

Brownfield Revolving Loan Fund Committee Meeting

June 2, 2021

Called to order at 10:00 a.m.

Present: Lori Schoene (chair), Gregg Jones, Buck Holmes, Dominique Valdez, Anthony Ortiz, Councilman Jeff White

Not Present: Rita Meyer

Quorum is present

Non-Committee members present: Robert Chamberlain, Mark Christensen, Sam Crowley, Alessandra Fakelman, Lisa Pafford, Charles Bloom, Michael O'Donnell, Ted Lanzano

Minutes from last meeting approved: The minutes from the February 2, 2021 meeting were approved.

Audience Business: none

Liaison Reports: none

Old Business:

- a) **Loan Administration:** Mr. Christensen summarized the loan structure of the Revolving Loan Fund and explained that there have been more Phase 1 applications and Phase 2 applications. He went on to explain that, while the by-laws currently designate the City Treasurer's Department to manage these loans, other cities such as Missoula outsource loan management due to capacity issues. If the City of Cheyenne were to contract out to a financial institution, it could be covered by the revolving loan fund. The City Attorney's Office recommends amending the by-laws if the Committee chooses to go this route. Charles Bloom added that the intent of the conversation is to determine if the Committee would like to direct staff to further investigate outsourcing loan management. Ms. Schoene asked Mr. Lanzano to elaborate. Mr. Lanzano explained that the City does not have enough resources and there is a lack of expertise to service and manage loans in-house. Paying for an outside service provider would be an eligible expense under the revolving loan fund. Ms. Schoene asked the Committee for comments. Mr. Jones stated concerns with the underwriting aspect, as it is different to underwrite one of these loans. He asked if that component of the loan process is done by the outside servicer, and if there are templates that could be shared with the servicer. Mr. Lanzano answered that the outside entity would do the underwriting and said that Mr. Christensen could look into it. Mr. Jones asked what kind of liability measures are incumbent on the servicer. Mr. Bloom replied that the liability measures are something that would need to be evaluated. Mr. Christensen added that he would relay these questions to his contacts in other communities. Mr. Jones commented that doing servicing is common and he does not see that being a problem; he just has concerns around underwriting and the liability associated with that. Mr. Holmes asked if there is anyone in the community that can perform these services, as he would like to keep it locally serviced if possible. Mr. Christensen answered that if the Committee

decides to go this direction, he would draft the amended by-laws and then go through the City's procurement processes to find a financial institution and identify a viable candidate. Mr. Holmes asked if he is referring to an RFP. Mr. Christensen verified that is correct. Ms. Schoene asked for other comments. Mr. Holmes commented that they need to work up the criteria and submit an RFP. Ms. Schoene summarized that the direction to staff is to do further research and propose a draft of the by-laws. She asked Mr. Christensen if they need a motion. He answered that staff can just interpret this as a direction. Ms. Schoene asked for other comments. Mr. Valdez commented that on the surface it seems like it would streamline things and it would be more professionally done.

- b) **The Hitching Post:** Mr. Christensen explained that Robert Chamberlain is the prospective purchaser of the Hitching Post and he is interested in some RLF financing and would like to introduce himself and talk about his project. Robert Chamberlain introduced himself and summarized his intentions for the Hitching Post. He has invested in commercial and residential development in Cheyenne. Phase 1 is the asbestos abatement, demolition, and relocating utilities. This is the phase he would want RLF funds for. Phase 2 would involve splitting the property into a few different lots. A bank is already committed. He's had conversations with a hotel, high-end restaurant, and coffee shop. He has a vision of five or six buildings with retail in the bottom and affordable housing in the upper floors. He is still working through the acquisition process. He plans on starting demolition in fall 2021. Ms. Schoene asked for questions. Mr. Jones asked if Mr. Chamberlain is at liberty to disclose who the purchasers would be. Mr. Chamberlain said his construction company, Swagger Construction, would be the purchaser. Mr. White expressed his approval of the acquisition and wondered how Mr. Chamberlain was able to convince the property owner to sell to him. Mr. Chamberlain commented that he was able to show the property owner the community benefit of cleaning up this property. Mr. Bloom added that the City is working on an ordinance to create an Urban Renewal Authority and staff is following up with a Blight Study. He added that Tax Increment Financing (TIF) could be used to address some of the concerns in the area. He summarized how TIF works. He said other communities have rolled in brownfield funds to the TIF as well and staff is looking forward to exploring the possibilities for TIF and RLF funds. Ms. Schoene asked for other comments. There were none. She echoed Mr. White's comments that they would be excited to see something happening with that property. Mr. Chamberlain expressed his appreciation and gratitude for the Committee hearing his project. Mr. Christensen thanked him for joining and added that he would work with Mr. Chamberlain on his application in the next few months. Ms. Schoene asked if the RLF would be repaid by the owner of the property and the TIF would be repaid by taxes. Mr. Bloom answered that the RLF would be paid back by the applicant and it appears that the loan could be eligible to be paid off using the increment for TIF. He added that staff still needs to do some additional digging on that but there is a potential that the loan could be paid off by the TIF. Other communities (Montana) are using the tax increment to forgive a brownfield remediation

loan and staff will be exploring this in more detail as the Committee moves forward. Ms. Schoene asked for other comments. There were none.

New Business:

- a) **Outreach:** Mr. Christensen talked about the publicity the RLF received through the Bell Building. He thought that it would be a good opportunity to advertise that the funding is available. He mentioned that there are other properties that have done phase 1 assessments and those property owners are aware of the RLF funds. He also talked about the sale of the Bell building and concerns associated with it being a federally funded project. The only stipulation was to retain ownership during the grant period. Mr. Christensen spoke with Mr. Lanzano about how often this happens - it does happen and is not an issue in the eyes of the EPA. He added that it's unfortunate the project didn't come to fruition, but Cheyenne now has a clean and environmentally sound building. Ms. Schoene asked for Mr. Lanzano's comments. Mr. Lanzano reiterated that there have been instances of this happening in other communities and there's nothing in State Statutes that prohibits this. He hopes it can be reused at some point but the EPA doesn't have issues with it. Mr. Holmes commented if the taxpayers aren't losing money and the building is more sellable, it's just a matter of the free market system. Mr. Bloom said that taxpayers were not left on the hook for any funds that were the responsibility of the developer and there is now a clean building on the market. Ms. Schoene reiterated Mr. Bloom's comment. Mr. Jones asked what the entirety of the grants made from this committee for this property were. Mr. Bloom answered that approximately \$408,000 was expended for this project. Ms. Schoene asked for other questions. Mr. White thanked staff for checking this out for him as he was concerned about statutes or laws being broken. He appreciated the extra work they put in.

Other Business:

Ms. Schoene asked for other business. Mr. Bloom said staff will set up another meeting for the second week of July. He asked if this was acceptable. The Committee agreed that it is. Ms. Schoene asked for other questions. There were none.

Ms. Schoene made a motion to adjourn. Meeting adjourned at 10:36 a.m.

Minutes respectfully submitted:

Sam Crowley, Planner I, Planning & Development Department