



**Missoula Urban Transportation District
Special Finance Committee Meeting Minutes
August 21, 2025**

APPROVED

COMMITTEE MEMBERS PRESENT

Jason Wiener
Sebastian Strauss, Board Chair
Lisa Sheppard

COMMITTEE MEMBERS ABSENT

OTHER BOARD MEMBERS PRESENT

None

STAFF PRESENT

Jordan Hess, CEO & General Manager
Allison Segal, Finance Manager
Jasmine Blumenbach, Accountant
Colin Woodrow, Director of Capital Projects & IT
Stephane Gariepy, Director of Operations

GUESTS

Courtney Ellis, Dorsey Whitney
Steve Scharff, Baker Tilly Municipal Advisors, LLC

1.0 Call to Order and Roll Call

11:00 a.m. – Strauss called the meeting to order and asked for roll call.

2.0 Public Comment on Items Not on the Agenda – None

3.0 Approval of Minutes and Financial Statements – None

4.0 Reports and Presentations

4.1 Baker Tilly and Dorsey & Whitney Financing Options – Hess explained the municipal financial advisor (Scharff) and bond attorney (Ellis) had conducted a thorough analysis of potential funding paths for the new facility based on the 60% cost estimates presented at the planning committee meeting. Some figures increased but overall, the pricing held steady at a total project cost of \$75 million. The agency will be compelled to hold a mill levy election in the future to address operating expenses and debt service.

Segal said the facility section of the sources and uses changed based on Quality's 60% design cost estimate. Strauss asked if the \$3 million allotted for solar installation would be eliminated if the agency entered into a power purchase agreement. Hess confirmed that the \$3 million debt would not be incurred if a power purchase agreement was put into place..

Segal reviewed how the available and potential funding would be allocated, including the award, reserves and local match revenues. Hess explained that the agency is contemplating setting up a third project representing a debt-funded portion of the new facility to allow for separating the Federal Transportation Administration funded project with its mandated timeline. The separation would allow the agency to maintain the current timeline and seek funding such as a general obligation bond, a Transportation Infrastructure Finance and Innovation Act loan, or alternative long-term horizon debt funding.

Ellis explained that general obligation bonds are favored by investors due to their strong security that allows the district to levy taxes as needed to repay the debt. In contrast, revenue bonds depend on net revenues that can complicate financing if projections show negative revenue. In addition, revenue bonds typically require stricter covenants. Creating a rural special improvement district could finance the shared infrastructure through levying the benefited property. As the agreement stands now, the agency would carry the interest because financing costs are not part of the original structure. A special district is much more flexible but requires the county to be a willing and interested partner. Strauss asked if the shared infrastructure agreement could be revised to reflect the creation of an RSID. Hess responded that the agency would have to renegotiate terms with the landowners. Ellis added that it is a viable option provided the parties are willing. A government issuer is able to issue bonds with a tax exemption dictating a lower interest rate for the agency.

Scharff advised that a general obligation bond is the most secure form of financing. The agency would get a better credit rating that translates into a lower cost of funds. While the GO bond provides unlimited tax authority over twenty years, the drawback is that an election to approve the bond is required. Levying exactly what is needed while providing for a buffer is recommended.

Scharff also discussed revenue bonds as an alternative where a debt service reserve fund would be required. Debt service coverage is a big component of revenue bond payback and requires constant review. The agency would pay a higher rate for a revenue bond and unlimited taxing authority element would not be viable.

Strauss asked for clarification regarding the debt service payback the voters would need to approve. Ellis responded that a GO bond would entail roughly half the overall debt service cost of a revenue bond over time. A revenue bond may result in a lower mill levy over a significantly longer duration.

Ellis said if the agency chose to fund the shared infrastructure piece through InterCap (a federal direct lender), there is no tax rate impact because it would be variable rate at the bottom end of the yield curve. InterCap is more trusting of local governments in Montana to be self-sustaining.

Wiener asked if the agency commits to running a surplus every year, would those funds be applied to operational reserves. Ellis confirmed that once the funds become surplus net revenues, they could be used to fund additional projects. Scharff added that surplus funds could be set up in a semi-annual bond fund.

Scharff explained the third option as a simple special district for the shared infrastructure that provides better debt service for revenue bonds. The bond would not be subject to election because it is not a tax item. He summarized the alternatives for new facility financing through revenue bonds for the building that would be supplemented with a general obligation bond. Under a special improvement district, any amounts paid under the shared infrastructure agreement would be immediately allocated to the pre-paid bonds that would reamortize the debt service.

Ellis explained that a TIFIA loan could be used for paying back GO and revenue bonds on the shared infrastructure segment. The key is focusing the TIFIA loan application for very specific pieces of the new facility project. Timing is paramount in establishing a viable project that the government will fund.

Scharff summarized the options – revenue bonds are the quickest way to prove revenues. GO bonds are the most secure, but they take longer to put in place. Special improvement districts also need to be considered for funding. Strauss stated that the rural special improvement district for the shared infrastructure segment that did not require any election was an attractive option. He also expressed approval for the TIFIA loan but being responsive to the voters was an important element to incurring any debt that required an election. Wiener recommended allocating time for discussing the merits of the different approaches at the September board meeting. He expressed approval for the revenue bond approach because it offers more flexibility. Strauss stressed the need to discuss revenue in general based on the new statute and the pending petitions for removal from the transportation district.

Adjournment

1:18 p.m. – Strauss adjourned the meeting.

Submitted by Darlene Craven, Board Clerk