

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

April 23, 2008

FINAL

A meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held at the MRA Conference Room, 140 W. Pine, Missoula, MT 59802 at 12:00 p.m.. Those in attendance were as follows:

- Board:** Nancy Moe, Daniel Kemmis, Rosalie Cates, Karl Englund
- Staff:** Ellen Buchanan, Chris Behan, Kari Nelson, Tod Gass, Jilayne Lee, Lesley Pugh
- Public:** Rod Huff; Barbara Huff; Brent Campbell, WGM Group; Jim Valeo, Performing Arts Center; Rick Wishcamper, Rocky Mountain Development Group

APPROVAL OF MINUTES

Moe chaired the meeting in Fraser's absence.

March 19, 2008 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS & ANNOUNCEMENTS

Nelson passed out a preliminary brochure for the Silver Park Bench Shelters project.

COMMITTEE REPORTS

Director's Report

Old Sawmill District

Buchanan said environmental testing is still underway and if things go well they could be through 90% of everything by the end of June. She said the project is in limbo until the environmental gets resolved and Millsite Revitalization Project (MRP) is able to make a decision about phasing the project or not.

Downtown Master Plan

Buchanan said Crandall Arambula will be back May 13-15. Stakeholders are scheduled to meet with Crandall Arambula and the public meeting will be on May 14 from 6:30-9:00 p.m.

West Broadway Corridor Vision Plan

Buchanan said this will be going to the Planning Board the first week of May.

First Interstate Bank Project

Buchanan said they are continuing to work on parking at the south end of Higgins Ave. with respect to First Interstate and Macy's. She said they are trying to engage Macy's Corporate in a discussion that will keep them from making any decisions that are detrimental to Downtown until the Master Plan has had an opportunity to run its course further.

Miscellaneous

Buchanan said the Missoula Housing Authority (MHA) was approved for Low Income Tax Credits for 37 units of housing on the Intermountain Lumber site. They are working with investors to see what kind of deal they can get.

Buchanan included a letter from the Carousel in the packets with their annual accounting of the money MRA gave them for maintenance. She said they have roughly \$48,000 left. Buchanan said she got an email from Teresa Cox asking if the Board would consider allowing them to use some of the money as leverage to get a more appropriate entrance into Caras Park, rather than the landscaping that's currently there. Buchanan said the Carousel has talked with the Public Art Committee about doing a series of sculptures that represent the Carousel and Dragon Hollow. Moe said the Board would like to see the project.

ACTION ITEMS

1275 S. 1st St. W Housing Project (Huff) – Request for Approval

Behan said Rod and Barbara Huff previously completed a successful housing project across the street from the proposed project at 1275 S. 1st St. W. He said it will be similar in exterior and interior design to the last project. Behan said the overall project cost is \$1,067,067 which includes the land and construction. The Huffs are requesting MRA assistance of \$55,097 for sidewalk, curb and gutter, sewer, water and power, demolition and site clearance. Behan reviewed the analysis of the project using MRA's established criteria, which is outlined in his memo.

Rod Huff spoke about the project and said they plan on doing domestic hot water heating with solar tubes on the first unit and may incorporate it into the heating of the second unit. Huff said these units will be a little larger than the first ones. Kemmis asked what the units were selling for. Huff replied about \$325,000. Buchanan inquired about the square footage of the units. Huff replied the first ones were about 1,380 sq. ft. and the new ones will be a little over 1,400 sq. ft.

MOTION

ENGLUND: I MOVE APPROVAL OF THE TAX INCREMENT REQUEST IN THE AMOUNT OF \$55,097 FOR SIDEWALK, CURB, DEMOLITION AND SITE CLEARANCE WORK, AND UTILITY EXTENSION AT 1275 S. 1ST ST. W., SUBJECT TO THE CONDITIONS CONTAINED IN THE MEMO FROM CHRIS BEHAN TO THE BOARD DATED APRIL 15, 2008. Cates seconded the motion. 4 ayes, 0 nays. Motion passed unanimously. Fraser absent.

Performing Arts Center/Greater Downtown Master Plan Recommendation – Request for Approval

Buchanan said Crandall Arambula is evaluating the Missoula Performing Arts Center (PAC) as part of the Greater Downtown Master Plan. Buchanan said Crandall Arambula has been

very clear in articulating the value of a PAC to the Downtown and the community as a whole. She said they're looking at whether or not that corner is the best location for the PAC to build and whether or not a PAC is what ought to go on that corner.

Buchanan said the land reservation extensions technically ended last year. Mayor Engen suggested the possibility of building a new police headquarters on the Old Sawmill District and that the owners of the Old Sawmill District, MRP, might have interest in the Riverfront Triangle property owned by the City. She said the Council asked the Mayor to have the Fox Site appraised and the Council hasn't taken any action to date on the PAC land reservation. It has been referred and will probably go to the Administration & Finance Committee in the coming weeks.

Buchanan said the PAC Board made a presentation to the Business Improvement District (BID) Board and asked that the Board recommend to the City Council that they not take any action to terminate this possibility until the Greater Downtown Master Plan planning process has an opportunity to play out. She said the BID went on record to request that the Council not do anything definitive right now. She said the PAC Board has subsequently asked that the MRA Board consider a similar recommendation to the Council. She said the BID will have a good idea of where the Master Plan is headed by August and should have a final copy by November. Staff recommendation is that the MRA Board consider making a recommendation to City Council to not take any definitive action until the Master Planning process has had a chance to run its course. Jim Valeo from the Performing Arts Center said they talked a lot with Crandall Arambula and they seemed supportive of the concept of the economic benefits of a PAC.

Cates asked if the land reservation can be in limbo or if it is considered terminated since the Council didn't act on it. Buchanan said they did not act to terminate or extend the reservation. Behan said another way to look at it is that the PAC group submitted the material they were required to submit under the agreement and no one has judged whether it was complete or not. Buchanan added there were conditions set forth and the PAC met them.

Cates asked what the land was appraised at. Behan said one parcel on the corner was estimated at \$1.95 million and the other parcel was estimated at \$1.36 million, with an aggregate of \$2.7 million. Moe asked if this appraisal was done before the sale of Tire Rama. Behan replied it was conducted during the sale. He said he asked the appraiser, Craig Kosena, about it and he said it probably should be mentioned but that Kosena feels comfortable with the numbers he came up with. Behan said Kosena also took the appraisal to a statewide appraiser's meeting and checked it over with colleagues with the Tire Rama information to confirm his appraisal procedure.

Cates asked how this proposal intertwines with the new police headquarters. Buchanan replied at this point MRA's position is that the two are independent. She said there appears to be a strong sentiment that it should go on the parking lot at City Hall and there is a possibility that can work.

Change tape 1 s1/s2

Kemmis said he wasn't sure the City Council would be influenced by a recommendation. Buchanan said as a major funder of the Downtown Master Plan, MRA has an interest in

seeing as many things stay in play as can and that decisions aren't made prematurely. Brent Campbell from WGM Group said he talked with Crandall Arambula and although it's preliminary they're looking at an opportunity to create a performing/cultural arts ability Downtown.

Cates asked how the PAC was coming along with fundraising and restructuring. Valeo said last week they identified two people who are capable of doing the major gift. He said they continue to work on donors and are getting good support from the private sector for their operating expenses. Valeo said there are five or six people who have agreed to serve on the PAC board that will meet qualifications set forth.

MOTION

KEMMIS: I MOVE THAT THE BOARD FORWARD A RECOMMENDATION TO THE CITY COUNCIL THAT THE COUNCIL ALLOW THE GREATER DOWNTOWN MASTER PLAN TO DEVELOP RECOMMENDATIONS WITH RESPECT TO THE LOCATION OF THE PERFORMING ARTS CENTER BEFORE TAKING ANY ACTION ON EXTENSION OR TERMINATION OF THE RESERVATION OF THE CITY OWNED PROPERTY IN THE RIVERFRONT TRIANGLE FOR THE PROPOSED MISSOULA COMMUNITY PERFORMING ARTS CENTER. Englund seconded the motion. 4 ayes, 0 nays. Fraser absent.

Wilma – Request for TIF Assistance

Tape 2

Kemmis chaired this portion of the meeting because Moe previously declared a conflict of interest in this project.

Behan said this project is something MRA has never tried before in that it's scheduling payments into a District that right now has no tax increment history. He said Staff took the Board's recommendation from the March meeting and put it into a form of how to handle it in an agreement. Behan reviewed the Staff's recommended pledge as outlined in his memo. He said 90% of the incoming increment in any one year would be reimbursed to the Wilma. The other 10% will be used to help fund the MRA administration. Also, Behan said the Wall Street Journal prime will be applied instead of the federal 10 year Treasury Bond rate. The agreement will acknowledge that MRA wants to do a bond in the Front Street URD and will make a subordinate pledge to any bond in the area. Behan said that doesn't mean that the obligation goes away, but for bond purposes it will be better. Finally, Behan said Rick Wishcamper, Rocky Mountain Development Group (RMDG), and the people he represents have agreed that a Historic Preservation façade conservation easement is an acceptable route to go to ensure its future maintenance and historic state.

Wishcamper said he was concerned about the seventh recommended pledge in Behan's memo. He said he didn't want to promise something he may not be able to guarantee delivery of. He said they have completed roughly 60% of the scope of work on the interior of the theatre and he guessed there was \$250,000 worth of work left. He said he didn't want to say they were going to spend another \$250,000 as of the date of the approval on the interior when they may have already spent that money.

Cates asked who's pledging what to whom. Behan replied that RMDG will be spending the money and MRA will be reimbursing them over time. Buchanan replied it's not a whole lot

different than what MRA did with the Equinox project other than the repayment on the Wilma is driven by how much tax increment the project produces. Cates asked if philosophically the project gets all of the tax increment it creates except for administration. Behan said that's a precedent MRA has avoided setting for a long time. He said the concept is there, but on the other hand if MRA wants something to happen in a new district on the front end then it needs to take the opportunity. Discussion ensued. Kemmis said he didn't think MRA was setting a precedent that would be generally applicable and that the only reason MRA is tying this to what this particular building produces is because it's right at the beginning of the District. Englund said the flip side is that the more MRA does it, the more it ends up in this cycle over time. Kemmis said the reason he's been willing to entertain this idea up front was on the principle that investment in the exterior of the building was going to have an overall beneficial effect upon everything, or at least on the immediate surrounding neighborhood.

Englund asked if the Wilma still has a beneficial effect with the new sign. He said he thinks the sign detracts. Kemmis said he thinks the sign does the opposite of enhancing the neighborhood as it now stands. He asked if there was anything that could be done to make the sign more compatible with the neighborhood. Wishcamper replied the reaction to the sign has been very mixed. He said it seems to be quite subjective and said the sign, minus the reader board, is an historic replica of the original sign from 1922 and is as close to the original colors as anyone could put together. Wishcamper said the sign is loud and that it was a vaudeville theatre at that time and vaudeville was loud and gaudy. As far as the reader board, Wishcamper said in all practicalities of running a theatre business, they've heard from many about the value of cultural programming that the theatre allows and he said the realities of the economics of providing those products to the community are very challenging. In order to continue offering the community things they enjoy and benefit from they need to have roughly 70% capacity to break even and the reader board is a tremendously important component of their marketing.

Wishcamper said there are some possibilities of making it more palatable for people who find it aesthetically objectionable. Wishcamper discussed some of the possibilities such as the delay between screen changes, bulb changes, etc. He said he wasn't sure what was possible but RMDG is open to looking into them to address issues. Kemmis wanted to make clear that it was only the reader board portion he objects to. He said the Wilma sign itself is great.

Englund asked if it would be fair to tie the reader board to the use of the theatre. Cates said she thinks it's a done deal and RMDG is working to make it as good as it can be and anything MRA ties now will be a pain for somebody else. Kemmis said he was willing to put a little more pressure on and said the reader board is so garish and so objectionable that he'd at least like to make sure that all alternatives are seriously considered. Kemmis asked what Philip Maechling, Historic Preservation Officer, was looking for with regards to the sign. Behan replied he's looking at the actual letters themselves as they move. He said the blackness of the reader board is what strikes him the most. He wondered if the frame could be changed, painted, etc. to fit closer with the color scheme of the building.

Change tape 2 s1/s2

Wishcamper encouraged people to consider the fact that when they finish the marquee perhaps it won't seem as garish and objectionable when all the different elements come

together (sidewalks, marquee, store front windows, etc.). Kemmis said he didn't want to appear to be negative to the overall project and said what RMDG is doing is very good. He said he would like to have some assurance that there will be some ongoing examination of alternatives to the current configuration of the reader board. Wischamper replied RMDG's philosophy is to always be open to ongoing examination of a new and better way of doing things, although he said he can't make any promises without knowing the technical capabilities of the reader board, options and costs. He said he hopes it's clear that they love the building and are trying to do what's right for it. Englund replied that is clear. He asked for a ballpark of what the reader board cost. Wischamper replied the sign as a whole was just under \$70,000. He was unsure how much of that was the reader board.

Englund said if there was an alternative found then he's interested in having MRA participate in the costs of something that might be better. He also suggested that Staff keep abreast of the situation and let the Board know if there's an opportunity to participate. Kemmis and Cates concurred.

Cates said this did start off with a project and figuring out what an appropriate investment would be, and then it was sized to a term MRA was comfortable with and also allows for administration. She said she wanted something to refer to that, stating clearly how this came about. Also, she said if Staff thinks the term is too short then Staff should work with RMDG to change it.

MOTION

CATES: I MOVE THAT WE DIRECT UP TO \$250,000 IN TAX INCREMENT FINANCING ASSISTANCE TOWARD EXTERIOR RENOVATIONS, REPAIRS AND SIDEWALKS AT THE WILMA BUILDING AND THAT A PLEDGE AGREEMENT BE STRUCTURED AS LAID OUT BY STAFF IN THE MEMO TO US ON APRIL 18, 2008, MODIFYING NUMBER 7 ON PAGE 4 BY ENDING THE SENTENCE WITH "WILMA BUILDING" AND MODIFYING NUMBER 4 BY CHANGING THE "FEDERAL 10 YEAR TREASURY BOND RATE" TO THE "WALL STREET JOURNAL PRIME". Kemmis seconded the motion. 3 ayes, 0 nays. Motion passed unanimously. Moe abstained. Fraser absent.

NON-ACTION ITEMS

Discussion of Riverfront Triangle Urban Renewal Plan

Tape 1/s2

Behan said he put this item on the agenda to let the Board know what he's in the process of doing. He said over a year ago the MRA Board forwarded a recommendation to the City Council to make a finding of blight at the Riverfront Triangle and Council passed a resolution. Recently, Behan said the Mayor suggested moving forward with the plan and perhaps a Request for Proposals (RFP) to start working on the hotel portion since there is a very interested group. Also, this would likely realize the vision of the community and the Board in terms of parking and design along the Riverfront.

Behan said MRA has been asked by the Mayor to start the process for the Riverfront Triangle urban renewal plan and start working on putting together what an RFP might look like for some portion of the land that the City owns. Behan said there are several problems in that area including sidewalks, roads, sewer, water, parking, etc. Buchanan said one of the discussions Staff has had with the PAC folks is the sequence of events and placement of the

buildings. She said they're discussing ideas with respect to how to put out an RFP. Discussion ensued.

Moe asked about the parking situation. Campbell said he was representing St. Patrick Hospital on their campus master planning. He said they're very interested in getting started on redeveloping their property on the Riverfront Triangle. If the master plan gets approved by the boards then they will be proceeding aggressively on the Riverfront Triangle. He said this will include building structured parking on their main campus to replace the existing parking they have at the Riverfront Triangle which will free that area up to be redeveloped. He said the folks that are doing St. Patrick Hospital master planning and Missoula Area Economic Development Corporation (MAEDC) are working on creating a biotechnology research park in Missoula and the Riverfront Triangle might be a good place for that.

STAFF REPORTS

OTHER ITEMS

ADJOURNMENT

Meeting adjourned at 1:45 p.m.

Respectfully Submitted,



Lesley Pugh
Secretary II