

UDPDA Board Meeting

May 1, 2018

Whitworth University, UD Branch



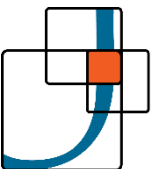
Administration

Thank you Whitworth

Congratulations Kim Pearman-Gillman on being honored as a finalist for the Spokane Citizen Hall of Fame for your work in Economic Development and Business

MOTION - consent agenda

- March 6, 2018 draft UDPDA board meeting minutes
- UDPDA financials as of February 28 and March 31, 2018



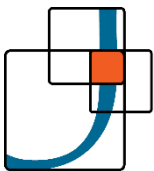
Conflict of Interest

Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- An ownership or investment interest in any entity with which the Authority has a transaction or arrangement; or
- A compensation arrangement with the Authority or with any entity or individual with which the Authority has a transaction or arrangement; or
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Authority is negotiating a transaction or arrangement.

Duty to Disclose. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

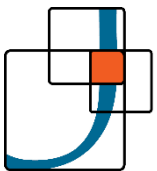
Determining Whether a Conflict of Interest Exists. After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.



Conflict of Interest

Procedures for Addressing the Conflict of Interest.

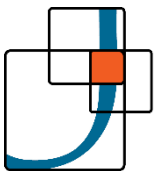
- An Interested Person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- After exercising due diligence, the governing board or committee shall determine whether the Authority can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Authority's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.



UDDA Development Committee Report

Presentation on four committee recommendations

After each recommendation is presented there will be time for discussion and motion(s)

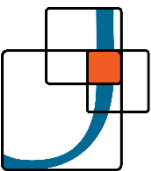


City-Owned Properties and Motion Revision

At the January 9, 2018 UDPDA Board Meeting, the UDPDA Board approved the “MOTION to allow the UDPDA to authorize UDDA CEO Gilberts to begin the process to review City-owned parcels and bring back diligence results to the UDPDA board for further discussion.” The City has requested more specific letter(s) of interest (LOI) to participate in some due diligence discussions. Because the existing motion is insufficient to draft detailed LOI(s), the UDDA Development Committee is asking the UDPDA Board to revise the motion so progress can continue for three City-owned properties of interest to the UDPDA: Grant, Sherman and UW.

MOTION: The UDPDA Board accepts the UDDA Development Committee’s recommendation to revise the original January 9 motion to read:

“MOTION allows the UDPDA Board to authorize the UDDA CEO Gilberts to enter into negotiations and explore all options up to but excluding a full and final commitment on City-owned properties, with counsel from the UDDA Development Committee and Executive Committee.”

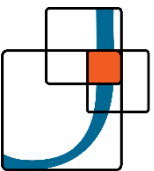


City Investment in Grant, Riverside and Sheridan

The City has approx. \$5M in one-time infrastructure funds available for the three local PDAs and proposes to use \$900K of that in the southern part of the UD (Grant, Riverside and Sheridan Streets) for infrastructure improvements (storm water, sewer, etc.) to spur private investment. The infrastructure spending would be consistent with the UDDA-led Maul Foster plan recommendations and the City's 2015 Memorandum of Understanding "University District Gateway Bridge South Landing Catalyst Development," which was signed by all affected property owners.

No PDA funds are needed.

MOTION: The UDPDA Board accepts the UDDA Development Committee's recommendation to strongly support the City's \$900K investment in Grant, Riverside and Sheridan Streets for infrastructure improvements.

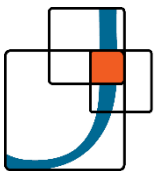


Reducing Barriers to Development

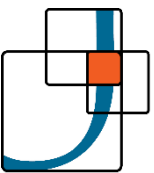
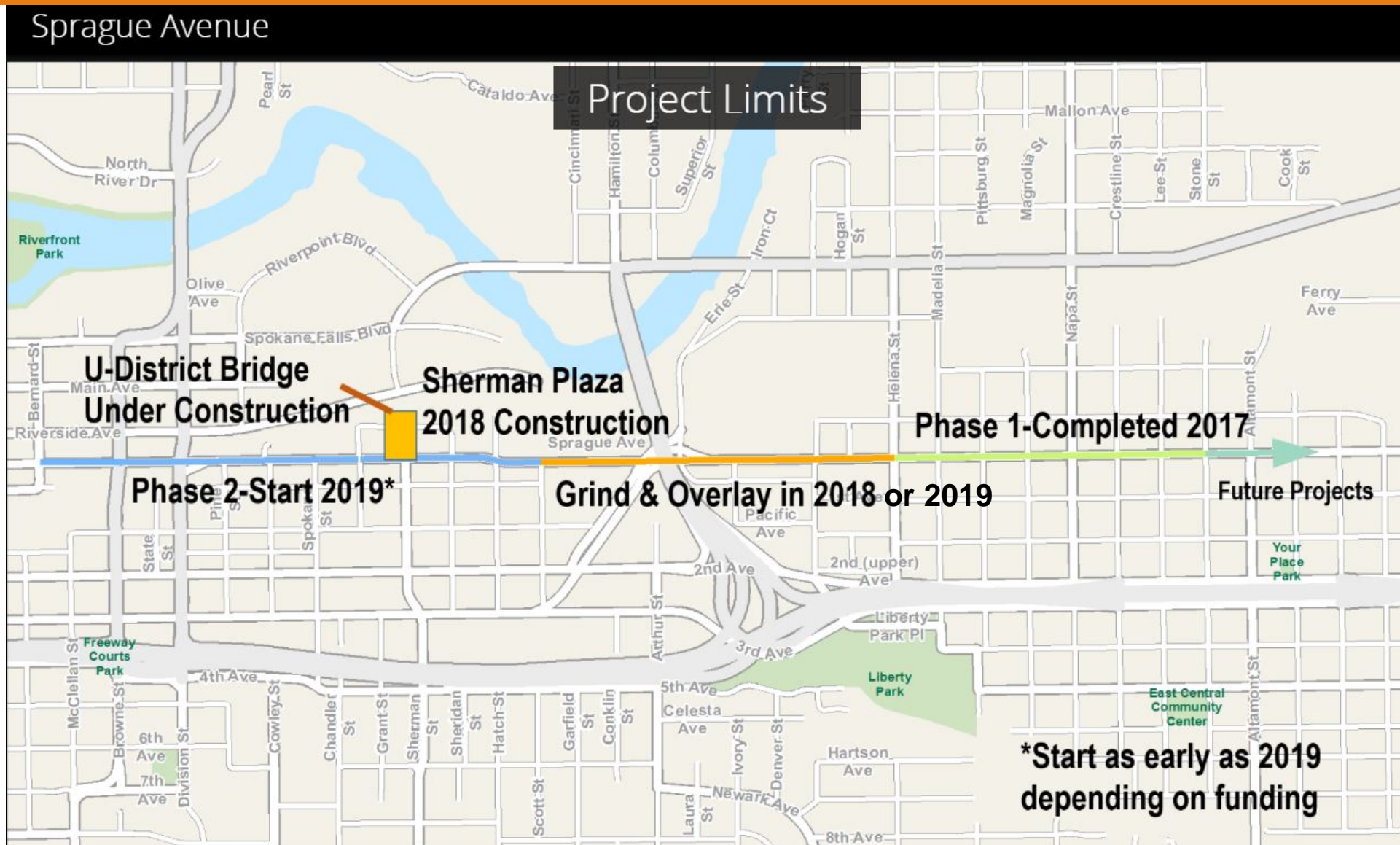
One of the Board's strategic objectives is to identify barriers that prevent development within the UD; especially along critical corridors (Hamilton, Sprague, Main). To confirm and operationalize the recommendations set forth in the Miller Hull, Maul Foster and 2004 UD Strategic Master Plan, the UDDA needs to develop implementation strategies related to likely development scenarios, infrastructure and land use. Additional resources are necessary to identify and advance the most effective strategies in a speedy manner given timelines of municipal and private projects within the UDRA. While the Sprague Ave corridor is the most time sensitive, the development needs along Hamilton and Main are critical to the District's long-term health.

MOTION: The UDPDA Board accepts the UDDA Development Committee's recommendation to request supplementary funding from the City of Spokane in the amount \$83,333 to support an update to the University District Master Plan, to coincide with the opening of the UD Gateway Bridge and the launch of south UD Sub-Area Planning efforts; and

The UDPDA Board authorizes the UDDA CEO Gilberts to negotiate a MOU and/or other contractual agreements for the use of said funds.



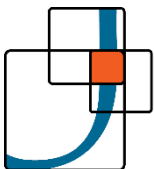
Sprague Avenue Phase 2



Sprague Phase 2 – Two Options

Option A “Current City Schedule” – With grant funds likely not available for several years, the City will spend \$550K for a 3-5-year resurfacing for Bernard to Scott, complete 2018. Phase 2 would be completed 2023 or after with connection to Phase 1 likely several years after.

Option B “Accelerated Schedule” (Recommended by UDDA Development Committee) – A complete Sprague Phase 2 rebuild and connection with Phase 1 could be complete in 2019 with \$4.55M in City funding and up to \$4M in PDA funding.

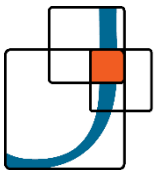


Sprague Phase 2 – Option A (No Action)

Option A “Current City Schedule” – With grant funds likely not available for several years, the City will spend \$550K for a 3-5-year resurfacing for Bernard to Scott, complete 2018.

Pros

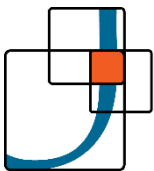
- Temporary ‘grind overlay’ complete this year (2018).
- Sprague would be safer and more attractive than it is now for cars, pedestrians and bikes
- PDA funds would be free for other investments
- By waiting, developers might share more costs
- By waiting, there would be more time to plan and “future-proof” the infrastructure.



Sprague Phase 2 – Option A (No Action)

Option A “Current City Schedule” - Cons

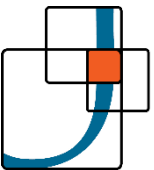
- Sprague remains unsafe for parked cars, pedestrians and bikes
- Thousands more people and cars will be in the area for the full rebuild
- Existing business and new developments will be interrupted by two construction seasons vs one
- Lack of placemaking elements (walkable sidewalks, lighting, plants, etc.) may discourage some near term development
- Funds used as a “band aid” vs long-term fix
- Phase 3 (Scott to Helena gap), which connects East Sprague Union to the UD is uncertain
- Redevelopment of Sherman, Main and Hamilton would not be considered for until at least Sprague Phase 2 was complete.



Sprague Phase 2 – Option B (UDRA Funds)

Option B “Accelerated Schedule” (Recommended by UDDA Development Committee) – A complete Sprague Phase 2 rebuild and connection with Phase 1 could be complete in 2019 with \$4.55M in City funding and up to \$4M in PDA funding.

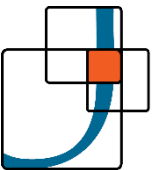
- UDRA funds must only be used for authorized expenditures
- Projects must be properly vetted
- Projects must meet or exceed project evaluation criteria



Sprague Phase 2 – Option B (UDRA Funds)

UDRA

Reminder





UDRA Authorized Expenditures Include:

The construction and maintenance of publicly-owned:

- Streets, roads, bridges and rail facilities...
- City water and sewer systems
- Park and ride facilities
- Park facilities
- Storm water and drainage management systems
- Environmental analysis, professional management, planning, and promotion within the Revitalization Area, (e.g., way-finding signage, marketing, banners)
- Maintenance and security for common or public areas
- Historic preservation activities

(Ordinance C34470)





Development Committee: 8 Charters

Storm water
management study

Sprague water and
sewer upgrade and
infrastructure

Sprague and
Sherman
streetscape
improvements

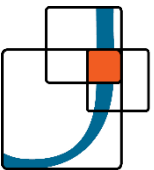
South UD BID
feasibility and
formation

Parking
management
implementation
plan

Wayfinding

Bridge landing
site

Spokane River
access and
habitat
improvement
plan



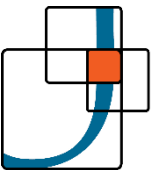
Board approved UDRA-Eligible Projects Eval Criteria

Primary Criteria:

- Investments must meet all relevant city ordinances and state standards regarding Tax Increment Financing (TIF) investments.
- To maximize revitalization and continued UDRA/PDA investments, projects must be rated as 'Highly Recommend' in at least three (3) of the five (5) criteria including at least one (1) ROI criteria.
- ROI calculations will be based on start of occupancy and proof of performance.
- ROI - PDA: project produces rent, fees or other revenue to the UDPDA to fund future projects.
- ROI - UDRA: project directly or indirectly increases taxable property values or sales tax within the UDRA.

Secondary Criteria: Used when a project may not yet demonstrate its full potential under the primary criteria.

- Enhances an established/expected development but would not change the likelihood of the development itself.
- Catalyzes redevelopment that would take more than 10 years to initiate or fully realize.
- Supports one of the 19 core planning principles that otherwise would be left unaddressed by private or municipal developments.

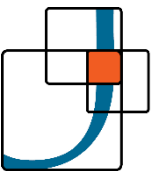


Option B - Ratings Summary

The UDDA Development Committee evaluated and rated Option B as follows:

ROI PDA (Not Recommended-NR) – A concurrently formed BID might create some revenue, however, there is no significant or direct ROI for the PDA with this project.

ROI UDRA (Highly Recommended-HR) – While this rating requires several key assumptions, it seems likely that the construction sales tax, increased property taxes and retail sales tax of new developments next to the bridge's south landing would be enough to recommend this project. Additionally, the reduced interruption to business along Sprague and the very realistic additional development and retail growth that will occur because of a timely redevelopment (as illustrated along Sprague Phase 1), reliably bumps this rating to 'HR'. While there is an opportunity cost to using these funds for this project, there is currently no qualifying project for which UDRA funds can be used that would produce as strong of an ROI.

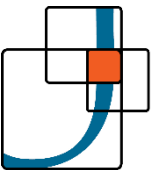


Option B - Ratings Summary - ROI

UDPDA commitment <u>up to</u> :	\$4,000,000*
Less additional support from City:	<u>(\$600,000)**</u>
Net Investment from PDA:	\$3,400,000
Increased taxes that must be generated during 2020-2022 to reach a 200% ROI	\$6,800,000

*Savings on the project can reduce this or the full amount could be used to improve ROI/place

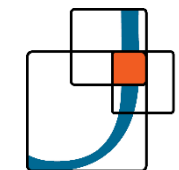
**Support may arise from the sale of City owned property. All possible grants, contributions and ongoing revenue opportunities will be explored with the City.





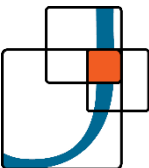
Option B - Ratings Summary – ROI – 2020-22

Conservative Estimate	Local Tax Revenue
Construction sales tax for new construction – one \$60M building	\$ 475,200
Sales tax from additional renovations - \$8M	\$ 63,360
Additional sales tax without interruptions - \$1.5M	\$ 14,850
Additional sales tax from new activity – three biz @ \$1.25M/yr	\$ 111,375
Increased property tax on constructed and improved properties	\$ 2,331,840
Total	\$ 2,996,625



Option B - Ratings Summary – ROI – 2020-22

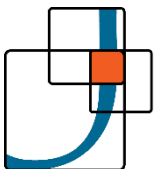
Moderate Estimate	Local Tax Revenue
Construction sales tax for new construction – three \$60M buildings	\$ 1,425,600
Sales tax from additional renovations - \$12M	\$ 95,040
Additional sales tax without interruptions - \$3M	\$ 29,700
Additional sales tax from new activity – five biz @ \$1.25M/yr	\$ 185,625
Increased property tax on constructed and improved properties	\$ 6,495,840
Total	\$ 8,231,805



Option B - Ratings Summary (continued)

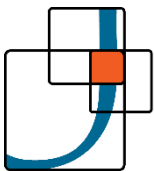
Timeliness/Leverage (HR) - Certainty of completion in 2019 is critical to accommodate thousands of new cars/peds/bikes that will result from Catalyst and other development. Current City leadership can help ensure successful completion and on terms that promote the UDPDA and its constituents' interests. This investment would free up City resources to focus on Sherman and Hamilton projects sooner. A Sprague finished in 2019 creates and supports momentum that could potentially erode or evaporate if left to the current schedule.

"But for the PDA" (HR) - The City's limited resources and numerous competing infrastructure projects (Riverside, etc.) make it impossible for them to rebuild Sprague in this timeframe and no private developer can address this level of street improvements. Only the PDA has the assets and vision to make this happen in a timely fashion.



Option B - Ratings Summary (continued)

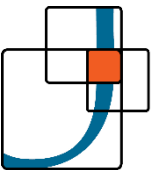
Placemaking (HR) – Without having Sprague physically and aesthetically done before major development occurs, it is unlikely a unified look and feel will be possible. The UD is uniquely positioned to choreograph aesthetics, wayfinding, safety, programming, etc. even in the absence of a BID. A finished Sprague creates momentum and is an enticement for future development and, without the PDA's action, a continuous and fully revitalized Sprague would not be possible for up to a decade given the lack of a plan for Phase 3.



Option B “Cons”

Option B “Accelerated Schedule” Cons

- Commits \$4M of the UDRA’s projected \$11M funds without producing an immediate and direct ROI for the PDA.
- By accelerating development, it is virtually impossible to leverage as many infrastructure grants as would be possible in several years.
- With not as much time to “future-proof” the infrastructure and with a cut-in moratorium, it could negatively impact certain development if plans are meaningfully different than reality.
- The City may choose not to accelerate other infrastructure projects of interest to the PDA such as Sherman and Hamilton.



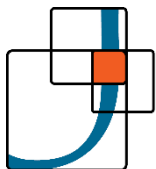
Sprague Phase 2 – Motion Selections

Option A “Current City Sched”:

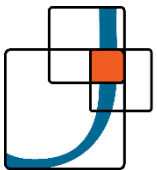
- The UDPDA Board requests the City fund the 3-5-year resurface the Phase 2 portion of Sprague Ave to maintain safety and aesthetics.

Option B “Accelerated Sched”:

- The UDPDA Board accepts the UDDA Development Committee’s recommendation and approves the use of up to \$4M of UDRA revenue to provide partial funding for the full reconstruction of Sprague Avenue Phase 2 (Bernard to Scott Street) in 2019; and
- The UDPDA Board requests that the City use future UDRA revenue to finance the UDRA contribution, while working to identify assets, proceeds, and/or revenues to reduce or refund the UDPDA’s significant investment; and
- The UDPDA Board strongly supports the City’s investment in the Sprague Avenue “gap” grind and overlay (\$550K) between Scott and Helena Streets; and
- The UDPDA Board authorizes the UDDA’s staff and committees to explore and negotiate all terms up to the \$4M limit to implement the UDPDA’s wishes.



Adjourn into UDDA Meeting



UDDA Board Meeting

May 1, 2018

Whitworth University, UD Branch

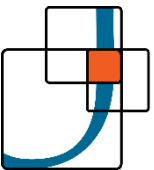


Administration

Congratulations Kim Zentz, Urbanova
and the Spokane team for winning
IDC's Smart City – Sustainable Infrastructure Award

MOTION - consent agenda

- March 6, 2018 draft UDDA board meeting minutes
- UDDA financials as of February 28 and March 31, 2018



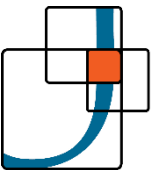
CEO Update

Written Update

Legislative Agenda and Priorities

Rebranding

Board Orientation Document



CEO Update

UNIVERSITY DISTRICT DEVELOPMENT ASSOCIATION (UDDA)

UNIVERSITY DISTRICT PUBLIC DEVELOPMENT AUTHORITY (UDPDA)

BYLAWS HIGHLIGHTS

Membership composition

24 directors; 23 voting (excludes legal counsel)
9 perpetually appointed, ex-officio members (Mayor, member of City Council, highest ranking local rep from six higher ed institutions and state designated Associate Development Organization for Spokane). City Council may appoint or remove its rep on annual basis (Council President has suggested this be updated to appoint the Council President). Ex-officio proxies allowed with board chair approval, serve for 11 months unless otherwise stated in writing.

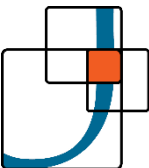
New directors may serve two consecutive three-year terms. Each director shall hold office for the term for which the director is elected or appointed and until the director's successor shall have been selected and qualified. The fulfillment of an unexpired term shall not prejudice any director from subsequently fulfilling up to two, three-year terms on the board.

Quorum of voting members = 12
Simple majority of voting members present = 7+
2/3 of voting board = 15+

24 directors; 22 voting (excludes legal counsel and Mayor)
9 perpetually appointed, ex-officio members (Mayor, member of City Council, highest ranking local rep from six higher ed institutions and state designated Associate Development Organization for Spokane). City Council may appoint or remove its rep on annual basis. Ex-officio proxies allowed with board chair approval, serve for 11 months unless otherwise stated in writing.

New directors may serve two consecutive three-year terms. Each director shall hold office for the term for which the director is elected or appointed and until the director's successor shall have been selected and qualified. The fulfillment of an unexpired term shall not prejudice any director from subsequently fulfilling up to two, three-year terms on the board.

Quorum of voting members = 12
Simple majority of voting members present = 7+
2/3 of voting board = 15+



CEO Update

UNIVERSITY DISTRICT DEVELOPMENT ASSOCIATION (UDDA)

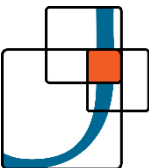
UNIVERSITY DISTRICT PUBLIC DEVELOPMENT AUTHORITY (UDPDA)

HR, RISK MANAGEMENT

HR/Staffing	Two FTEs; City has provided hiring support	Currently a non-employing entity
Risk Management: Insurance policies	<p>Directors and Officers - \$2M coverage limit</p> <p>Employment Practices Liability - \$2M coverage limit</p> <p>Sublimit for FLSA defense - \$150K; defense costs outside limits of liability; includes third party claims for discrimination</p> <p>Commercial Package (office contents and general liability)</p> <p>Office contents \$10K</p> <p>General liability occurrence \$2M; aggregate \$4M (inclusive of slip and fall, personal injury or bodily injury, libel and slander)</p> <p>Non owned and hired auto liability \$1M</p> <p>Professional Liability occurrence \$2M; aggregate \$4M (exclusion intentional breach of contract and services as attorney, architect, engineer, accountant, real estate or investment manager, physician, vet)</p> <p>N/A</p>	<p>Directors and Officers - \$1M coverage limit</p> <p>Employment Practices Liability - \$1M coverage limit</p> <p>Sublimit for FLSA defense - \$150K; defense costs within limits of liability; includes third party claims except discrimination claims, excludes economic and trade sanction claims</p> <p>N/A</p> <p>Public Official Bond for UDPDA treasurer \$50K</p>

Coverage by policy type is provided by the same provider across both organizations to prevent any gaps or delays in claims.

NOTE: COVERAGE WILL NEED TO BE REVIEWED SHOULD EITHER ENTITY ACQUIRE SIGNIFICANT ASSETS, PROPERTIES, ETC.



CEO Update

UNIVERSITY DISTRICT DEVELOPMENT ASSOCIATION (UDDA)

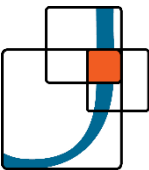
UNIVERSITY DISTRICT PUBLIC DEVELOPMENT AUTHORITY (UDPDA)

TIMELINE

Milestones (list to be added to)

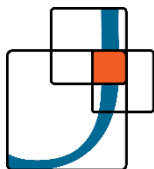
- April 1999 - Downtown Spokane Ventures Association established per Articles of Incorporation
- Sept 1999 - 501c3 status
- Nov 2004 - University District Strategic Master Plan prepared by City of Spokane Office of Economic Development
- 2009 - UDDA founding board assembled and regular meetings begin
- Oct 2013 - UD month and magazine published
- Oct 2014 - UD month and magazine published, Maul Foster visioning
- July 2015 - new Executive Director Mark Mansfield hired
- Oct 2015 - UD month and magazine published
- Dec 2015 - Spokane gets Envision America award; UD partners start MOU
- January 2016 - Administrator hired
- June 2016 - Miller Hull visioning work; Spokane UD Smart City Initiative and Platform MOU signed by UD partners
- Aug 2016 - name change to University District Development Association
- Oct 2016 - new UD website launched, UD month and magazine published
- Nov 2016 - Office moves from DSP to Ignite NW Building
- Dec 2016 - US Bank account opened, Wheatland Bank account closed
- April 2017 - new CEO Lars Gilberts hired
- Oct 2017 - UD month and magazine published, Dave and Mari Clack receive University District Impact Award, MultiCare Bridge to Brunch Fun Run

- April 2009 - LRF legislation approved per 2SSB 5045; codified as RCW Chapter 39.104
- Aug 2009 - Spokane City Council creates Spokane UDRA (Ordinance C34470); City submits application to DOR
- Sept 2009 - DOR approves Spokane UDRA application awarding \$250K for 25 years
- May 2011 - Council implements state sales tax credit for #250K annual project award, issues general obligation bonds (\$3.9M) and approves contract dor Division St Gateway (Res 2011-0036)
- Nov 2012 - Council creates UDPDA (Ordinance C34933)
- April 2013 - City and UDPDA enter into MOU re process and framework for UDRA projects leading to future Interlocal Agreement (OPR 2013-0215)
- Mar 2014 - UDDA/UDPDA board identifies Bike/Ped Bridge as top infrastructure priority; recommends remaining bond funds (~\$3.2M) for project.
- Aug 2014 - Council approves Burgans' Block reimbursement agreement (\$250K)
- Dec 2015 - Council approves Interlocal Agreement with PDA re UDRA funds (OPR 2015-1056)
- April 2016 - Council approves PDA Asset Transfer Policy (Res 2016-0037)
- May 2016 - EIN assigned
- March 2017 - University District Gateway Bridge construction begins
- June 2017 - Council approves Amendment No 1 to Interlocal Agreement including UDPDA's "UDRA Business Plan" (process for approval of funding UDRA projects and funding administrative expenses)
- 2033 (?) UDRA TIF concludes



CEO Update

Term/Jargon	Definition
BID	Business Improvement District
BNSF	Burlington Northern Santa Fe Railroad, headquartered in Fort Worth TX
Brownfields	Former industrial or commercial site where future use is affected by real or perceived environmental contamination.
CARE Fund	Andy Hill Cancer Research Endowment (CARE) Fund, Washington's new commitment to sustained investment in cancer research, prevention, and care, with the aim of reducing long-term health costs, saving lives, and relieving pain and suffering. Administrative offices in Spokane.
Catalyst Project	Partnership between Avista Development and South Landing Building A LLC to construct a five-story, 150K-sq ft structure at South Landing of UD Gateway Bridge. EWU and Katerra will be major tenants. The structure will be fabricated with cross laminate timber (CLT) a super-strong wood product manufactured by Katerra at their Spokane Valley manufacturing facility.
CCL	Central City Line
CDBG	Community Development Block Grant
CLT	Cross laminate timber
CoMotionLabs	UW regional entrepreneur networking, education and mentoring program: CoMotionLabs @ Spokane connects the region's vibrant startup community more fully with western Washington's and focuses on manufacturing, healthcare, agriculture and robotics.
CoS	City of Spokane
Craft3	Non profit providing non traditional financing for sustainable, innovative, catalytic, community-based development projects with the goal to strengthen businesses, families and the environment throughout Oregon and Washington.
DC	Development Committee
DOR	Department of Revenue
DSP	Downtown Spokane Partnership
DVSA	Downtown Spokane Ventures Association - original organization name; used for legal docs and IRS filing; later changed to University District Development Association



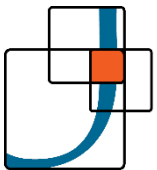
Strategic Updates

2018 Strategic Objectives:

Activate private development across the UD and remove barriers to development (Development Committee)

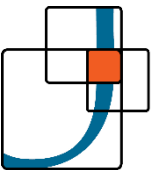
Draw increased investment through coordinated marketing (Marketing & Engagement Work Group; Outreach Work Group)

Develop diversified funding plan for sustainability (Sustainable Funding Work Group)



Gonzaga Presentation

Mary Joan Hahn



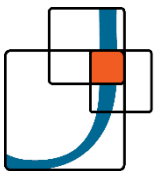
Wrapping Up

Around the room updates

Next board meeting: June 5 at Providence

Adjourn

WSU Virtual Clinic Center tour – main lobby floor



Back Pocket

