



## MEMORANDUM

**To:** City of Billings, City Council  
**From:** DBP Board Executive Committee  
**Date:** July 5, 2011

A handwritten signature in blue ink, appearing to read "Greg A. Kruger", is written over the "From:" line of the memorandum.

**RE:** Fund 203

The DBP has been informed that the Montana Department of Revenue (DOR) made a serious error in calculating the Tax Year 2010 Increment for the N. 27<sup>th</sup> St. and the Expanded N. 27<sup>th</sup> St. TIF District (Downtown TIFD). Due to this error, Fund 203, the TIFD Fund for the Downtown TIFD, not only ended FY 2011 in the negative but fell further into the negative due to another error by the DOR regarding centrally assessed properties. As we understand it, Fund 203 needed a transfer from the General Fund in the amount nearing \$800,000.00.

This was unforeseen by the DBP Board, staff and the staff of the City of Billings. We understand that the plans for the Empire Garage are no longer viable as presented. The DBP recognizes the need for the City of Billings to recover the General Fund transfer amount as soon as possible and notes that the corrected increment for Fund 203 for TY 2011 should cover that. The DBP also recognizes that the City may wish to divest itself of the Empire Garage properties as soon as possible, knowing that the actual transaction period could take 6 months or more.

Given that, the DBP would like to ask the City of Billings for up to a 3 month "hold" on any action regarding the sale of the Empire Garage properties. It is our intent to provide the City options regarding future development of that area that could lead to growth of the TIFD due to development of:

*The BN Building*  
*The Westwood Building*  
*The Elliot Furniture Building*  
*The Stapleton Building*  
*And others in the parking demand area.*

**We plan to begin giving the City options as early as the end of July, 2011. And would support beginning implementation of the approve course of action as soon as August 1, 2011.** Further, we ask that the Council support a \$195,000 loan to the DBP from the Revolving Loan Fund or other sources for FY 2012 operations that will be paid back (DBP will cover the interest) via Fund 203 by FY 2014.

The DBP has leveraged public private investment in downtown at a ratio of at least 5 to 1. Given that, if the DBP is allowed to continue, we can take roughly \$4 Million in TIFD over the next 8 years and attempt to leverage about \$20 Million of private investment. That would be the bottom line but we believe that we can show an ability to bond the district to create parking as early as 2015. Give us a chance and we will demonstrate our worth.