

**WHITTIER ALLIANCE – Business Association
MEETING MINUTES**

July 11, 2007 – 4:00PM-5:30PM
Creation Audio – 2543 Nicollet Ave

Present Denise Arambdjis, Dave Boedeker, Andrew Church, Erica Christ (Chair), Jeannine Duda, Huey Fung, Nicole Gruber, Elizabeth Grzechowiak, Christina Le, Lucia Newell, Pam Nordaune, Lisa Vecoli, Cheryl Arkin Samuelson, Steven Wiese

Speakers Michael Krause & Craig Wilson (Kandiyohi Development Partners) / Joe Krumpelmann (BKV Architects) / Huey Fung (Proprietor)

Staff Marian Biehn, Eric James

Call to Order at 4:07 by Chair Erica Christ. The Conflict of Interest & Standard of Conduct policies were noted. The proposer for the Lyn-Lake Artist Loft development withdrew his intention to present to the BA meeting.

Motion to approve the agenda as amended **carried**. A **motion** to approve the June 13, 2007 minutes **carried**.

Spotlight on Business – Creation Audio – Steve Wiese

Creation Audio is a professional full-service recording studio. Steve focuses on production only. The building was built as an old movie theater in 1915. It then changed into the Gerig Theatre and then the LaSalle Theatre in 1949. The history between 1949 and 1954 is shadowy. In 1954 Bruce Wideen turned the building into a recording studio and has been active ever since. Wideen went on to become a famous sound engineer including recording hits for Michael Jackson. Steve purchased the building from Bruce in 1986 and has seen the neighborhood change. Lucia Newell, his wife, and he are excited about the new developments coming into Whittier. Creation has recorded several gold platinum albums including Paula Abdul who recorded her first album here. Other notables include Janet Jackson's first big record and the Steve Miller Band.

Steve said the state of local music scene has leveled off activity. The mid to late 80s was the Minneapolis "sound" with Prince's reign, Jimmy Jam and Terry Lewis. Then in the 90s it leveled off and Seattle became big and other Midwestern bands came through. The internet also really changed the industry. However in terms of overall music scene strength, it's as strong here as anywhere because the internet is available for everyone. Today MySpace and YouTube dominate the landscape and Hip Hop now has a big following. Creation has recently been producing very prominent jazz artists. Steve noted the industry is still strong, just diluted in that everyone can produce their own album. Artists as a result really need to focus on music talent because most have no celebrity status. Steve recently found out a record they recorded won French Jazz Record of the Year (third win in France, previously in 1998 and 2001). The cover of the winning album was taken here in Whittier.

Creation's facilities and amenities are high quality. If you look at other studio not in a basement, Creation is a competitive studio. Unfortunately, today, people with a microphone and a laptop can make their own album. The sound production can be fairly equivalent to anything done here with a little expertise. Some of the modern recordings aren't sonically great but it doesn't matter how great it sounds unless someone likes the sound.

Steve leases out to a drummer composer upstairs and other artists. His wife Lucia is a voice talent and jazz singer (one of the best in the city). She does occasional voiceover and advertising. However, since Steve came back from touring with Steve Miller he has focused on producing artists instead of advertising. Creation doesn't manufacture or replicate CDs, Steve refers artists to places such as Noiseland Industries, Precision Tapes, and Copycats. His recording rates are fairly premium.

2528-2550 Nicollet Avenue – Michael Krause & Craig Wilson (Kandiyohi Development Group) / Joe Krumpelmann (BKV Architects) / Huey Fung

Michael Krause of Kandiyohi reintroduced the project. The proposal design has kept an eye on the Pedestrian Overlay and zoning changes to C3A activity center (ie: Uptown). The zoning allows a hotel which will be produced by ACE Hotel Group. ACE's Portland project was featured in the New York Times as the most unique hotel project. It is attracting an interesting mix of people into that neighborhood of Portland.

The proposal includes: reusing the AZIA building and the Icehouse, three levels of underground parking so all cars associated with land uses will have parking. The hotel is required to have 1 stall to every 3 rooms. Currently, 39 spaces are approved for AZIA however the City is revising the parking rules since AZIA requires 108 parking spaces without a variance. Denise noted beer, wine and alcohol increases parking requirements.

Planned retail includes 19,000 of new retail with a requirement of 47 spaces. 19 spaces are allocated to smaller office space upstairs of the north building. There is also shared parking of 14 spaces because of mixed uses. The event center triggers the largest amount of parking at 132 spaces.

The revised project reduced additional square footage in the event center (Icehouse) and the project now meets parking requirements. There is still research in terms of what is required and what is grandfathered but so far no parking variances will be necessary. Apparently almost every project along major corridors have needed parking variances.

Michael noted he was on the Planning Commission for five years which ended last summer, and many projects that came through did not have sufficient parking. The current proposal is asking for several variances from the City and the group is asking for approval by the BA. The proposed buildings are within height and parking requirements and design standards.

- 1) Conditional use permit of a shopping center because some entrances of the stores are accessed from within the courtyard area instead of the street.
- 2) Setback variance from 11 feet to 0 feet on the west alleyway side. This will accommodate parking entrances and loft additions on the second story. The circulation of air and light will be
- 3) 682 feet of required green space. The project meets about 10,000 green space. Asking the City to do the green space on the building instead of traditionally. This is an alternative compliance request.
- 4) Overall site plan review

Joe Krumpelmann of BKV Architects talked about the site plan. The center courtyard will be a type of nice brick or cobblestone opening onto retail spaces. There is a large skylight over the entrances from Nicollet in case of weather. The space is being planned for a function such as a farmers' market and will allow visitors to circulate to the Icehouse. The current Anemoni site becomes the hotel entrance with an elevator. The group reported that Tacos Morelos is indeed on sale and AZIA has expressed interest in moving into that site.

A mezzanine level would be inserted into the IceHouse. The second level of the north building has office. An exterior stair comes up from the courtyard to a balcony space overlooking the courtyard. A small bridge will bring people over to the lounge green space to the south. Existing AZIA second story units are being renovated to be the hotel. They are exploring unit configuration options at the southwest corner of the second story. The center green space could be for weddings and events. The space adds a beautiful amenity to the project.

The third and fourth floors of north building are also hotel. The Nicollet east façade of these upper floors have a "blade" pattern which promotes interesting sunlight patterns. The group noted they are trying to make hotel rooms that aren't a box with a window but with interesting and dynamic light qualities. Windows and panels will diffuse and change with seasonal sunlight.

Craig talked about sustainability. Kandiyohi is committed to production of renewable and sustainable development. The proposed building configuration captures solar energy. Vegetation and natural elements are being used to cool down the building in the summer and being deciduous plants, losing their leaves, will allow the sun to heat up the building in the winter. They may ask for sustainable design certification.

Michael noted they are targeting a mix of retail which includes European and Asia clients. They hope to bring an eclectic mix of clothing, music, and service stores that aren't as present on Nicollet Avenue or within the Twin Cities market. Additional restaurant space is also being proposed but the interior will not become a food court.

The Chair noted many members have seen the project several times and the developer has made some changes to the project since then. She inquired if the BA members were clear on the approvals KDP is requesting. The Chair inquired on street landscaping. The developer will have to pay for Public Works to install trees. Green vegetation along the roof and upper floor setbacks may stick out for public presence. The retail may also be staggered for green space. According to the Pedestrian Overlay (PO) everything needs to be brought up to the sidewalk or have an 8 feet setback. The City is requiring 682 square feet of green space. Michael noted the requirement is meant to create a pedestrian-friendly environment so people don't just walk down concrete. A member asked if the space will mostly benefit the tenants and not the public. Craig brought up the example of 50th and France private green space inviting tenant and pedestrian traffic. Michael reiterated there is no gate, guard or fee. There is no policing however for example for panhandling situations the property management may ask people to leave and it does not require a police officer to be called in.

Steve asked about the existing businesses. Craig deferred to Huey. Huey said AZIA will continue operating at night time but their lunch time may close for the construction. Craig said they are negotiating the scheduling process at this time. Steve asked whether construction staging was all on-site. He pointed out a previous situation in which Masters developing Artist Quarter Lofts (AQL) stated to the Planning Commission that they were staging construction down the block but actually that did not occur and the street was taken up. Michael said there is space available at the Butler Drug rear parking lot and other nearby lots. He noted there will be some disruption during the construction process. Steve voiced concern about disruption to businesses not located on the project but ultimately affected. He pointed out the AQL project driving pilings, which was horrible for his sound production business. The Chair noted dishes broke at Black Forest Inn. Craig said the development group was not aware of these issues just yet. Steve asked that it be addressed prior to construction starting. The development group said they have not hired a general contractor yet and will be reviewing candidates for qualifications of working with the community. They will raise these issues with the contractor. Joe agreed it is a conversation to be had with the contractor. Michael said the construction will already have to be careful of older buildings surrounding the site and they may need to do drilling or alternate methods of piling. The anticipated start is the spring of 2008 after the thaw. However, no general contractor is acquired yet and the exact timing is being determined. The construction time is approximately 14 months from start to finish. Michael noted half of the period is mostly interior work and detail and landscaping. High intensity periods are during the summer.

The Chair asked about the Icehouse. The group spoke with a structural engineering and may have to do the drilling approach in some areas. Michael noted the Icehouse was built like a fortress with big heavy thick walls.

Marian inquired on the north end hallway being 10 feet wide. She asked whether the north building could be moved north to make the main entrance and center courtyard larger. The group said the hotel setback of that building has to be far back from the north property line, which may be a problem. Craig said ACE follows a European style with a small narrow entrance to an open courtyard and even requested a narrower entrance. There is an idea of separation from the street to the interior. The group will be saving the Madonna and Cedar Lake Icehouse murals. Joe said as much artifact of the building will be kept.

Liz, noting her distinction as a Whittier business and a tenant in the project, said it was a very clever presentation. She read a quote of hers from last time and added the project is stunning, great and follows an environmental focus as well as the PO. The project has many beautiful components. She applauded Steve for asking about what is happening to the tenants since the BA does not know. Liz noted she had asked for the group to bring a statement on behalf of the current lease holders of Hueys at the previous meeting in order to decipher what is appropriate for all these businesses. She said they are unique and define what makes Whittier the international neighborhood. She suggested they may not be able to retain the price points of their current lease space. A member pointed out AQL's/Master's lease space which sat empty for a long time because nobody could afford the space. Craig noted that the two tenants currently in AQL are Whittier businesses (Bad Waitress, Jasmine 26).

The developer said they don't know the price points or accommodations yet but we are planning high and low retail tenants in this development and ACE accommodates this range as well. There will be a period of difficulty and transition but the outcome will be exceptional. The Chair asked who will set the price levels. Kandiyohi with ACE will set the price points. ACE wishes to work on the retail itself. The hotel group is also concerned about the overall management. ACE would likely be the property manager dealing with snow removal, etc. They may create a special services district kind of like being in a mall.

Denise addressed as a business & land owner about price points. She said she can see where all the improvements cost money. Taxes have gone up for property owners including fuel and land tax. With the prices being charged by the government, owners want to keep tenants but have to be able to pay bills. Michael said the lease rates will go up with new space because of costs. However, he said the idea is for the level of business activity such as day and night time employment to generate additional business and traffic. It's an investment in structure and the cost may go up but business activity should increase to afford the investment.

Liz noted concern about voting on a site plan while it is still unclear about the lease holders. The BA is essentially putting forth a site plan that shuts down AZIA. The developers are asking the BA to approve a plan that isn't complete. The owner of AZIA, Thom Pham, had discussed revamping interior space and closing during the day but not during the night. Craig said he will work with the businesses. Michael said there is a

structured formal negotiation entering with AZIA to resolve these issues. There isn't any way to do the project without disruption. Craig said in the end he wants a win-win situation where AZIA survives in the end. Thom may also be asked to cater the hotel and event spaces. The ACE Portland hotel developed their own restaurant but have been asked not to do so and instead integrate AZIA into the project.

Steve asked about the staging again and street space. He noted the City has over-granted parking in this area, everybody has gotten a variance of parking. During construction where is the contingency for other business' clientele. Michael said the parking spaces will be available to the public in the new development. They do not know how much parking will be lost other than the specific parking next to AZIA. There will be staging in the summer months but that will be something the group will have to address with the contractor. Steve requested as a courtesy businesses on the east side be notified when loss of parking occurs. Michael said they are negotiating short-term parking with the Butler Drug lot to park cars and equipment. Steve asked what has become of Butler Drug. Marian said Butler has an offer on the table and doesn't know what it will become.

The developers noted parking numbers are mostly driven by the event center which operates 20-15 days of the month in operation. When that's not in operation a surplus of parking is available and Huey would like parking in the ramp to be available to all. Steve noted he has a selfish need because his building is land-locked and he is very interested in finding a long-term parking situation. Other businesses such as Christos are in the same situation. The ramp is not cheap but it will stand for more than 20-30 years and will be an investment.

Huey will have a role in the selection of retail tenants and use of retail space. First priority is bringing back the old/existing tenants. Craig noted Huey hired design professionals such as them and the actual management will likely be in the hands of ACE. The Chair asked if any variances would like to be voted on and reviewed them. Craig said the rear alleyway rooms are "eyes on the alley."

Paul asked Liz if there is progress on the negotiation. Liz said the site plan has a significant impact for example moving the Anemoni Sushi bar to the Tacos Morelos spot. Michael said Thom had proposed that to him. ACE preferred a Nicollet Avenue address and liked the flow from the street into the hotel. The developers are asking the City to give a short-term parking space but no net loss of parking will occur because the space is currently a lot entrance. Lisa said in order to do this plan an agreement needs to be finalized with Thom and the issues such as Anemoni Sushi Bar moving. The BA was informed their lease has 6 years left with a 10 year extension open. Lisa said in looking at the plans and having a bunch of parking discussions, she is commending the additional parking to the project for the whole neighborhood to have reliable safe parking. The project is creative and people will want to come. She noted a lot of her co-workers go to AZIA and if it goes away, she will need to answer to them. It's important to her that AZIA be maintained. The developers noted property values will rise in the area. Liz reiterated she agrees with and loves the project but she would have appreciated more information on what happens with the lease holders. Michael said the lawyers got involved in the negotiations and prevented things from happening more quickly.

Christina Le who owns the property to the north noted appreciation of the project. Michael said the wall of their building would not need to be removed and is independent from the current building. They will also not be supporting any structures off of her buildings. The Chair said the group supports the plan and likes it overall. It is important to people to have a clear idea what is happening to businesses. Craig asked why the tenants are not here. Huey has communicated to them about these meetings. Should they have such a problem they should be here. Marian noted because most of them are single entrepreneurs and work. For the record not everyone in his properties have leases. Most owners are month-to-month and aware of the project. Michael asked the committee not to have the group return since the information won't change and all applications will go. Steve asked what hesitation is there with the City since with Artist Quarter Lofts, all City boards had issues. Craig indicated they have met with Planning, CPED and Lilligren staff. Michael said with his experience on the Planning Commission this project may even be consent agenda.

Steve encouraged there be more discussions with noise level and other issues that will be disruptive to businesses not part of Huey's development. He would like not to shut down his business again from experience with AQL and his tenants as well. Lucia noted other issues had happened with AQL such as sewage pipes broken. Lisa said the CI won't have a formal approval until next month. CI approved the site plan but not the other three variances yet. Craig made a suggestion to put in place with the BA as a key partner, a Good Neighbor Agreement which they did with the biomass power plant project in South Mpls that got representatives with all BAs and interested partners how people can raise an issue and the processes. The Chair noted it is

redundant to have two approvals of site plan review since the motions go to the Board ultimately. Lisa said it would be extremely helpful to the Board there is a letter and commitment about the good neighbor agreement and how it would function, prior to the board meeting. Michael said anyone in the good neighbor board can activate a meeting at any time. Lisa encouraged no formal motion be made but that BA members represent the discussion here to the Board. Paul asked about the timeline. Craig said he will put together the good neighbor agreement and would need a point person to structure the information. Marian is the person.

Lyn-Lake Artist Housing – Tom Nordyke (Greco Real Estate)

The Chair reported the cancelled presentation had a very negative response at the CI meeting. The Lyn-Lake businesses were opposed to it because the parking lot is already heavily used and the businesses paid for the development and assessments. They do not see a lack of parking in the area to warrant the ramp in the proposal and they don't want to pay for another one. There is a ramp on Aldrich a block away and the businesses said nobody uses that, visitors use their surface lot instead. The businesses are already stressed by the road construction. The municipal lot as far as anyone knows was not for sale. It must go through a Request for Proposals (RFP) which has not happened. The developer also cannot initiate the process of purchasing the lot. The Chair noted the CI dissolved into total chaos during their discussion.

BA Motion 1: The Whittier Alliance Business Association does not support the proposed Lyn-Lake Artist housing development on the site of the municipal lot at Garfield and Lake. Motion carried.

Light Rail Community Advisory Committee

They want a representative on the CAC on the three proposed routes. It's a two year commitment that meets every couple months. Assessments do include businesses along with environment. Soon it will be narrowed as the Southwest Transit Route from Eden Prairie to downtown Minneapolis.

Washburn Fair Oaks Park Visioning Meeting Monday, August 6, 2007

Next meeting at MCAD Meeting 4-5:30pm Morrison Building

Old / New Business

Meeting adjourned at 5:38 p.m. Minutes submitted by Eric Fu-Wah James, Whittier Alliance.