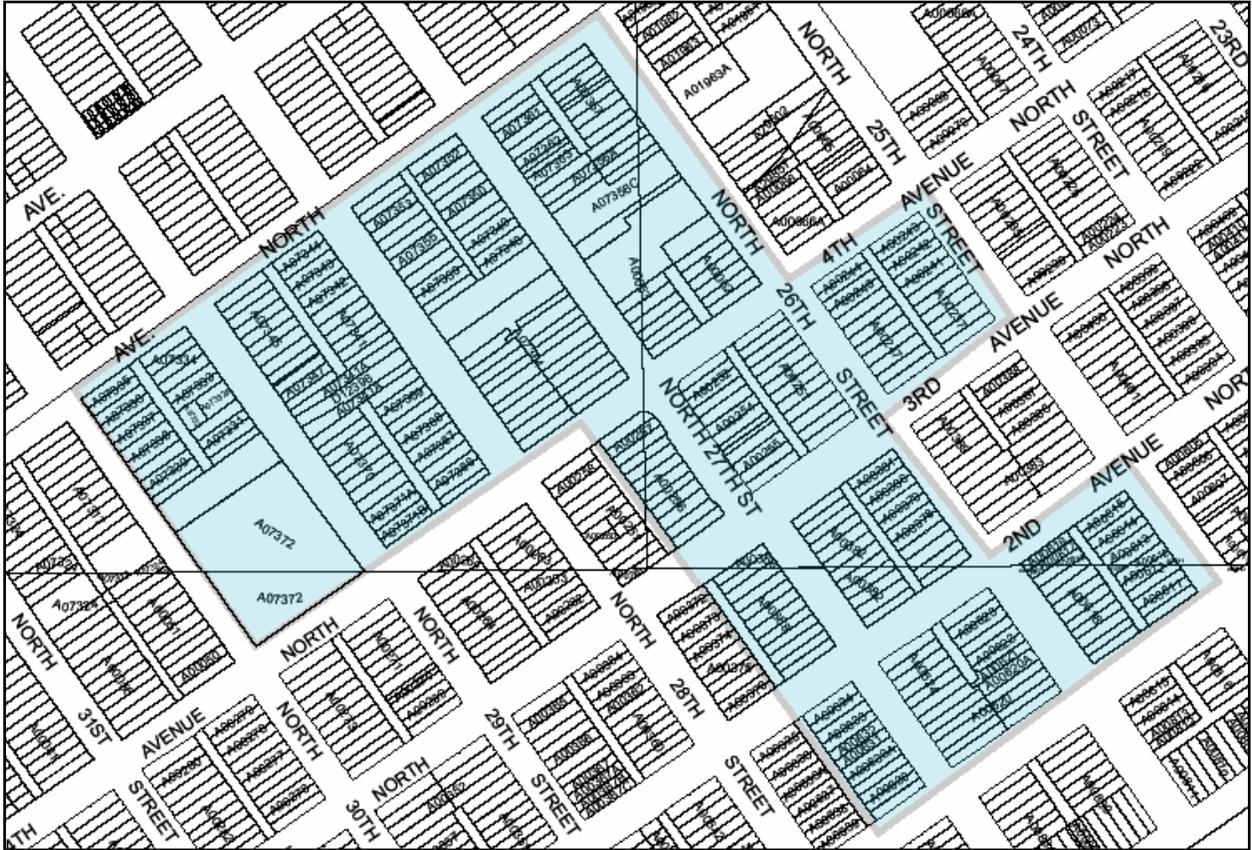


SECTION 8 – LEGAL DESCRIPTION

The legal description of the proposed Extended North 27th Street District is as follows:

Beginning at a point at the centerline intersection of the 1st Avenue North right of way and the centerline of North 25th Street right of way and proceeding west along the centerline of 1st Avenue North until reaching the intersection with the centerline of the alley right of way between North 27th Street and North 28th Street then proceeding north down the centerline of the alley until the intersection of the alley and the centerline of the 4th Avenue North right of way then proceeding west along the centerline of 4th Ave. North until the intersection of 4th Ave. North and the North 30th Street centerline then proceeding north along the centerline of North 30th Street until the intersection of North 30th Street and the centerline of the 6th Avenue North right of way then proceeding east along the centerline of 6th Avenue North until the intersection of 6th Avenue North and the centerline of North 26th Street then proceeding south along the centerline of North 26th Street right of way until the intersection of the centerline of 4th Avenue North right of way then proceeding east along the centerline of 4th Avenue North until the intersection of the centerline of North 25th Street right of way then proceeding south along the centerline of North 25th Street until the intersection of the centerline of the 3rd Ave. North right of way then proceeding west along the centerline of 3rd Avenue North until the intersection of the centerline of North 26th Street right of way then proceeding south along the centerline of North 26th Street until the intersection of the centerline of the 2nd Avenue North right of way then proceeding east along the centerline of 2nd Avenue North until the intersection with the centerline of North 25th Street the proceeding south along the centerline of North 25th Street to the intersection of the centerline of 1st Avenue North thus arriving at the beginning, all inclusive.

Map of entire Expanded N. 27th District (NORTH = ↑)



Section 9 -- TAX STATUS

A breakdown of the tax status of 81 properties suitable for private redevelopment located in the proposed district follows. A more detailed breakdown is attached as Exhibit A.

Appraisal Value							
\$62,580,330.00							
	Totals	\$727,855	19	30	32	32	81
		2006 TAXABLE VALUE	Decline	Moderate Growth	Flat	NO TAX	Total Parcels
			4%	Growth of Entire Taxable Value including BASE in proposed Area			
			30%	Growth of JUST THE INCREMENT in entire current TID			

SECTION 10 – PROPERTY DEVELOPERS

New development in the proposed tax increment district will also be accomplished through the implementation of the Downtown Framework Plan and through development incentive programs that have already been tested and proven effective within the 1975 and expanded Urban Renewal Area. These projects could include:

- At least one new parking structure for approximately 400 to 500 cars
- Construction of multi-use facilities that include housing, commercial, lodging and/or office space
- Upgrading infrastructure and beautification of the district
- A potential new office tower in the “core” area

SECTION 11 – PROJECT RELATIONSHIP TO THE FRAMEWORK PLAN

The proposed urban renewal area and extended tax increment district is located generally in the North Downtown District, The City Center, and The Civic District as defined by the Billings Framework Plan (“Framework Plan”). One goal of the Framework Plan was to remove barriers to downtown circulation and development created by 4th Avenue North and 6th Avenue North and establish the area between the avenues as both a discreet district and a recognized extension

of the CBD, thereby allowing potential ties to the medical corridor and MSU-Billings from the CBD. Generally, the Framework Plan stressed the downtown's ability to make a positive impact on the entire city. The Framework Plan also established a private non-profit organization to assist the City of Billings with the management of the Tax Increment District through an annual work plan and contract. This Extended N 27th Street District could be managed in a similar manner and could make use of the redevelopment criteria established by the criteria outlined in Exhibit B. The Framework Plan identified the following problems confronting Downtown Billings and recommended strategies for addressing them.

Framework Plan Recommendation: Entertainment, Retail, Culture and Image

- The discontinuity of land uses and activity levels creates gaps and a lack of connection between the core of Downtown and the surrounding neighborhoods.
- Downtown has no apparent center, edges or entryways
- Downtown's districts are poorly defined (geographically and internally) and unconnected; there is no program to reinforce their function; and there is poor directional signage, maps, or brochures.
- The richness of the Billings community – its culture, personality, and spirit – is present but not apparent in Downtown.
- Downtown is not perceived as the nucleus of the community, and it does not take advantage of its potential to be the social, cultural, and business center of the region. Billings' citizens come to a number of Downtown destinations, but Downtown as a whole is not in and of itself a destination.
- Downtown does not have a residential population that makes it alive after office hours; Downtown does not reach its potential as a neighborhood or an amenity for the close-in neighborhoods. Because there is no residential population, there is a lack of excitement and vibrancy in the Downtown.

The Extended North 27th Street District will help to address these problems by supporting the proposed redevelopment of 4th Avenue North and North 28th Street and many other target sites. One proposed development, which centers on a multi-use residential/office/parking structure, provides specific solutions to many of the above-described problems by strengthening the center

of town, building its edges, and providing a gateway into Downtown Billings via North 28th Street. Further, development near the Library and structural improvements of the Library building will be a major cultural benefit to the community. Development in this urban renewal district will make Downtown more of a destination and promote housing that will strengthen the CBD. In sum, the proposed extended district promotes the goals of the Framework Plan by making a larger portion of the downtown a safe and inviting place for citizens to work and play.

Framework Plan Recommendation: Housing

The Framework Plan continues by stating that housing should be a top priority and that the City should continue to work with builders and developers to encourage downtown housing through various methods. Specifically, the plan states that high-rise housing is to be located in the east transition zone and portions of the north transition zone.

The formation of an expanded tax increment district will help to raise funds that can be used for the construction or rehabilitation of housing in the urban renewal area or for construction or rehabilitation of public infrastructure necessary to attract and retain housing in the area. It is estimated that one or more development projects could include approximately 40 high-end residential condominium units that will be occupied by approximately 120 people.

Framework Plan Recommendation: Development of North Downtown District

One goal of creating the North Downtown District was to reduce barriers to downtown circulation and development posed by 4th Avenue North and 6th Avenue North, both busy arterials, and establish the area between the avenues as an extension of the CBD, thereby tying the CBD to the medical corridor and the university district. The Framework Plan further states that North 28th Street should be promoted as the primary pedestrian connection between downtown and the medical corridor.

The Extended North 27th Street District would promote the development of the North Downtown District and help achieve the goals of the Framework Plan. Development in the district, and especially development in the vicinity of 4th Avenue North and North 28th Street,

and Montana Avenue and North 28th Street would reduce the barriers of blighted and decaying property and potentially transform the area into a vibrant neighborhood featuring a new bank, at least 40 housing units, office space, major new street-level commercial space, and an addition to the Library.

Framework Plan Recommendation: Priorities

The top priorities identified in the Framework Plan include the following:

- Development incentives, including business retention and recruitment
- Housing – demonstration projects
- Streetscape Kit of Parts – Pedestrian Cores
- Events Kit of Parts
- Paring configuration adjustments
- 5th Avenue North Corridor preservation

This Modified Plan and the urban renewal projects that it contemplates specifically address all six of these priorities.

SECTION 12 – OPPORTUNITIES CREATED BY THE EXTENDED URBAN RENEWAL DISTRICT

Specific opportunities for the City of Billings that may be created as a result of this Modified Plan and the urban renewal projects described herein include, but are not necessarily limited to, the following:

1. Demolition of substandard structures located on the west side of North 28th Street from 4th Avenue North to the Library.
2. Replacement of the City/Library surface parking on North 28th Street with covered parking that will increase total parking opportunities in this area.
3. Possible expansion of the Billings Parmlly Library.
4. Introducing a new bank and office building into the district.
5. Adding first-floor commercial area for restaurants, stores, or other retail uses.
6. Adding owner-occupied office space.
7. Development of condominium residential living units.

8. Landscaping of the area, including potential new street lighting and landscaping.
9. Removal of blight in the area and upgrading of the public rights of way.

Similar development requiring expansion of The District could be placed as a “bookend” at Montana Ave. and N. 28th Street thus linking the Historic District to the Library and North Downtown and creating a pedestrian CBD with multiple “anchors.”

SECTION 13 – ECONOMIC IMPACT

At the request of the Big Sky Economic Development Authority, Scott Rickard, PhD of the Center of Applied Economic Research at MSU-Billings analyzed a mixed-use development concept and indicated strong economic advantages to the City of Billings as a result of such projects. His report describes a very positive impact on the neighborhood from the shopping and restaurant activity that would be generated because of a mixed use project and the new downtown residents. Professor Rickard’s review identified positive impacts in the following areas:

Retail

Professor Rickard found that mixed use development containing a residential component could have a significant beneficial economic impact on the city. Retailers inhabiting the space may offer goods and services not currently available locally. These additional retail opportunities may create or enhance downtown retail clusters and lead to new local spending, thereby generating positive economic impacts.

Parking

The study indicated that new parking to be used by residents and users of a mixed use development and visitors to the surrounding area would generate substantial income each year. It specifically stated that this amount would be between \$480-\$900 per space per year based on a minimum of 400 parking places in the core structure. This would generate total income of between \$192,000-\$360,000 per year respectively.

Condominiums

If a development of approximately 91,000 square feet of condominium space were to be constructed, sales income for such condominiums could be nearly \$20 million with the construction of an overall facility, less the parking, to be in excess of \$16 million. This could make a substantial economic impact both through construction jobs and the benefits of the sales themselves. There is also a ripple effect as it is estimated that at least half the condominium owners, and perhaps as much as 75%, are currently property owners in Billings and putting their property in the sales market could stimulate another \$10-\$15 million in sales. Thus, this condominium development could motivate nearly \$30 million in total sales.

It is further pointed out that if one-third of the potential residents' available disposable income were spent downtown, it would represent nearly \$12,500 per unit, thus creating new sales in downtown Billings of approximately \$500,000 per year.

SECTION 14 – CONFORMANCE TO THE GROWTH POLICY

One of the requirements of Montana's Urban Renewal Law (Title 7, Chapter 15, Parts 42 and 43) is that the urban renewal plan must conform to the community's growth policy. The Yellowstone County and City of Billings 2003 Growth Policy Plan ("Growth Policy") refers to and promotes downtown redevelopment in a variety of ways. The relevant goals in the Growth Policy are:

GOAL: An economically and culturally vibrant Downtown Billings.

OBJECTIVES:

Preserve and promote economic development of Downtown Billings.
Create a strong central 'core' for our community.
Establish downtown as a recognizable landmark.

GOAL: More housing and business choices within each neighborhood.

OBJECTIVES:

Improve quality of life.
Encourage more live-work environments.
Reduce commuting and subsequent drain on natural resources.
Develop more self-contained neighborhoods.

GOAL: Rational consideration of all City neighborhoods and County townsites for public funds expenditures.

OBJECTIVES:

Identify and prioritize neighborhood needs.

Empower public to provide direction on capital improvements expenditures.

Leverage public funds with other resources.

SECTION 15 – CERTAIN PLAN FEATURES AND FINANCIAL MATTERS

Section 7-15-4217, M.C.A., of the Act requires cities to make certain findings when they adopt an urban renewal plan and approve Urban Renewal Projects. These are addressed below:

1. The part of the extended district that is immediately targeted for development (the area west of North Broadway from 4th Avenue North to the Library) contains no existing dwelling units or housing, and a Multi-Use Facility Project would not displace any persons from housing. Accordingly, there is no need to have a workable and feasible plan for substitute housing.

2. Second, this Modified Plan with Multi-Use Facility Projects conform to the Growth Policy for the City as a whole and to the Framework Plan.

3. This Modified Plan affords maximum opportunity, consistent with the needs of the City as a whole, for the rehabilitation or redevelopment of the Extended North 27th Street District by private enterprise. It is unreasonable to expect that the district will be redeveloped without public support. The area in question is generally dilapidated. As presently constituted, property in the district is not conducive to any sort of uniform or integrated development and, as presently existing, cannot compete with other areas of the City for substantial developments, particularly areas at the outskirts of the City. Experience has validated the foregoing facts and observations. This Modified Plan is intended to facilitate the identification and construction of significant Urban Renewal Projects, which would not be possible in the absence of this Modified Plan.

4. A sound and adequate financial program exists for financing Multi-Use Facility Projects, which program includes the sale and issuance by the City of the Bonds in an amount not to exceed the costs of the Project, including administration costs and costs of issuance of the Bonds. Any approved Development Project will require commitments of substantial private

financing that will provide the primary means for funding construction of the improvements.

SECTION 16 – TAX INCREMENT

Tax increment financing is necessary to encourage a company or companies to construct improvements within the District, such as, without limitation, a Multi-Use Facility or Facilities, which will further encourage economic growth in the North 27th Street District and Downtown Billings, create substantial employment opportunities, and increase the tax base of the City and other taxing jurisdictions. The North 27th Street District is hereby established as a tax increment financing urban renewal area within the meaning of the Act, and, in particular, Section 7-15-4282 through 7-15-4293 of the Act. This Section constitutes a tax increment provision within the meaning of the Act. In connection therewith:

1. For the purpose of calculating the incremental taxable value each year for the life of the district, the base taxable value shall be calculated as the taxable value of all real and personal property within the district as of **January 1, 2006.**

2. The City is hereby authorized to segregate as received the tax increment derived in the district and use and deposit such increment into the tax increment fund of the district for use as authorized by the Act and as authorized herein from time to time, including, without limitation, pledging the tax increment to repayment of Bonds.

3. The tax increment received from the district may be used to pay directly costs of an approved Development Project as may from time to time be approved by the Council. The Council also hereby authorizes the use of tax increment in the district to pay debt service on Bonds issued to finance a portion of the costs of these Development Projects, and costs associated with the sale and security of such Bonds in compliance with the Act, subject to any limitations imposed by the Montana Constitution and federal law.

4. The tax increment provision of the district will terminate upon the latter of:

- a. The twentieth (15th) year following the creation of the district; or
- b. The payment or provision for payment in full or discharge of all Bonds, and the payment of interest thereon, for which the tax increment has been pledged.

After termination of the tax increment provision, all taxes shall continue to be levied upon the actual taxable value of the taxable property in district, but shall be paid into funds of the taxing

bodies levying taxes within the district.

SECTION 17 – COMPONENT IMPROVEMENTS FOR THE EXPANDED DISTRICT PLAN

Transportation and Circulation

Development projects may increase traffic in the area. North Broadway is currently blocked approximately four blocks to the north, thus, there is no continuous north/south travel along North Broadway to the northern portion of the City.

Proposed Site Improvements

There will be substantial streetscape, sidewalk and general beautification improvements of the district as requirements contained within approved Development Agreements associated with approved Urban Renewal Projects. Sidewalks may incorporate patterned concrete and street trees. Street furniture may be placed in appropriate locations.

Neighborhood Considerations

The primary impact of new construction resulting from the creation of this extended district would be felt around North Broadway and 4th Avenue North. Businesses and users in this general area, i.e., School District Number 2, Billings Clinic, Underriner Motors and the Billings Gazette, have been contacted and are favorable to the redevelopment plan.

When this tax increment district is extended it will also have a favorable impact on North 27th Street A potential future tax increment district extension may also have a favorable impact on the revitalization and renewal of the former Sheraton, Wells Fargo Tower, Park II and the Northern Hotel properties and well as enhance and provide several more opportunities of redevelopment.

SECTION 18 – CONCLUSIONS

The creation of this Extended North 27th Street Urban Renewal District will have a positive impact on Downtown Billings and no impact on the sunset and expiration date of the 1975 Urban Renewal District. This expanded N. 27th District is separate from the 1975 District and has no impact on the increment generated by that district, the base taxable value of that district and the sunset of that district

Expansion of the existing 27th Street District is an essential first-step in completing what may be a number of urban renewal projects. If completed, mixed use projects approved within the first year could stimulate over \$30 million in new construction, and possibly as much as \$15 million in re-sales. Approximately 200 employees could be located on the commercial and office floors of possible mixed use projects. Also new condominiums housing could be a substantial contribution to the district. Thus, expansion of the district, in addition to eliminating blight and providing renaissance to the CBD, will also bring new employees and residents to the CBD.

Mixed use development within the Expanded District ties in favorably with and actually stimulates the remodeling plans that are currently underway for several downtown properties. Additionally, like any major new development, the anticipated construction at 4th Avenue North and North Broadway will have a stimulating effect on the surrounding area. Specific examples of this are:

1. It will tie the CBD to the medical corridor located immediately to the north of the development.
2. The Billings Clinic has purchased the Underriner property to the north. The Clinic's plans at this point have not been determined; however, the development proposed in this Modified Plan will enhance and encourage future development by this group.
3. The Framework Plan encourages the development of the 5th Avenue North corridor. An enhanced Library, as accomplished by projects described in this Modified Plan, will provide an excellent entrance to this corridor.
4. Future redevelopment and revitalization of structures like the Northern Hotel and the Babcock Theater Building are enabled by this district and its possible future expansion.

In conclusion, expansion of the existing 27th Street Urban Renewal District to include the property described in this Modified Plan will have a positive effect on the CBD.

EXHIBIT A

TAX_ID	MAX(TX_GIS.LEGALDESC)	LOT SIZE (SQ FT)	2006 APPRAISAL VALUE	2006 MARKET VALUE	2006 TAXABLE VALUE
A00062	LTS 1-6 BLK 9 BILLINGS ORIGINAL TOWN	21000	\$97,300.00	\$83,483.00	\$2,621
A00063	LTS 7-12 & 14-24 BLK 9 BILLINGS ORIGINAL TOWN & LTS 13A BLK 58 FOSTERS ADD AMND (LESS 642 SQ FT STREET) (98)	70431	\$2,665,481.00	\$2,253,292.00	\$0
A00237	LTS 1-6 BLK 42 BILLINGS ORIGINAL TOWN	21000	\$780,300.00	\$525,382.00	\$16,497
A00241	LTS 7-8 BLK 42 BILLINGS ORIGINAL TOWN	7000	\$163,500.00	\$134,012.00	\$4,208
A00242	LTS 9-10 BLK 42 BILLINGS ORIGINAL TOWN	7000	\$47,100.00	\$37,833.00	\$1,188
A00243	LTS 11-12 BLK 42 BILLINGS ORIGINAL TOWN	7000	\$67,600.00	\$54,376.00	\$1,708
A00244	LTS 13-14 BLK 42 BILLINGS ORIGINAL TOWN	7000	\$810,800.00	\$833,721.00	\$25,901
A00246	LTS 15-16 BLK 42 BILLINGS ORIGINAL TOWN	7000	\$47,100.00	\$37,948.00	\$1,192
A00247	LTS 17-24 BLK 42 BILLINGS ORIGINAL TOWN COMBO W/A00248-50 28,000 SQ FT (05)	28000	\$142,100.00	\$106,174.00	\$3,334
A00251	LTS 1-12 BLK 43 BILLINGS ORIGINAL TOWN	42000	\$6,179,200.00	\$5,301,753.00	\$0
A00252	LTS 13-16 BLK 43 BILLINGS ORIGINAL TOWN (LESS 150 SQ FT ST TO CITY)	13850	\$177,915.00	\$149,043.00	\$4,680
A00254	LTS 17-19 N2 LT 20 BLK 43 BILLINGS ORIGINAL TOWNSITE	12250	\$64,575.00	\$55,405.00	\$1,740
A00255	LTS 20-24 S2 LT 20 BLK 43 BILLINGS ORIGINAL TOWN (LESS 30 SQ FT ST TO CITY)	15720	\$1,094,208.00	\$889,082.00	\$27,918
A00256	LTS 1-9 BLK 44 BILLINGS ORIGINAL TOWN & LTS 1-9 BLK 56 FOSTERS ADDITION (LESS 762 SQ FT ST TO CITY)	62238	\$3,485,813.00	\$2,724,592.00	\$0
A00257	LTS 10-12 BLK 44 BILLINGS ORIGINAL TOWN & LTS 10-12 BLK 56 FOSTERS ADDITION (LESS 75 SQ FT ST TO CITY)	10425	\$261,838.00	\$215,071.00	\$6,754
A00368	LTS 1-12 BLK 58 BILLINGS ORIGINAL TOWN	42000	\$2,072,600.00	\$1,733,910.00	\$0
A00378	LTS 5-6 BLK 59 BILLINGS ORIGINAL TOWN GENERAL FUND PARKING LOT 208 26TH ST	7000	\$47,100.00	\$40,411.00	\$0
A00379	LTS 7-8 BLK 59 BILLINGS ORIGINAL TOWN GENERAL FUND PARKING LOT 216 26TH ST	7000	\$47,100.00	\$40,382.00	\$0
A00380	LTS 9-10 BLK 59 BILLINGS ORIGINAL TOWN	7000	\$49,400.00	\$42,155.00	\$1,323
A00381	LTS 11-12 BLK 59 BILLINGS ORIGINAL TOWN	7000	\$47,100.00	\$40,238.00	\$1,263
A00382	LTS 13-24 BLK 59 BILLINGS ORIGINAL TOWN GENERAL FUND COURTHOUSE 2630 3RD AVE N	42000	\$8,550,800.00	\$7,323,962.00	\$0
A00611	LTS 1-4 BLK 90 BILLINGS ORIGINAL TOWN (SS 00348)	14000	\$284,900.00	\$205,916.00	\$6,465
A00612	LTS 5-6 BLK 90 BILLINGS ORIGINAL TOWN	7000	\$100,100.00	\$67,051.00	\$2,105
A00613	LTS 7-8 BLK 90 BILLINGS ORIGINAL TOWN	7000	\$100,100.00	\$67,051.00	\$2,105
A00614	LTS 9-10 BLK 90 BILLINGS ORIGINAL TOWN	7000	\$100,100.00	\$67,051.00	\$2,105
A00615	LTS 11-12 BLK 90 BILLINGS ORIGINAL TOWN	7000	\$100,100.00	\$67,051.00	\$2,105
A00616	LT 13 BLK 90 BILLINGS ORIGINAL TOWNSITE	3500	\$237,800.00	\$138,916.00	\$4,362
A00617	LT 14 BLK 90 BILLINGS ORIGINAL TOWNSITE	3500	\$55,250.00	\$37,070.00	\$1,164
A00618	LTS 15-24 BLK 90 BILLINGS ORIGINAL TOWN	35000	\$805,100.00	\$603,017.00	\$18,935
A00620	LTS 1-4 19-24 S130.3' OF 20' OF ABDN ALLEY BLK 91 BILLINGS ORIGINAL TOWNSITE	35000	\$2,978,100.00	\$2,518,543.00	\$0
A00620A	LOTS 5-7 AMEND	4215	\$62,503.00	\$50,885.00	\$0

	LTS 5-6 AMEND BLK 91 BILLINGS				
A00621	ORIGINAL TOWNSITE	3081	\$47,194.00	\$39,000.00	\$0
A00622	LTS 7A & 8 BLK 91 BILLINGS ORIGINAL TOWN	6940	\$368,890.00	\$282,705.00	\$0
A00623	LTS 9-12 BLK 91 BILLINGS ORIGINAL TOWN	14000	\$194,600.00	\$148,499.00	\$0
A00624	LTS 13-18 BLK 91 BILLINGS ORIGINAL TOWN	21000	\$6,284,200.00	\$5,370,603.00	\$168,637
A00630	LTS 1-4 BLK 92 BILLINGS ORIGINAL TOWN	14000	\$1,766,300.00	\$1,472,750.00	\$46,244
A00630A	ALSO LOT 6	7000	\$100,100.00	\$80,074.00	\$0
A00631	LT 7 BLK 92 BILLINGS ORIGINAL TOWNSITE	3500	\$102,400.00	\$82,419.00	\$2,587
A00632	LT 8 BLK 92 BILLINGS ORIGINAL TOWNSITE	3500	\$55,250.00	\$45,335.00	\$0
A00633	LTS 9-10 BLK 92 BILLINGS ORIGINAL TOWN	7000	\$104,600.00	\$83,762.00	\$0
A00634	LTS 11-12 BLK 92 BILLINGS ORIGINAL TOWN	7000	\$298,000.00	\$249,872.00	\$7,846
A07331	ALSO LTS 2-4	14000	\$204,000.00	\$161,507.00	\$0
	OF AMND LOTS 5-6 BLK 48				
A07332	32-1N- 26E	2216	\$212,916.00	\$182,142.00	\$5,719
	OF AMND LOTS 5-6 BLK 48				
A07332A	32-1N- 26E	4850	\$214,575.00	\$175,593.00	\$5,514
A07333	LTS 7 & 8 BLK 48 FOSTER'S ADD	7000	\$132,700.00	\$100,660.00	\$3,161
A07334	L: 9-12 B: 48 FOSTERS ADD	14000	\$1,694,600.00	\$1,440,442.00	\$0
A07335	L: 13-14 B: 48 FOSTER'S ADDITION	7000	\$104,000.00	\$83,420.00	\$0
A07336	ALSO LT 16	7000	\$104,500.00	\$83,849.00	\$0
A07337	ALSO LT 18	7000	\$104,500.00	\$83,849.00	\$0
A07338	LT 19-20 BLK 48 FOSTER SUBD	7000	\$134,470.00	\$84,936.00	\$2,667
A07339	ALSO LT 22-24	14000	\$207,800.00	\$164,767.00	\$0
A07341	ALSO LTS 2-6	21000	\$2,119,300.00	\$1,707,637.00	\$0
	ABDN RAILROAD R/W BETWEEN BLKS 49				
	& 53 (LESS 7500 SQ FT RR TRACKS				
A07341A	E00087) FOR PARKING LOT	16500	\$228,350.00	\$179,644.00	\$0
A07342	ALSO LT 8	7000	\$100,100.00	\$80,074.00	\$2,514
A07343	LTS 9 & 10 BLK 49 FOSTER'S ADD	7000	\$107,000.00	\$85,994.00	\$2,700
A07344	LTS 11-12 BLK 49 FOSTER'S ADD	7000	\$107,200.00	\$86,050.00	\$2,702
A07345	LTS 13-20 BLK 49 FOSTER'S ADD	30940	\$725,200.00	\$590,028.00	\$18,527
A07347	S 3FT ALSO LTS 22-24	10920	\$159,820.00	\$126,765.00	\$0
A07348	LTS 1 AND 2 BLK 50 FOSTER ADDITION	7000	\$408,200.00	\$391,587.00	\$12,213
A07349	ALSO LT 4	7000	\$104,300.00	\$83,677.00	\$2,627
A07350	ALSO LTS 6-9	17500	\$253,750.00	\$200,335.00	\$6,291
A07352	ALSO LTS 11 & 12	10500	\$147,350.00	\$116,758.00	\$3,666
A07353	ALSO LTS 14-17	17500	\$470,150.00	\$382,685.00	\$12,016
A07355	ALSO LTS 19 & 20	10500	\$153,650.00	\$122,163.00	\$3,836
A07356	ALSO LTS 22-24	14000	\$221,100.00	\$175,262.00	\$5,503
	LT 1-4, 21-23 BLK 51 FOSTER ADDITION & LTS				
	1-4 & ADJ VAC 20' ALLEY BLK 268 BILLINGS				
A07356A	OT (97)	26250	\$462,000.00	\$438,208.00	\$13,664
	LT24A BLK51 FOSTERS ADD AMND (97)				
A07356C	(A27734 & A07356A)	22677	\$311,740.00	\$210,048.00	\$6,596
	L:5-12 B:51 FOSTER'S ADD (OLD A-				
	7358,A-7359 & A-7360) (2000)				
A07357		28000	\$655,700.00	\$487,969.00	\$15,322
A07361	LTS 13-17 BLK 51 FOSTER ADDITION	17500	\$407,350.00	\$377,826.00	\$11,797
A07362	ALSO N 1/2 OF LT 19	5250	\$80,375.00	\$65,079.00	\$0
A07363	S 1/2 ALSO LT 20	5250	\$293,975.00	\$240,877.00	\$0
	LT 1-10 & 15-24 BLK 52 FOSTERS ADD AMND &				
	TR 1 C/S 2278 & ABND RR 113.684 SQ				
A07364	FT	113684	\$4,690,034.00	\$6,529,111.00	\$200,738

A07366	LTS 1,2,3,4 BLK 53 FOSTER'S ADD	14000	\$451,300.00	\$352,093.00	\$0
A07367	ALSO LT 6	7000	\$216,100.00	\$170,270.00	\$0
A07368	L:7 & 8 B:53 FOSTER'S ADD	7000	\$104,700.00	\$83,877.00	\$0
A07369	L:9-12 B:52 FOSTER'S ADD	14000	\$203,900.00	\$161,106.00	\$0
A07370	LTS 13-20 BLK 53 FOSTERS ADD	28000	\$873,058.00	\$755,547.00	\$23,676
A07371A	LT 21 & 22 BLK 53 FOSTER'S ADDITION	3500	\$110,100.00	\$90,382.00	\$1,419
A07371B	ALSO LOT 24	7000	\$104,500.00	\$83,676.00	\$0
A07372	ALSO LTS 2-24 ALSO BILLINGS ALL BLK 8 & VAC 5TH LYING BTWN BLKS 48 & 54 FOSTERS ADD ABDN R/W 32'X160' & 17'X140' LYING BTWN BLKS 49 & 53 (OLD #E00087)	114000	\$4,044,600.00	\$3,346,544.00	\$0
D12396		7500	\$106,850.00	\$85,315.00	\$0

EXHIBIT B

LARGE DOWNTOWN BILLINGS DEVELOPMENT PROJECTS DEVELOPMENT CRITERIA

INTRODUCTION

The Downtown Billings Partnership, Inc. (DBP) has been responsible for administering the Tax Increment Finance dollars in Billings, pursuant to Montana Urban Renewal Law (Title 7 Chapter 15 part 42 Montana Code Annotated, "Urban Renewal." Tax Increment Financing (TIF) is an important element of the program as it provides a means to finance urban renewal activities

The DBP encourages large development projects, defined as those with over \$1 million in property improvements. This program enables the Developer and the DBP to work together in a streamlined, efficient manner.

INVESTMENT PARAMETERS

Each project is unique. A 5:1 private:public leveraging investment ratio (for every \$5 in private funds a maximum of \$1 of TIF funds invested into public improvements) is desired for each project. Please note that property acquisition costs are *not* to be included in the 5:1 calculation; *only* property improvements are to be considered. Property improvements are defined as all project costs excluding property acquisition.

ELIGIBLE ACTIVITIES

As specified by Title 7 Chapter 15 Part 4288 Montana Code Annotated (please see Attachment), TIF may be used to finance certain urban renewal activities. The DBP places special emphasis on those projects that exemplify the Downtown Billings Framework Plan, particularly mixed-use developments. In addition, all projects should address parking needs and accommodations for the completed project (see Criteria for Review #13). Please note that the investment levels indicated below serve as examples only.

POTENTIAL MIXED USE DEVELOPMENT								
POSSIBLE PROPERTY IMPROVEMENT INVESTMENT (excluding property acquisition)			POSSIBLE PUBLIC BENEFIT GUIDELINES					
Total	Private:Public 5:1 Ratio		Retail Space	Office Space	Market Rate Housing Units	Job Retention/Creation (FTE)	Parking	Entertainment (if applicable)
\$1,000,000	\$833,333	\$166,667	≥1,000 ft ²	≥8,000 ft ²	≥2	≥4		avg. ≥50 patrons/day
\$1,500,000	\$1,250,000	\$250,000	≥1,200 ft ²	≥9,000 ft ²	≥2	≥4		avg. ≥60 patrons/day
\$2,000,000	\$1,666,667	\$333,333	≥1,400 ft ²	≥10,000 ft ²	≥3	≥5		avg. ≥70 patrons/day
\$2,500,000	\$2,083,333	\$416,667	≥1,600 ft ²	≥11,000 ft ²	≥3	≥5		avg. ≥80 patrons/day
\$3,000,000	\$2,500,000	\$500,000	≥1,800 ft ²	≥12,000 ft ²	≥4	≥6		avg. ≥90 patrons/day
\$3,500,000	\$2,916,667	\$583,333	≥2,000 ft ²	≥13,000 ft ²	≥4	≥6		avg. ≥100 patrons/day
\$4,000,000	\$3,333,333	\$666,667	≥2,400 ft ²	≥14,000 ft ²	≥5	≥7		avg. ≥110 patrons/day

POTENTIAL HOUSING DEVELOPMENT (MARKET RATE)								
POSSIBLE PROPERTY IMPROVEMENT INVESTMENT (excluding property acquisition)			POSSIBLE PUBLIC BENEFIT REQUIREMENTS					
Total	Private:Public 5:1 Ratio				Market Rate Housing Units		Parking	
\$1,000,000	\$833,333	\$166,667			≥10			
\$1,500,000	\$1,250,000	\$250,000			≥15			
\$2,000,000	\$1,666,667	\$333,333			≥20			
\$2,500,000	\$2,083,333	\$416,667			≥23			
\$3,000,000	\$2,500,000	\$500,000			≥26			
\$3,500,000	\$2,916,667	\$583,333			≥29			
\$4,000,000	\$3,333,333	\$666,667			≥32			

POTENTIAL DINING/ENTERTAINMENT								
POSSIBLE PROPERTY IMPROVEMENT INVESTMENT (excluding property acquisition)			POSSIBLE PUBLIC BENEFIT GUIDELINES					
Total	Private:Public 5:1 Ratio					Job Re- tention/ Creation (FTE)	Parking	Entertainment (if applicable)
\$1,000,000	\$833,333	\$166,667				≥4		avg. ≥75 patrons/day
\$1,500,000	\$1,250,000	\$250,000				≥4		avg. ≥90 patrons/day
\$2,000,000	\$1,666,667	\$333,333				≥5		avg. ≥105 patrons/day
\$2,500,000	\$2,083,333	\$416,667				≥5		avg. ≥120 patrons/day
\$3,000,000	\$2,500,000	\$500,000				≥6		avg. ≥135 patrons/day
\$3,500,000	\$2,916,667	\$583,333				≥6		avg. ≥150 patrons/day
\$4,000,000	\$3,333,333	\$666,667				≥7		avg. ≥165 patrons/day

CRITERIA FOR REVIEW

The DBP evaluates projects based on the following criteria.

1. Relevance to the Framework Plan – Documentation of the project’s impact on Downtown Billings in relation to the goals and objectives of the Framework Plan, particularly mixed-use development. Urban design elements will also be considered, including pedestrian emphasis, quality of design, and downtown Billings’ personality.
2. Economic Stimulus – The amount of economic activity to be generated by the project is assessed, as well as the leverage ratio of public to private investment.
3. Tax Generation – The increase in taxable value due to new construction/ rehabilitation is estimated by the County Assessor’s office to determine tax increment generation.
4. Employment Generation – Total employment generated by the project assessed in terms of new permanent and part-time jobs, and construction jobs.
5. Elimination of Blight – The project’s direct and indirect impact on the physical and fiscal deterioration within the Tax Increment District and the community is documented by the Developer.
6. Special or Unique Opportunities – The extent to which the project represents a unique opportunity, meets a special need, or addresses specific Framework or community goals. The restoration of historic property or the provision of an unmet community need are examples of special and unique opportunities.

7. Impact Assessment – The extent of both positive and negative environmental impacts, appropriateness of the project design, and impact on existing businesses or residents.
8. Financial Assistance – Various forms of financing available to the Developer ; i.e. lender participation and state and federal grant monies
9. Project Feasibility – A determination of feasibility is made on the strength of the Developer’s demonstration of market demand for the project as contained primarily on the pro forma and financing commitments.
10. Developer Ability to Perform – An assessment of the developer’s capability to undertake the relative complexities of the project based on past performance on similar or comparable projects.
11. Timely Completion – The feasibility of completing the project according to the Developer’s project schedule.
12. Payment of Taxes – All property taxes, special improvement district assessments, and other assessments on the project property must be paid to date.
13. Parking – Developer should present a parking needs assessment for the completed project and a plan for using new or existing parking to meet the anticipated demand.