

**Miles Community College
Board of Trustees
Minutes
January 14, 2019**

The Board of Trustees of Miles Community College met in special session at 5:30 p.m., January 14, 2019 in room 106. The following Trustees were present: Garret McFarland, Jeff Okerman, Sue Morlock, Debbie Morford, Mark Petersen and Jamie Ogolin. The following Trustee was excused Ryan Jones. Also present were President Stacy Klippenstein, Candy Laney, Kylene Phipps, Rita Kratky, Erin Niedege, Richard DeShields, Nancy Aaberge, Garth Sleight, Jerry Olson, Jay Wiebers, Mike Hardy, Brandon Janshen, Mike Stevenson, County Commissioner Keith Holmlund, County Commissioner Kevin Krausz, County Commissioner Jason Strouf, Joel Larson, and Miles City Star Reporter Ashley Wise.

Chair Debbie Morford called the meeting to order at 5:33 p.m.

Public Comment: None

QUALITY AND ADVOCACY:

- A. VA Property:** Jason Strouf said the VA has offered the County a guaranteed three year term with two optional one-year terms, a total of five years, with payment reimbursable back to the county in the amount of \$212,000 annually, paid in monthly installments. The VA would be responsible for all operating expenses, repairs, maintenance and grounds upkeep. If the county takes ownership of the property and later subdivides off parcels or utilizes the out buildings, specifically the housing units, for anything other than what their status was at the time the commands took place, then that would release the VA of any obligation for those expenses, maintenance, upkeep, and grounds upkeep in those areas. What we are faced with as a board is a letter of intent that is on our agenda for this Thursday to discuss and possibly take action on. That letter of intent is not a binding obligation, but it does keep things moving forward with the federal government with the intent of conveying ownership of that entire property over to the county if we do sign off on the letter of intent.

Trustee Peterson: What impact would a decision or none decision by the college have on the commissioners signing the letter of intent on Thursday?

Commissioner Strouf: This would not sway his decision in any way to sign off on the letter of intent, but it is not something they have discussed fully, nor have they taken action on.

Commissioner Krausz and Commissioner Holmlund: Their positions are the same as Commissioner Strouf.

Trustee Ogolin: Who determines whether it is a three, four, or five year contract?

Commissioner Strouf: It is a guaranteed three years. If the VA intends to stay in the same facilities beyond those three years, then both parties would have to agree to it, and at the time of conveyance would take place, that would be the county. However, this would be a completely transferrable agreement to another entity. If before we reach that three-year mark and the county conveyed it in its entirety to another entity, then that other entity would have to come to an agreement with the VA to renew for another year.

Trustee Morlock: Is it the commissioners understanding that the county could parcel it off at any point during those three years?

Commissioner Strouf: Yes, that was their understanding.

Trustee Morlock: Then at that point whoever gets the property would then be responsible for the maintenance and other expenses associated with the parcel.

Commissioner Strouf: Yes, for the parcel the other party acquired.

Commissioner Holmlund: Any subdivision that had to be done, because it would have to be subdivided if the other entity did not take the whole property, would be at the expense of the entity taking on the parcel.

Trustee Morford: Have the commissioners heard anymore from the public or the VA since the public meeting.

Commissioner Strouf: Some people have approached him and commended the commissioners for the work that they have done to get this proposal to the table, and with that they feel very favorable with what is in the proposal. They feel that it is protecting the county and the community and doing what is necessary to get that campus and facility either back to something that can be developed or make it more productive than it currently is.

Commissioner Krausz: Has heard many positives. One comment when the mention of parceling it out to the college, especially the housing, was if the county does that, they are just turning it over to another government entity, which in turn might have to go to the taxpayers to fix up the houses and their taxes will go up.

Trustee Petersen: The College is an investment, not an expense. For the College to become more robust and better it helps the whole community. It makes him feel bad to hear that people think of the college as an expense because the college is really a wonderful investment to the community. On the other hand, it makes him think if the college were to decide the housing portion of the VA campus is a positive thing for the college to acquire then that reduces the liability of the county for the entire campus and reduced the county's cost too. He would like to ask the commissioners to share the money they get yearly from the VA if the college reduces their liability.

President Klippenstein: If we were to use it for housing, it would be an auxiliary unit, which then the cost for any remodel or renovation would be on the users not the taxpayers. That is what we do with all of our auxiliary units. The Ag Advancement Center and Workforce Readiness Center were done using donated dollars and other non-tax dollars without any type of impact on the taxpayers as well as none of our general student's tuition or general fund. The three community colleges do not receive state funding for any facilities unlike the other university system campus do.

Trustee Okerman: He would echo President Klippenstein's comments. One of the foremost in our minds is not to burden the taxpayers or the students with a project like this.

Commissioner Krausz: They do not want to burden the taxpayers either.

Trustee Okerman: He commends the commissioners for the work they have put into this and thinking of the best for the public when it comes to the use of this building.

Trustee Morford: The commissioner's timeframe for deciding if they were going to sign the letter of intent is Thursday.

Commissioner Strouf: Correct, they asked Mike Chester, out of Utah, for January 18 to let him know what direction they were going with the letter of intent.

Trustee Morford: If you do sign the letter of intent then you have until May to sign the lease.

Commissioner Strouf: At that point, it would be just going back and forth with the documents between the government, Commissioners, and the County Attorney. This process could go through May, however with the government shutdown it could take much longer.

Commissioner Holmlund: During the public meeting, it was brought up that we needed to make sure that the government does not have a way out of the contract.

Trustee Okerman: Through the representative in Utah, the government seems to be bargaining in very good faith.

Commissioner Strouf: He would agree 100 percent. He also added that the lease agreement is completely transferable if an entity wanted to take over what the county took from the federal government, however if the county was to retain ownership and subdivided out a section of it, that section would not be bound by the lease agreement. It would be separated and removed from the lease

agreement and would become a separate transaction between the county and the entity at that time. Once completed the entity would have that ownership in its entirety.

Trustee McFarland: Then the subdivided section would not be bound by the five-year time frame.

Commissioner Strouf: Right, those two would not be intertwined anymore because that portion of the campus was subdivided out. The only thing the lease agreement is going to address is that the VA is no longer responsible for anything associated with that parcel that has been subdivided out.

President Klippenstein: If the county transfers the whole property to another entity that lease agreement is still in place for the three years with the two-year option.

Commissioner Strouf: Correct.

Commissioner Holmlund: If the county takes the property, they can transfer it to another government agency but if they sell it to a private individual, it would have to go to bid. They could not sell it to the college but they could donate it to the college.

Trustee Morford: This is where we have a very unique opportunity being adjacent to the VA campus. We appreciate the willingness of the commissioners to talk to trustees and be open to our thoughts, ideas, and possible needs for the future. It does present a very unique opportunity for us, but we will need more information before we can move forward.

Commissioner Holmlund: It fits in so well with the MCC campus and once it is gone, you may never have another opportunity to acquire it again.

Trustee Morford: The commissioners have always kept their door opened to MCC and I believe they see MCC as an investment. We definitely want to be at the table with the commissioners during this process. Sharing some of the funds may be possible when it comes to providing services.

Trustee Petersen: Do you see any complications or foresee any problems with transferring the property to the college.

Commissioner Krausz: No, we have a good relationship with the college.

Commissioner Strouf: Agrees that the relationship with MCC and the county is a relationship that pays dividends to the community. Does he have any reservations about transferring the property, just from the standpoint that was discussed earlier in regards to tax payer perception and feeling that the county is just taking the responsibility and liability off of our shoulders and onto MCC's but ultimately it will still be on the taxpayers shoulders.

President Klippenstein: Wanted to acknowledge some people in the room for the work they have done and working with MCC. Thanked the commissioners for all they have done and their communications with MCC. Brandon Janshen and Mike Stevenson of Stevenson Design and KLJ who were all very helpful. Joel Larson, Miles City Insurance, for the discussions we have had regarding the property and insurance and flood plain issues.

Commissioner Holmlund: This could be a one-time opportunity.

Trustee Morford: After reading the feasibility study, it referred to the Special Improvement District, is the county responsibility for those if the county takes it over?

Commissioner Strouf: Special improvement districts would be a tool to possibly generate revenue for funding if there was a project that qualified for special improvement districts, but that district would have to be formed. If the county was the owner of it than the county could be the one to form it. The other time you see Special Improvement Districts within the city limits would be primarily for infrastructure needs.

Trustee Morford: Would the county would have to apply the city SIDs?

Commissioner Strouf: Yes, SIDs would be applicable to that property once ownership left from the VA. The property would not be taxed but the SIDs do still kick in. In the past, the county has tried to negotiate with the city.

Trustee Morford: How are the utilities connected between the housing units and the VA campus? If we were to take the property over, what would our responsibility be to paying the utilities if it was still shared with the VA.?

Commissioner Strouf: To truly subdivide the property I would think the utilities would have to have their own dedicated services to each of those units.

Garth Sleight: What kind of rehabilitation would the housing units need to be livable?

Mike Stevenson: It varies, some of the units are not too bad and others are. It really depends on how you configure them.

Trustee McFarland: Are all the units uninhabitable right now?

Mike Stevenson: Yes

Dean Richard DeShields: You discussed people renting spaces in those pieces. If there were some of those units that the owner wanted to rent and they needed to have repairs to make them rentable and if some of these buildings are in the flood plain are the renovations having to be up to the code of the cost of the construction and renovation project? Could the units be renovated to be usable and then later on, if they were parceled out or subdivided, would they fit under the code of the flood plain renovation?

Commissioner Strouf: The flood plain regulations that would govern the remodel of the units would be the city flood plain regulations. There is a threshold that needs to be met before those regulations are enacted. This is all driven from the value of the structure you are starting with and what the cost of the renovation is. If you exceed that threshold then that kicks in a completely different set of regulations that have to be met in order to complete the project. If you stay under the threshold, then you get to basically maintain the same footprint status quo.

Dean Richard DeShields: This may be a city question, but the valuation of the units themselves, is it based on the long-standing unit appraised value or are they raised to current market value?

Commissioner Strouf: The first appraisal that would have to be done is from the Department of Revenue if they were for taxable purposes. The Department of revenue has two different variations; one is income property, which is taxed based on the income it generates; the other is if it is residential property it is based on fair market value. Those two tools may be used.

Dr. Mike Hardy: Curious about the possibility of raising structures on the property if some use of the property required either raising and replacing a structure or raising a structure and leaving space in that place. Is this an option that either the college or county would have and what are the considerations that would go into that?

Commissioner Holmlund: If that property were demolished to rebuild a residential structure, you would have to bring it to flood plain elevation.

Dr. Mike Hardy: If the property was then used for athletic fields, would that come into play or not?

Commissioner Holmlund: No, just if you were building livable structures on it.

Commissioner Strouf: Recreational space can be built in the flood way or flood plain, because if it floods there are no structures effected. Flood proofing is another option for living structures if it applied to this situation.

Commissioner Holmlund: He does not think anyone would get a better use of this property than the college. The commissioners would be happy to work with MCC in any way they can.

Trustee Morlock: Does not see this as a burden. This is an amazing opportunity and thanked the commissioners for including the college.

Commissioner Strouf: As the Board of Trustees move forward with their discussion process, please contact the commissioners with any questions, thoughts, or proposals. The more dialog continues the more opportunities may open for both entities.

Commissioner Holmlund: If for some reason the college decides not to do this, please let us know.

Commissioner Strouf: The commissioners have an obligation too, based on the level of interest, that if they are approached by another possible viable interest, we need to be communicating to MCC also.

President Klippenstein: Do the Trustees want the MCC staff, administration, and faculty to continue to move forward working with the County Commissioners and getting the Trustees information that may be required to look at both the housing units and other parts of the property.

Trustees: Yes

Trustee Morford: We thank everyone for taking their time and coming to speak to us about this project.

Trustee Morford adjourned the meeting at 6:15 p.m.

The next regular Board of Trustee meeting will be held on Monday, January 28, 2019 at 5:30 p.m.

Chair

Secretary