**Interview with Kit Richardson**

**Interviewed by Linda Mack**

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**Minneapolis Riverfront Redevelopment Oral History Project**

Kit Richardson - KR
Linda Mack - LM

**LM:** It is December 17, 2008. I am at Schafer Richardson with Kit Richardson, whose relationship with the Minneapolis riverfront goes back to . . .?

**KR:** 1979, when we purchased the North Star Woolen Mill from John Holden and John Zelle. They were operating that building, the North Star Woolen Mill, as a public warehouse. I think it was called North Star Storage or something like that. The building was completely full of government surplus cheese.

**LM:** Oh, my heavens! What a smell. [Laughter]

**KR:** Actually, it was not a bad smell until you got into the basement where some of the old trap doors and some of the old covers were loose and were open to the sub-basement levels, which had not been cleaned in years and years and years and years. And they contained some materials that were odiferous and which contained some tanks that had been used in the washing of the wool.

**LM:** Oh, my heavens.

**KR:** So as the wool was treated and processed and washed, it was dipped down into these sub-basement tanks, so I think those tanks were full of liquid—let's call it liquid—water with chemicals and that sort of thing. So the building did have some smells associated with its history as the largest blanket factory in the world or certainly in the United States, at one point. It was the North Star Woolen Mill not the North Star Blanket Building, originally.

**LM:** Okay.

**KR:** They did get the contract, at one point in history, to provide all the blankets for the Pullman cars. I think that's what made it the largest woolen mill or the largest blanket

factory in the United States. It was that contract for the Pullman cars. The other thing we learned about that building as we were buying it, was that what was called the main factory building, which was built in the 1920s and which is a steel-frame concrete cover building, was actually built around and above and through an older stone building.

**LM:** Hmmm.

**KR:** We do have photographs of the old stone factory building being demolished as the new steel and concrete building was built.

**LM:** Okay.

**KR:** What they did is they punched holes in the floor and ran the new steel columns up through the existing older building. That building was five stories high. They created a sixth floor in the new building, thus creating a new roof. They tore out the fifth floor of the old building and built the fifth floor of the new building, so one could suggest, as the *Engineering News* did, that this is a building built from the top down.

**LM:** [Chuckles]

**KR:** Obviously, the top was supported by all the columns that went to the bottom. There are some wonderful photographs in our files. Pete Goelzer may have those, in fact, with Architectural Associates. Peter and I were partners back then when we bought the property.

**LM:** Okay. I was going to ask, who was *we*?

**KR:** Pete Goelzer and I bought the property in July of 1979. And then Holden and Zelle, on the same day, as the sellers of the property, signed a lease back with us. So we bought the property on a contract for deed and agreed to pay North Star Warehousing a certain amount of money every month for the contract. They, in turn, turned around and agreed to lease the building back from us for monthly rent, which exceeded the monthly contract for deed payment. So we were actually making money every month. We were paying them X on the contract for deed and they were paying us X plus Y for the rent.

We learned, just at the closing, that right after they sold the building to us, they were going to sell the operating company to George Wintz. So George Wintz stepped in in their ownership of the company. George was very upset that he was losing money on the exchange of checks every month. By virtue of stepping in and buying North Star Warehousing, he bought the right to receive the contract for deed payments from us. He then assumed the obligation to pay rent to us. So he was paying us more in rent than we were paying him on the contract for deed. That led to a very interesting relationship with George Wintz. George had and still has, I think, a number of trucking, transportation and warehousing companies. He had businesses all over the metropolitan area, the seven-county metro area.

**LM:** You said Pete Goelzer was with Architectural . . .?

**KR:** Peter and I had a company called Architectural Associates, which he still owns and still runs.

**LM:** All right. So you were architects.

**KR:** We were both architects.

**LM:** But you planned to be developers?

**KR:** It was clear to me that Peter was a better architect. I was more interested in real estate and real estate development. It stemmed from some real estate development I had done in Kansas in 1974 with my first boss in architecture, Bob Gould, who went on with a partner to found Gould Evans, quite a large architectural firm in Kansas. Bob was my first boss, and I was his first employee. The company was the two of us. Bob had the real estate bug, so he got me involved in real estate development down in Kansas in 1974.

Ironically enough, together we bought a house right on the edge of the University of Kansas campus, which was owned by the first female architecture graduate from the University of Kansas. She was in her nineties. I think she was born in that house. She had lived all of her life in that house with her parents. Her parents had died, and she had continued to live there. She was moving into a nursing home, so Bob and I bought it from her. Then we found out later that she had been the first female graduate at the School of Architecture at the University of Kansas in Lawrence.

Anyway, that's how I got started in real estate. I learned fairly quickly that it's the developer who is in control of the process, not the architect. And then working for Ralph Rapson for four years, I also came to realize that while I thought I was a good architect, I'm not a great architect. The developer can always hire a great architect, but most architects don't have the personality to be a developer. Most architects are risk adverse. Many architects—I shouldn't say most—are not business people. So I always found the development aspect more interesting, because it was much broader. We do law. We do planning. We do urban planning. We do design. We do finance. So every day is different and every day is more varied, and we get to hire the great architects.

Frankly, I think that was a frustration of Ralph Rapson. Ralph, many times, said to me both when I left his firm and in the years later when he and I would get together for lunch, "Kit, you did the right thing. I wish I had done something like that." But I don't think Ralph was totally serious. I think he was too much of an artist and too much of an architect. I think he was thinking, well, the grass might have been greener on the other side. But really, it wasn't for him, and it wouldn't have been for him. In some ways, I think he was being gracious and kind. I think there was a little bit of regret in his words because he never made the money, and more importantly for Ralph, received the recognition locally that he got nationally and internationally.

It was really the experience of working for Bob Gould in Kansas that got me into the real estate industry, and then working for Ralph realizing that the architect really isn't in control. That was also at a time before lawyers were allowed to advertise, and Ralph refused to advertise. When lawyers changed the law and were allowed to advertise . . . this goes back to the early 1970s.

**LM:** I remember that part.

**KR:** Ralph was appalled that people would advertise their services. Ralph felt very strongly that he was well known. He was good enough. People should just come to him. He should not have to go out and ask people for work. So there was a very stubborn streak in Ralph related to advertising.

**LM:** Oh, yes. Related to lots of things.

**KR:** Lots of things, yes. [Laughter] Yes. But advertising, he just really did not want to do it. He didn't believe in it.

**LM:** Well, what did you plan to do with this scruffy old mill?

**KR:** I grew up on the east coast and lived in Los Angeles. So to me and to Peter—I think we both had the same idea—the idea of redeveloping an old building on the riverfront made all the sense in the world, because it was being done all over the world already. One of the things that came out of the waterfront conference [National Riverfront Conference] that we had here in 1985 was that Minneapolis had for years, a hundred years, turned its back on the river as an amenity. It certainly hadn't turned its back on the river as a resource. It was where we got water and it's where we put our sewage. So we were using it. We just weren't using it in an appropriate way. That was really pointed out when over two hundred people showed up in June of 1985. Most of those two hundred people from out of the state said, "Oh, my gosh! Minneapolis, you don't realize the resource you have and you really need to change your policies. You really need to change the way you look at the riverfront, and here are examples."

The other thing is I found this group called The Waterfront Center, and they were the co-hosts of this Riverfront Conference, Dick and Ann Rigby. They were also instrumental, I think, in disseminating information for all of us who were involved in real estate, all of us who were involved in riverfront, waterfront planning. Of course, this was also the time when Jim Rouse, of the Rouse Companies, was doing the festival market concept: Fanueil Hall Marketplace [in Boston, Massachusetts], Inner Harbor [in Baltimore, Maryland], South Street Sea Port [in Manhattan, New York]. So there were many, many examples, both here in the United States and, of course, all over Europe (where I've traveled), where waterfront property is most desirable.

We felt the North Star Woolen Mill was the best building on the riverfront for redevelopment at that time, 1979. We had a contractor. C.F. Haglin was the name of the company and I think the president's name was Bob Roberts. He also said that, in his

opinion as a contractor, this was the best building. It was the best built. It was the most substantial. It had large windows. It sat right on the waterfront. You had views of both the river and downtown. As it turned out, we were nineteen years ahead of the market.

**LM:** Right. [Chuckles]

**KR:** We bought the building in 1979 and it was redeveloped by Brighton Development in, what?

**LM:** 1999, I think.

**KR:** Yes, I think they started in 1998, so we were nineteen or twenty years ahead. We were the pioneers. It just didn't work for a whole variety of reasons. Gosh, it just was so clear to us that property on the water with those views and the access to the river just made all the sense in the world.

The other thing that we tried to do in working with the Army Corps of Engineers was to create a marina right in front of the West Bank Milling District, in what's called the intermediate pool between the upper lock and the lower lock. If you've been to Inner Harbor, you know that boats can pull up to, literally, the edge of the property. There are no railings. If you want to walk into the water, you can. You just jump into the water. There are no railings to hold you back. You can fall into the water. You can walk into the water. There are people in power boats. There are people in sailboats. There are people in paddle boats in the Inner Harbor. If you look across the Inner Harbor, there are eight hundred-foot-long tankers. So the Army Corps of Engineers' argument was that there would be conflict between barges and the public never seemed very logical or very acceptable to us. We kept arguing that what was needed on the riverfront was activity. What was needed were uses that would draw people. Cause people to go there and cause people to spend money, to live there and work there, and cause the city to clean up the river and recognize it as the amenity that it is. The Army Corps of Engineers just fought us and fought us and fought us.

Today, we have a different use, which I think is interesting. I think it's not as dynamic as it could have been, and it's probably not accessed twelve months out of the year, just because it's what I would call a passive park. It's the Mill Ruins Park.

**LM:** Yes. What were some of the barriers to making that happen at that time?

**KR:** A number of things happened. One was that, generally, there was not an interest in the political arena at the city level to do anything on the river. Then interest rates started to creep up. Then the Milwaukee Road Depot property, which had been bought for redevelopment, and which is actually adjacent to some of our properties . . . We'd bought another property down there; we'd bought what was called the Standard Mill in January 1980. So we bought the North Star Woolen Mill in July 1979. We bought the Standard Mill in January 1980. So we had two of the five mill buildings on the West Bank Milling District.

The Milwaukee Road Depot property went into receivership, and an individual by the name of Harry Wirth purchased it. Harry was one of those unusual people who had a tremendous vision, not a lot of money. His vision was so grandiose that I think it turned a lot of people off. I remember talking to a lot of people about the riverfront, and many of them said, "Well, it's very interesting. It looks like a great area, but we don't know what Harry Wirth is doing. We're just not going to get interested or involved." That cost the city. It cost those of us who owned property down there about three years, because Harry messed about with the property and then finally lost it. Ultimately, it ended up back with the City of Minneapolis before they cleaned it up and then resold it. That was a three-year debacle.

The other thing that happened was that the State of Minnesota put out an RFP [Request for Proposal] for a World Trade Center. The Milwaukee Road Depot site was chosen by a development team out of New York, which included the firm of I.M. Pei, who had just completed or was about to complete a building in downtown Minneapolis. And I.M. Pei's son, non-architecture son, Ding Pei, was a developer out of New York. He hired his father's firm, I.M. Pei & Associates, to design the building. There was a contest, and as I remember it, the contest came down to two sites: the Minneapolis site on the Milwaukee Road Depot and a Saint Paul site.

The Milwaukee Road Depot site was, I believe, the preferred site, but Ding Pei could not get site control from Harry Wirth. Every time Ding Pei talked to Harry and agreed to a price . . . Ding was just buying one part of the property. He was not buying the whole thing. He wanted to buy the east end of the parcel. And every time Ding and his attorney Bill McGrann talked to Harry Wirth, Harry Wirth would change his mind and the price would go up. So Ding could never get Harry to agree finally to a price. I was with Ding Pei and Bill McGrann in Bill's office the night that Ding wrote a letter to Harry saying, "Enough is enough. I'm hereby withdrawing my proposal for the World Trade Center because I have not been able to come to an agreement with you on price."

Ding also wrote a letter to one of the legislators who was supporting Ding's project. I want to say it was Glen Anderson—that may be wrong. I think it was a legislator by the name of Glen Anderson from a western community. Ding had tears in his eyes, because this was such an incredible project and an incredible opportunity for him, for the city, for his father's firm. And he was losing it because he simply couldn't come to an agreement with Harry Wirth. Harry was just impossible to deal with. So that was another event that occurred that really cast a bit of a negative pall over the whole riverfront. It was as if it had failed. It was if, well, downtown Minneapolis doesn't work. The riverfront doesn't work. There was a project and it failed. Well, it failed for a very specific reason, in my opinion: because Harry simply wouldn't agree to sell the property at a reasonable price, or at any price, frankly. So that was another thing that happened.

Then the tax law of 1986 changed. It was called TEFRA. That stands for something related to the tax reform act [Tax Equity and Fiscal Responsibility Act]. That's the tax reform act that changed the rules vis-à-vis passive losses in limited partnerships retroactively, and that led to the failure of a lot of savings and loans, which led to the

creation of the RTC, Resolution Trust Corporation. So that was another thing that happened in real estate that just caused a real backslide, if you will, in values. Projects went under. Projects failed. The keys to many buildings and properties were handed back to the lenders because there was no value. There were *huge* loses that were incurred both by individuals and by the savings and loans.

So that was another thing that happened in the market that just threw a pall over the whole idea of downtown urban riverfront development. Specifically, because Harry Wirth had tied up the property around us and the World Trade Center had failed, there was just this very, very negative feeling. Prime interest rates, I think, got up to above twenty percent. I remember talking to people who were just *thrilled* that they had borrowed money at fourteen percent, because they next day it had gone to sixteen. What was interesting was that you could still do projects because people were willing to buy. People had money. There was money available, unlike today. There's no money available. This is just such a very strange situation we're in today. But anyway, so all those things were going on.

There were a number of development companies that were looking at the riverfront. We entered into an agreement with one of them for the redevelopment of the North Star Woolen Mill. It was a major local company, and they agreed to develop the property. They agreed to a number of things and the agreements were verbal by their president. Because he had to get board approval, we had to wait over a weekend for his board to act. He called us on Monday or Tuesday and said his board had decided not to move ahead. We had borrowed some money based on his verbal approvals. When he called and said his board had decided not to go ahead, we were technically in default on some loans from a contractor, so we ended up giving the property back to the contractor.

But again, the reason that the local development company did not go forward, they said, was that the interest rates were so high and the market was difficult and the timing was bad. They just felt the time was not right to move forward with this project. So we ended up giving the property back to the contractor, to whom we owed quite a bit of money. It was August 1986. That contractor ended up giving it back to George Wintz, which harks back to the original contract for deed. George was the contract vendee, so he ended up getting the building that he'd always wanted from 1979. He got it back in 1986. So George Wintz held it for a number of years, used it as a warehouse, and then sold it to Brighton.

**LM:** So not until more than ten years later?

**KR:** Yes. George had a use for the property. It was warehousing. It was cold storage. So that building stayed as a cold storage facility until Brighton bought it in 1998, I think. In 1980, we'd also bought the building across the street called the Standard Mill. It was one of the first flour mills built and owned by Dorilus Morrison, the first mayor of Minneapolis.

**LM:** Yes.

**KR:** When we bought the building, it was being used as an animal rendering plant. A company out of I think it was Little Falls or Redwood Falls. I'll think of the name of the manufacturing. They brought in beef carcasses that had been cut up into chunks. The truck backed up to the dock facing Portland Avenue, and the truck literally dumped these beef carcasses that were about two feet by two feet. The carcass parts fell down a chute into the basement. They were run through a hammer mill, which ground them up into a powder. Then, the powder was handled much like flour. So a lot of the original flour augers and elevator legs, a lot of that handling equipment was still in the building. The animal carcasses that had been ground into a powder were then blended and came out of the building in sacks. The sacks contained either a fertilizer product or an animal feed supplement product, depending on what was added to the mix. That building was operating as a rendering plant and had been operating that way for years and years. We bought it in 1980.

Before we bought it, we called a company that cleaned slaughter houses, abattoirs. We said, "We're interested in buying this building, the Standard Mill. It's a heavy timber building." The ground-up animal parts when they became powder were mostly fat. So we were concerned about the fat, the smell, the oils, the blood being absorbed by the heavy timber frame of the building. We brought the company in and they said, "Oh, no, this is not a problem. We clean buildings like this all the time. We can clean it." They gave us a price, which seemed very reasonable. So we went ahead and bought the building. The rendering plant had left the building, and so it was vacant. We bought it in 1980 and it was vacant until we sold it to Greg Hayes and Howard Bergerud, who were operating a company called Hayber Development Group. We sold it in 1985. I want to say we paid about $125,000 for the building, and I think we sold it for around $500,000. So we did okay on that building, although we held it for five years as an empty building. One of the biggest problems was keeping vagrants out of the building.

**LM:** Yes.

**KR:** The police would tell them to go to those buildings.

**LM:** Oh!

**KR:** The police, at that time, were telling homeless people not to sleep along Nicollet Avenue and the downtown area, but to move to the riverfront because there were a lot of abandoned old buildings down there and no one would mind if they slept in the buildings.

**LM:** How interesting.

**KR:** That was an issue that we had to deal with. Hayber bought that building as part of their acquisition of that whole block, which included the Ceresota Elevator and the Crown Roller Mill. Then our firm, Architectural Associates, was hired by Hayber to do tax nomination work with the National Park Service and the Department of Interior so that that entire block could qualify for federal tax credits. One of the promises that Hayber made when we sold the building was that we would be hired as the architectural

firm for the renovation of the Standard Mill. Because we were essentially a four-person firm at that time, we proposed that we would merge or associate with and affiliate with RSP Architects Ltd. We met with Sandy Ritter [of RSP Architects]. Hayber finally said, "No, we're not going to hire you. We're going to hire somebody else." So we were not hired for that project, even though they had promised it. So that was a little disappointing.

Then Hayber expressed an interest in buying the North Star Woolen Mill after we closed on the sale of the Standard Mill to them, which later became the Whitney Hotel. Howard Bergerud said that they were interested in buying the North Star Woolen Mill. They had more money than they knew what to do with and they'd be happy to buy it. We talked for quite a while, a couple of months, about selling it to them. Then Howard decided or Hayes decided or the Whitney Family Trust decided that was just too much, that they should focus on the block with the Crown Roller Mill, the Ceresota Elevator and the Standard Mill only. So Howard and Hayes did not buy the North Star Woolen Mill, unfortunately.

Hayber, with Tom Whitney's money—or Bob Whitney, I can't remember—went ahead and got approval for the entire block development and created the Whitney Hotel. In the meantime, there was a fire in the Crown Roller Mill. I remember getting a call from Peter Goelzer at that time. Peter called me at home and said the mill was on fire. I thought, oh, my gosh, the North Star. Then I realized, no, the North Star is concrete. That's not going burn. Then I thought, no, it's got to be the Standard Mill. And Peter said, "No. The Crown Roller Mill is on fire." I remember driving from Saint Paul on Interstate 94. I was doing a hundred miles an hour coming over the bridge and seeing this *enormous* fire. I got down to the Crown Roller Mill. Peter and I knew enough about the federal tax law. There was a provision in the tax code that said if seventy-five percent of the exterior walls remain, then a rehabilitation can qualify for the twenty percent investment tax credit.

**LM:** Hmmm.

**KR:** I literally grabbed the arm of one of the firemen who was trying to knock down the walls, and I was hanging on his arm. As I remember, he was bigger and stronger. He was wondering what I was doing. I was yelling at him saying, "You can't knock down the walls! You have to save the walls!" The fire marshal or the fire chief or whoever was there on the site who was in control came up and he and I started talking. I explained to him who I was, that I owned the building next door, the Standard Mill, and the building across the street, the North Star Woolen Mill. I also explained that I was an architect and my firm was very involved in the historic preservation movement and we were directly involved in the renovation of that project, and the tax law simply would not allow the use of twenty percent credit if more than seventy-five percent of the walls were knocked down or were gone.

The problem they had, he explained, was that many of the windows in the Crown Roller Mill had been blocked up with glass block. Glass block is essentially a masonry product. It's put together with mortar. Their fire hoses were not strong enough to blow through the

windows, so they had made a decision that rather than put out the fire by blowing through the windows and just filling it with water, they would just knock the building in on itself. At that point, Peter went around to the south side of the building where the grain bins were located and I was on the north side, the river side. The fire marshal, to his credit, said, "Okay. What we'll try to do is not knock down the building. We'll try to protect the buildings next door." At that point, it was the Standard Mill and the Ceresota Elevator. He said, "We will simply dump water in over the top," because the roof was gone at that point. And that's what they did.

As a result of that fire, obviously, the Crown Roller Mill . . . enough of the walls were saved. It was rebuilt. Interestingly, I always thought, and Peter my partner agreed, that is the building that should have been made into a hotel because, at that point, there were no floors. They completely rebuilt the interior, and they could have done a wonderful hotel with an atrium using the new construction and keeping the exterior intact, or as much of it as was left intact. For some reason, they decided to create the Whitney Hotel in the Standard Mill and an office building in the Crown Roller Mill. That seemed backwards to us. Anyway, Hayber went ahead. They received tax credits for the project. And then, given the market, it ended up struggling. That was our involvement with the Crown Roller Mill fire.

A little anecdote . . . That building was owned by Al Smith and a group of his partners, and there was a young woman who was living in that building by herself with a Springer spaniel. She had been living in that building illegally by herself and seemed very comfortable. The thing that we were afraid of, and probably the first thing that Al realized when he got to the fire, was that this young woman might have been trapped in the building. As it turns out, she was not hurt. I have no idea how she got out or when she got out.

**LM:** Wow.

**KR:** That was another real scare, because the building was, obviously, old. It was dangerous. There were some people working in there. I think Al had a couple tenants in the building, and I know there was some storage in the building. To have somebody living down there *totally* by herself . . . She would walk around that whole area by herself with this little brown and white Springer spaniel. I don't remember her name. I'd love to meet her again. It'd be fun to find out whatever happened to her, because she was a real pioneer, obviously. [Chuckles] And she seemed to have no fear of the area, of the building or the people who hung out down there, a very interesting person.

**LM:** So you still had the Standard?

**KR:** We still had the Standard Mill, although that was right around the time we were selling it to Hayber. We still had the North Star Woolen Mill. That fire must have been in . . . I don't remember when the fire was. Mid-1980s?

**LM:** Yes.

**KR:** Was it a Thanksgiving fire or was it that the First National Bank fire downtown at Thanksgiving?

**LM:** Yes, that was the Thanksgiving one.

**KR:** But we still had the North Star Woolen Mill until August 1986.

**LM:** Okay.

**KR:** Then, of course, in the early 1980s, all of the property owners formed a group to promote the area. This is also part of what led to the National Waterfront Conference in 1985. All the property owners down there formed a group called MDA, Mill District Associates. It included representatives from Industry Square Development Corporation [ISDC], the group that gave the land for the dome. Chuck Krusell was the ISDC. Then Shiely Sand & Gravel was a member, Ray Lappegaard was a member and General Mills had an interest down there. They owned some property, rented some space from one of the owners, so Dave . . .

**LM:** Nasby?

**KR:** Dave Nasby was a member, exactly. Then the Miller and Bird families owned the building on the corner of First and Third, the barrel building, Hall and Dann Barrel Factory. And they owned the Washburn Crosby Mill. So Ben Miller was the representative of that group. The railroad was there. Jim . . . was it something like Rieskamp? He was with the CNW, Canadian National Railroad. Let's see, who else was there? We used to meet at the Fuji-Ya, so Reiko Weston was part of it.

Then we would invite various people to come to our meetings to talk about what was going on, what could *we* do to promote the riverfront? Virtually all of the property owners, with the exception of ISDC, the Industry Square Development Corporation, were looking for redevelopment opportunities. Shiely Sand & Gravel had an interest there, but they knew they were not going to stay forever. Ben Miller knew that they were not going to be the developers. They needed somebody else to develop their property. They ended up entering into a development agreement with ISDC and the Center Companies for the building that became Mill Place.

Oh, Shelley Walsh, the Walsh Grain Company, was the owner of the Ceresota Elevator. Shelley just died recently this year.

**LM:** Okay.

**KR:** Shelley Walsh. He was a trader on the Grain Exchange . . . the Walsh Grain Company. When we bought those buildings, he was using the Ceresota Elevator as grain storage. It was interesting because, as a trader, he had an advantage. He could actually take delivery of grain because he had a place to put it.

**LM:** Oh, my gosh.

**KR:** The Ceresota Elevator, I remember walking through it one morning with Shelley. It was full of grain. It was really operating as a grain elevator. The railroad tracks were there. Remember, on Chicago Avenue, the viaduct was there.

**LM:** Would that have been in the 1980s?

**KR:** Absolutely, absolutely.

**LM:** Hmmm.

**KR:** Then, of course, Mike Cronin with the City of Minneapolis helped get rid of the Chicago Avenue viaduct that crossed Washington Avenue. Rail was still operating down there. North Star Woolen Mill received rail deliveries. It was powdered milk and cheese that was being stored in the North Star Woolen Mill. A lot of that product came in by rail, so there was still rail service there. All of the grain that was coming into the Washburn Crosby facility—that was leased by General Mills—came in by rail. So even in the 1980s there was still rail service there.

Mill District Associates was an interesting group of property and business owners. Our goal was to promote that area, to attract developers, to attract development, to get money to change that area. We just all recognized that at some point this was going to become a very desirable part of the city. We just needed to get the city to recognize it, and we needed to get outside real estate development entities to realize it. Nobody really was looking at the downtown side of the riverfront. What was frustrating for us was to look across the river and see Saint Anthony Main and Riverplace.

**LM:** Yes.

**KR:** What was frustrating for us was we were closer to downtown. I remember talking about this with Pete Goelzer when we bought the North Star Woolen Mill. "We're on the downtown side of the river. This is better. We might actually be connected by a skyway at some point." So why wouldn't you want to live and work on the downtown side? What we didn't take into account, I think, was the complexity of the site with rail service coming through, with Shiely Sand & Gravel there on the waterfront. Those were negatives. The positives that the other side of the riverfront had were, in essence, a park and a neighborhood that was the oldest neighborhood in the city, Saint Anthony. The village of Saint Anthony is, obviously, where the city started. Bob Boisclair came in and developed Riverplace after Lou Zelle did the Saint Anthony Main. I think actually Riverplace helped kill Saint Anthony Main, because it just was too much for the market.

**LM:** Right.

**KR:** I remember being at South Street Sea Port in New York City right in the middle of the 1980s, 1984 or 1985. I went into the management office at South Street Sea Port. I

remember talking to a marketing person there. I asked her, "What is your trade area? What do you think is the trade area for South Street Sea Port?" She said, "Are you talking about the blue wave?" I said, "Well, I don't know if I'm talking about the blue wave." She said, "Well, the blue wave is all the office workers in their blue suits who come down out of the office buildings on Wall Street and then come into South Street Sea Port for lunch. Our trade area, *total* trade area, is twenty million people." And, obviously, we don't have that trade area and here we are developing Riverplace. Riverplace, I think, was based on, to some extent, the project in Georgetown [Georgetown Waterfront Park in Washington, D.C.]. But we just don't have the trade area. We don't have twenty million people in our state! They have twenty million people who will come to South Street Sea Port. That was a real eye opener. I really think Riverplace was ahead of it's time. It was too big. Unfortunately, it really hurt Saint Anthony Main.

**LM:** Was their city support for the Mill District Associates or a city liason or pretty much the private sector?

**KR:** Well, it was essentially private sector. The city did have two or three people who would sit with us. One of those individuals, Jerry Luesse, has left the city. The other person is still there, Ann Calvert.

**LM:** Right.

**KR:** Ann was very involved, even back then. She and I would joke about this, that she came to the city thinking it would be a part time or temporary job until she found a real job.

**LM:** [Chuckles]

**KR:** That was, I think, in 1978. So I've known Ann and worked with Ann since 1979 when we bought the North Star Woolen Mill. Ann Calvert was involved. Jerry Luesse was involved. John Burg was involved from the Planning Department. They were there really to participate and listen. To my knowledge, there was no money that was given or used directly by the city for MDA, Mill District Associates.

One of the things that the city *did* do is they supported a number of studies on the riverfront, and that included a number of studies for the riverfront land use. Here is an October 1985 Riverfront Trolley Study done by BRW [Bather, Ringrose, Wolsfeld]. It was probably paid for by the city. I don't remember. This was something that we were promoting. In fact, here is a list of the people who were involved, some of whom are still around. Judd Rietkerk was with the MCDA [Minneapolis Community Development Agency], but he's now with the Park Board.

**LM:** Right.

**KR:** Dave Solomon was working for Bob Boisclair. Chris Anderson was Glacier Park, but that's the railroad. Ben Miller was the Miller Bag Company with the Mill District

Associates. Bill Schatzlein was also working for Bob Boisclair. I'd forgotten this, but the east bank was represented.

**LM:** Where would I find David Solomon?

**KR:** I think David Solomon lived in Saint Paul for a number of years and then he moved back to New York, but I'm not sure. Bill Schatzlein is still around, I think, in the Twin Cities. Bob Mattson with the Park Board. David Warner, BRW. I don't know what happened to John Burg, who was with Planning.

**LM:** He went to Arizona; the Phoenix area, I believe.

**KR:** Okay. This was a very detailed study on getting a trolley . . . and this was on the Stone Arch Bridge. Here's the route.

**LM:** Oh, wow.

**KR:** The problem we had at that time was that nobody knew what the Stone Arch Bridge . . . who owned it. Was it going to be saved? If it's going to be saved, for what purpose? Who was going to pay for saving it? So this, I would say, is a little bit pie in the sky. We clearly wanted to use the Stone Arch Bridge. Then there was the question: is it really a trolley or is it just a bus on rubber wheels that's tricked up to look like a trolley? *We* wanted a trolley system. We wanted a *real* trolley—we still do.

**LM:** Yes.

**KR:** Of course, the city has just completed a $300,000 trolley/streetcar study, so I think we'll get the trolley back someday, the streetcar back someday. I think this is an example of where the city did participate. The city probably paid for this study. I know Ralph Rapson, for example, did a number of riverfront studies. I know John Cuningham did.

**LM:** Right.

**KR:** So the city was involved, to some extent. For some reason, we could just never get everybody moving in the same direction with the same sense of priority and urgency. It was just one more area where people could spend money.

**LM:** Yes. Right.

**KR:** Of course, people moving back in the city, people *living* in the city was still not the trend that it is today or that it has become. There was a back-to-the-city movement in the late 1970s, but it was seen as more of a fad.

**LM:** Do you recall the formation of the Riverfront Development Coordination Board? Obviously, there was the Park Board, the HRA [Housing and Redevelopment Authority],

which became the MCDA, and the city. That was formed to try to get them all at one table.

**KR:** Yes.

**LM:** Did that have any role?

**KR:** Again, as I remember it—I don't have strong memories of it—it was another way of producing plans. It was a mechanism where people could at least talk to each other, meet on a regular basis. I think that organization also came up with a number of plans, specifically for the West Bank Milling District, but also for the riverfront. Ralph Rapson may have done some studies for that organization. I know when I worked for him, I saw a number of things that he had been doing on the riverfront. They also may have hired John Cuningham to do some work. For some reason, that area just didn't have the priority that the Gateway had, that Loring Park, that other areas of the city had.

One of the other things that may have colored the view, if you will, of the city was that when the Metrodome was built, the Metrodome was built on land that was contributed, donated by a number of businesses. Those businesses were then given development rights. First right of  refusal for fifteen years within a geographic area. That organization then was named Industry Square Development Corporation. ISDC was made up of the businesses and land owners who contributed land and money.

**LM:** Oh, I didn't realize that. I was just going to ask you about that.

**KR:** ISDC negotiated an agreement and they said, "We will give you this land in exchange for which we want the development rights for this area. Some of these plans"—I'm not sure which ones—"will show outlined the geographic boundaries of the ISDC."

**LM:** Yes, which went down at least to Third Avenue.

**KR:** It was quite large.

**LM:** Over to the river or close.

**KR:** It included the river. We were in the ISDC boundaries with our mill buildings. One of the problems, I think, in hindsight, is that not a single development occurred within that fifteen-year time period. So, again, there was this sense that, well, nothing is going to happen. Nothing is happening. Nothing will ever happen. So rather than being a catalyst for development, the domed stadium, the Metrodome, which is only a few blocks away from the river, really was seen as a bit of a detriment. People didn't *want* to live next to it. No one came forward and said, "Oh, my gosh! We really have to build. We really have to develop around the Metrodome." It just didn't happen. So it was another sort of negative pall that was cast over that area. So the ISDC, Industry Square Development Corporation's geographic boundaries, was kind of a no man's land in the sense that really

no one wanted to develop there. So it was just one more thing that made it difficult to convince people.

You couldn't go to an outside developer and . . . We talked to a lot of people from New York, Chicago, Kansas City. You couldn't say to them, "Look at all this development that's occurred as a result of the stadium." "Look at all the development that's occurring on the riverfront." You'd take them through the site, and they'd say, "Gee, this is kind of interesting. You are right next to the river, but the river kind of smells, and you've got a ratty old train yard next to you, and you've got this stadium that nobody wants to be near. This really doesn't look like a great redevelopment opportunity." We were really struggling, and that's why Mill District Associates was formed, and I think that's why a number of other organizations were formed . . . to try to promote the area.

**LM:** Yes. So what was the turning point or what were *the* turning points both in the city's interest and support?

**KR:** I think there were, finally, after years and years and years of work, a number of things that happened. One is that a back-to-the-cities movement had happened in the United States. The *Old-House Journal* was started, and in Saint Paul there was *Old Town Restoration*. So that did happen. Another thing that happened is that the city finally got rid of the Chicago Avenue viaduct. The other thing that happened was that the Milwaukee Road property did end up going in default, did end up going back to the City of Minneapolis, and they did end up cleaning it up. So there were a number of things that occurred. And developers started to look at the city. Then, remember, we had the energy crisis. We had gas lines at the gas pumps. People started saying, "Well, we should live in the city. We shouldn't be driving cars so far. We shouldn't be commuting." So there were a number of different things that happened, including Mill Place redevelopment by ISDC, Center Companies and the Miller and Bird families. But I believe that—I may be wrong on this; it would be easy to check—the Mill Place development might have occurred after the expiration of ISDC's development rights.

**LM:** Okay.

**KR:** Although, as I say that, I'm thinking, no, that doesn't make sense. Because the stadium, I think their rights were for fifteen years, and I think Mill Place was done in the mid-1980s and the stadium was built late 1970s. I'm probably wrong on that. They may have done that as . . .

**LM:** It might have been just right at that cusp.

**KR:** Right.

**LM:** I think the stadium agreement would have been the early 1970s.

**KR:** Okay. It's close. ISDC was a partner. Center Companies was the development entity, and the Miller and Bird families put that property into the development. So there

was one development there that people could point to. Then the city got the Milwaukee Road Depot and cleaned that site up and said they would sell it. I think the city bought that property for about $6 million and Harry Wirth was trying to sell a part of the property to Ding Pei for the World Trade Center for $20 million. So there was a significant reduction in price, cost of the land.

**LM:** [Chuckles]

**KR:** So that helped. That got people thinking, okay, maybe this is something we should do. Then, of course, Hayber came in in 1985, 1986. The reason that Hayber was involved was—most people don't know this—that the Hayes Contracting Company, which was a plumbing and mechanical company, owned a little building on the corner of Portland Avenue and Second Street South. It is gone today. It was a little warehouse building right in front of the Standard Mill, right on the corner. Greg Hayes was also probably a part of Mill District Associates representing his family because they or his company owned that building. So Hayes had an interest in the riverfront. Greg Hayes was always interested in real estate and, in fact, became a real estate broker. I think Greg was always more interested in real estate than in the mechanical contracting business. Greg wanted to buy the Standard Mill from us because his property was next to it and on the same block. And we wanted to buy the little corner property from Hayes. Greg Hayes went out and found money through Howard Bergerud, who was a broker at that time, and they found the Whitney Family Trust. As I understand it, the Whitneys had invested in Apple computer, so they had made quite a bit of money through the success of Apple.

**LM:** This is Wheelock Whitney?

**KR:** No. Totally unrelated. They're a local family, but I think they ended up in California. I believe they are *totally* unrelated to Wheelock. So Greg Hayes, all of a sudden, became a property owner, of a very small piece of property, but a property owner, with money and some development opportunities. So that's really what got Hayber going on that block. So there was another event that occurred that convinced the city and convinced some other people that maybe this *could* happen. Maybe something would happen.

**LM:** So the building they owned would have been next to the North Star, where their little parking area is now?

**KR:** No. It was right in front, on the corner of the . . .

**LM:** Oh, okay, of the Standard Mill.

**KR:** Of the Standard Mill.

**LM:** So where their porte-cochere is?

**KR:** Exactly. Yes. There was a little building there. In fact, here it is. [Looking at a map] Here's the North Star Woolen Mill. Here's Portland Avenue. Here's the Standard Mill. Here's the Ceresota Elevator. And this is the big train shed that was there. That little building right there is the Hayes.

**LM:** Okay.

**KR:** It was just a storage shop, a shop. It was two stories. You could come in from Second or you could come in from Portland because of the slope of Portland. Greg and Howard convinced the Whitneys to put money into the deal, and that's when they bought the Standard Mill from us. I think that was either Block Ten or Block Nine. I can't remember. There's a city designation here of block numbers. They got it going. Mill Place happened.

**LM:** Did they do the Whitney Hotel right away?

**KR:** They did the Whitney Hotel and the Crown Roller Mill and the Ceresota Elevator. And then the tax laws changed. That partnership has struggled for years and years and years. I think they lost their interest; I think it went back to the bond holders. It's just been a bit of a mess. Of course, the Whitney Hotel was purchased recently by a developer who was trying to turn it into condos. And then the Crown Roller Mill has the city offices in it. Then the Ceresota Elevator has offices in it.

**LM:** Yes. Those were done first.

**KR:** Yes. It was piecemeal. It was really piecemeal.

**LM:** Yes.

**KR:** You can see . . . Here's the Depot site. The Depot was going to be torn down, thank goodness it wasn't.

**LM:** Right.

**KR:** These are just, obviously, what-ifs. The Depot was going to be torn down. Luckily, it was not. I don't know when CSM Corporation bought it. I kind of remember when it happened. I don't remember the dates of when CSM took over the Depot itself and agreed to restore it. That was a huge thing.

**LM:** I think it reopened in . . .

**KR:** The 1990s?

**LM:** No, 2001.

**KR:** Okay.

**LM:** It took, basically, thirty years from when it closed, which was 1971, I think.

**KR:** But it's been piecemeal. It really has. There's been a lot of planning for this area, but there's never been the city's absolute top priority commitment to the riverfront, in my opinion. It's always been piecemeal. Somebody stands up and says, "Well, we've got to protect this," or, "We've got to do that." The city, I think, would suggest—Ann Calvert keeps track of this—that they've actually put a lot of money here, and they have. They have. But it's taken a long time for it to happen. It's happened so much later in time than virtually any other city. Back in 1985, people were saying, "You're just missing the boat. The city is not paying attention to this incredible resource."

**LM:** Was it that it didn't have a champion? I've always wondered about its political position within the council.

**KR:** Right.

**LM:** Because you have to have a champion among your council members, and it was fragmented between two or three council people.

**KR:** Yes, exactly. Right. Linda, I think that's a very good point, and I think that makes sense. I also think that, to some extent—and we're still seeing this today—it was seen as competition to downtown, to the core.

**LM:** Hmmm.

**KR:** I know that there have been people who don't consider this downtown. For years, this was not considered downtown—either side. The east bank is still not considered part of downtown from a realtor's point of view. So you're absolutely right; we have an area that is divided by the river and is therefore segmented politically. You're right. There isn't a single champion, as there is for downtown Minneapolis with Lisa Goodman. Lisa's got downtown.

**LM:** Right.

**KR:** So she is a champion for downtown.

**LM:** Would you say that the Downtown Council, for instance, wouldn't have necessarily been an advocate for riverfront redevelopment?

**KR:** I think that's right. They're focused downtown, what they think is downtown. We've seen that also with the North Loop where the Downtown Council has resisted zoning the downtown zoning moving into the North Loop.

**LM:** Ah.

**KR:** The fact that the stadium is going to be in the North Loop has allowed the city to actually move the B zoning, the downtown zoning, west across the tracks into the North Loop. We've been involved in the North Loop for ten years, and I know the Downtown Council for years has said, "No, no, no. We can't expand the core. It will dilute the core." There's a certain logic to that.

**LM:** Right.

**KR:** We are not Manhattan, obviously. We are not Chicago. I think that's a very good point that you make: the fact that we've got a council member here, we've got a council member here, we've got a council member here and maybe one more here. Just looking at this map of the Mississippi Riverfront realignment alternatives, I don't know how many council members are represented, how many districts or wards are represented here. But I'm going to guess it's five.

**LM:** At one time, I think it would have been at least four, but now I think this has been realigned to be more of the Seventh Ward. Because this used to be the Second Ward.

**KR:** Yes. But I think Don Samuels is up here. I think Seventh, which was realigned.

**LM:** To Hennepin?

**KR:** No, it is farther west than Hennepin. I think on that aerial, it goes over to Sixth Avenue North and then cuts up, but I don't think it goes up to the bridge. I may be wrong, but I think that's Don Samuels' area. So at least two here and maybe a third ward.

**LM:** The flip side of that seemed to me to be that, in fact, there was a staff group, the TAC, Tactical Advisory Committee, that ended up having a lot of continuity and a lot of power in sort of pushing through master plans and guidelines and kind of step-by-step development that didn't become highly politicized.

**KR:** Right.

**LM:** I don't know what you think of that. The glue was more at that level than at the higher level, which means it doesn't have as much engine behind it.

**KR:** I think that's also a good point. Ann Calvert has been working on the riverfront for what, thirty years, twenty-nine years? Judd Rietkerk has been around for a long time. So, yes, there is that sense, at that level, that there is a commitment to the idea. At the higher level, there isn't that single champion or that single viewpoint. There are competing ward interests, competing districts. But you're right. Ann is the person who has been there, to my way of thinking . . . To my knowledge, Ann's been there forever, so there is that consistency.

**LM:** Yes. Then I think Sharon Sayles Belton became a champion, both as council president and then as mayor.

**KR:** Yes. Somebody else made that comment to me the other day, and I don't know if Sharon became a champion of the riverfront voluntarily, eagerly, willingly or if there were other interests. I don't mean this in a negative way. I just don't know the history enough with Sharon. Is this something that she championed because she saw it as a benefit? Or there maybe were other business interests saying to her and the city, "You know, it's about time we look at the riverfront," or, "It's about time we champion this." I don't know. Certainly, things happened when she was there, but I'm not sure why.

**LM:** Well, I'm not sure either. When I talked to her . . . It was in the air, as you say, at this time, and if you're a mayor of a city, you catch these things. I think she did see how it fit into the rest of the city.

**KR:** Okay.

**LM:** My sense was she was pulling along some business interests like CSM with Gary Holmes. She described taking Carl Pohlad on a tour of the riverfront and how he had really never been down there. So that's kind of interesting.

**KR:** Okay. Yes, I did not know that.

**LM:** I think that she was a champion, and maybe not as much of a public champion because that wasn't her way. I know she chaired some committees when she was on the council and president of the city council that were, you know, part of those steps looking at the river.

**KR:** I remember bringing individual private business people down to the riverfront. These were prominent local business people who expressed an interest in the riverfront. Interestingly, a number of them ended up living on the riverfront in the west bank. This is back starting in 1980. We would bring a number of people to the building saying, "Isn't this incredible?" Their response was, "Yes," but they were not willing or able or interested in pushing politically. My sense is that they were interested as individuals in living there if and when it became a reality. But they weren't willing to stand up politically or financially and say, "This is something that has to be done." I'm not sure why that was. The persons who were most prominent, of course, would be John and Sage Cowles.

**LM:** Right, right.

**KR:** I remember bringing John up to the roof of the North Star Woolen Mill and saying to John, and some friends of his who were there on the roof, "Isn't this just incredible standing at the parapet listening to the waterfall?" Peter and I took a group of people up there, and I think John was part of the group. There were a number of people from Control Data. We were standing there admiring the view and listening to the water. I turned around and no one was near us.

**LM:** [Chuckles]

**KR:** The group was all on the other side of the roof standing at the parapet facing downtown saying, "Oh, my gosh! This is the view I would want." Because at night the river is dark. John Cowles expressed an interest in living on the riverfront in 1980, thirty years ago.

**LM:** Right.

**KR:** And he lives down there now. He and Sage live there now, obviously. So there was this interest, but it was very quiet. It was not public. They all said the same thing, "If you can get it going, this is great." But they didn't invest and they didn't push it. Now, maybe John . . . maybe they did behind the scenes with Sharon.

**LM:** I don't know.

**KR:** See, I don't know that either.

**LM:** It also seemed to me that there was a division between the kind of social elite of the city and the political elite. It's a very curious thing. It's kind of like . . . [Chuckles] You don't want to get too . . .

**KR:** You don't want to get too involved. Yes. Well, I've never known . . . This is why I question . . . was this something that Sharon saw on her own? Was this something that somebody was pushing behind the scenes? I remember John and Andy Scott and a couple other people down there . . . and I look at who lives down there, and I look where the Guthrie Theater is, so I wonder, were there comments made? Was there a suggestion that maybe this is an area that the city should be involved in, should look at? I just don't know. You should talk to John and a couple of other people who live there.

**LM:** I did talk to John Cowles, but he never indicated any . . . As he said, "It was a private interest."

**KR:** Yes.

**LM:** They love the whole idea of it, but . . .

**KR:** And, of course, they lived on Washington Avenue in that little industrial building that no one knew about.

**LM:** Yes, right. [Chuckles]

**KR:** It's a very interesting building. I wonder what's happened to it?

**LM:** Well, let's see. How are you doing on time?

**KR:** I'm fine. Of course, now we're involved with the East Bank Mills Project, with the old Pillsbury A Mill.

**LM:** Yes.

**KR:** It's déjà vu all over again.

**LM:** Only more so, hmmm? [Chuckles]

**KR:** Only more so. Yes, exactly. It's frustrating because, of course, we're going through some of the same issues relative to the market and relative to the financing. Back then, the interest rates were at twenty-two percent but you could borrow money. Today, interest rates are almost zero and you can't borrow money. So it's the same, but different. It's a downturn in the markets, and yet, I still believe in the riverfront. I just think there is something about water, water in a city, that brings people, that excites people, that brings an energy.

My favorite North American city is Vancouver, British Columbia. The reason is not just because there are beautiful buildings or tall buildings. The reason is that I think they have done a fantastic job of . . . I'll use the word develop. They've developed the water's edge in a variety of ways that allow the public and private ownership to overlap in visible ways. When you go to Falls Creek and Granville Island and walk along the waterfront or sit down and have a cup of coffee or lunch, it's not clear—and it shouldn't be clear—where the private property ends and the public sector begins. They are simply the same. Then you realize, when you're standing or sitting there on Granville Island looking across Falls Creek to downtown, that there are actually people living in boats that are tied up to the waterfront. While the waterfront is both public and private, the people closest to the water are living in private boats, and nobody seems to object to that. In fact, when I've been there, everybody wanders over and is intrigued with these boats and people living there. It's that combination of public/private . . . There are restaurants. There are shops. There are stores. There are condominiums. There are apartment buildings. There are parks. One of the world's greatest parks, in my opinion, is Stanley Park.

**LM:** Yes, it's incredible.

**KR:** And there are little boats, little harbor boats, that go across the harbor for twenty-five cents or whatever it is each time you go. I think they've looked at the waterfront and they've said, "We're going to merge the public and private interests in a way that is dynamic and interesting and in a way that brings people to the waterfront." I know when you walk on the downtown side of the waterfront, looking across Falls Creek back to Granville Island, if you're sitting in a restaurant, you're on private property, but when you step out of the restaurant and stand on the docks, I don't know if you're on private property or public property. It doesn't make any difference to them. The way they've designed it, it's just so active. There are boats and marinas and all these things going on on the waterfront. One of the problems I've always thought we have here—it's one of the benefits, too—is that the Park Board wants to create these sort of layers or strips of use.

**LM:** Yes.

**KR:** They use the River Road as a fence, as a boundary. There can't be any private activity or private ownership between the River Road and the water, because that's got to be the public domain. What Vancouver does, I think, is they just flip that around and say, "No, no, no. We want people to be involved and engaged. We want people to be on the waterfront. Therefore, we're going to encourage any use, any good use, any viable use that brings people to the water. That can be private, like restaurants, coffee shops, marinas." I just think they do a better job. They do a better job on Inner Harbor. They do a better job on South Street Sea Port. We've got this idea in Minneapolis that the public and the private have to be separate, and that separation has to be delineated in concrete or asphalt. You can't have private enterprise on public property. We're just beginning to get away from that.

**LM:** Right.

**KR:** Slowly.

**LM:** Look how successful the Tin Fish restaurant is.

**KR:** Tin Fish. Finally! How long did it take?

**LM:** It took a long time. [Chuckles]

**KR:** One of the most successful parks in the United States is Bryant Park in New York.

**LM:** Yes.

**KR:** They can't keep people out because it's so positive and so desirable to be in the park. We were there last year. It was just packed with people. It's packed with activities that are privately run. They don't have to own the land to be there. That, to me, has always been a dilemma with the riverfront. But I think East Bank Mills is a huge challenge and a huge opportunity for the state, for the city. We're working with the city now to see if we can get some financing help. We're going to be working with the State Legislature to see if we can get a historic building tax credit through, finally.

**LM:** That's good.

**LM:** Everybody we've talked to seems positive.

**LM:** Great!

**KR:** It's the last core property that is available on the riverfront. There is certainly a lot of land upstream above downtown in the upper river area that will be developed in some way. I think the B.F. Nelson property will be a park. But I think it's too bad that we can't bring more privately . . . I'll use the word sponsored—privately promoted—activity. I would love to see a restaurant in the Main Street Substation.

**LM:** Yes.

**KR:** I'd love to see boats tied up in front of it. I'd love to see people being able to get into a boat, go for a cruise on the river, come back, have dinner. It's that activity in and on and around the water that adds vitality. So that's really why I'm interested in the water and in the river. People are drawn to it once they know that it's there. The other interesting change that's occurred . . . I've been talking to people who jog. We're building the Phoenix on the River Project, and people are actually living in it now. It's been fun to be down there when people jog by. They'll stop and say, "Oh, are you doing the buildings?" We get to talk. People, now, when they talk about how far they're running or jogging on the river, they're not talking about the distance; they're talking about the bridges. They're talking about the number of bridges they're doing.

**LM:** Yes.

**KR:** I think that's just great.

**LM:** It's like doing the lakes.

**KR:** Exactly! "I've run three lakes." Somebody said to me the other day, "I've done seven bridges." I think that's just great. It recognizes the river, because without the river, you don't have a bridge, and it recognizes that there are two sides and they are seeing and experiencing both sides of the river. I think that's great. I really do.

**LM:** Maybe we could just take a few minutes and you could talk about how you came to buy the Pillsbury A Mill and that property, as you did the other morning. That was fun.

**KR:** Sure. I got a call in the evening from a real estate broker asking if we would be interested in buying the Pillsbury A Mill site. I said, "Yes." The broker said that the property was probably available, but that the owner/seller, ADM, Archer Daniels Midland, did not want anybody to *know* it was for sale. We would have to sign a confidentiality agreement, which I said we would do. The concern that ADM had was that they didn't want their employees to know *if* the sale was not certain, because then they could tell the employees with certainty what was going to happen. They also did not want to have their customers know that the property was for sale, because that would lead to uncertainty, and they would lose customers. So interestingly, the property was not marketed publicly at all. I said, "Yes, we would be very interested." I went down that night with another person, another individual who became a partner, instantly became a partner. I called him and he said, "Yes, I'll meet you in fifteen minutes." We drove around the property. I said, "We're going to buy it. Do you want to be involved?" He said, "Yes." The decision to buy it was made that quickly.

**LM:** You actually didn't go inside?

**KR:** We did not go inside, no.

**LM:** [Chuckles]

**KR:** It was locked up that night. Of course, we hadn't signed anything in terms of a confidentiality agreement. We ended up negotiating a purchase agreement. And the president of ADM Milling, Craig Fischer, called me one day and said, "I just want to come up and meet with you. I want to see if you guys are for real." We were close to an agreement. He said, "I want to sit down and look you in the eye and make up my mind. Are we going to do business with you or not?" I said, "Fine." He flew up. His requirement as the seller was that there be no contingencies in the purchase agreement, except environmental. We said, "Fine." We agreed to that. We agreed to the price. We agreed to the terms. Craig asked me to put together a timeline. I said, "Craig, these projects take forever. This is a *very* complex project. It's in an area with lots of review and oversight." He said, "Would you put together a timeline?" In a sense, what he was saying was, "Prove to me that it's going to take as long as you say."

**LM:** Hmmm.

**KR:** I told him it would take two to three years. So I did that, and he said, "Okay. I'm willing to accept that, *but* we're not going to wait. You can have a certain amount of time, a reasonable amount of time, to decide if you want to buy it only based on the environmental condition of the property. If it's contaminated and you don't want to buy it, that's fine. But there are no contingencies. I will not agree to a contingency upon zoning approval, on financing, on anything except environmental." We thought, okay, that seems like some difficult terms, but we felt strongly about the property and the location and the opportunity there. So we agreed to that. We agreed to a price.

Then he said, "By the way, we want to lease the property back for a certain period of time." So we agreed on a rental rate. We actually bought the property, closed in July 2003, and they leased it back for eighteen months. They quickly decided, or had perhaps already decided, that they were going to shut it down. It was in bad shape. They had not put much money into it at all to maintain it. I think they saw it as an opportunity to shut down the plant, cannibalize some of the equipment, take the parts to other mills and use those parts to repair other equipment. When we removed the environmental contingency—the site is quite clean, actually; it's been a food processing plant for a hundred and some years—Craig then said to his employees, "We've sold the building. We're leasing it back." Many of the employees, I think, ended up going to the Hiawatha Plant. The head miller, Jeff Skiba, is still there.

We learned later, sometime before we close on the property, that someone else had tried to buy it and had a purchase agreement, but it was never signed by ADM. Well, it turns out that it was our next door neighbor, Steve Minn. We were told by Craig Fischer that the other group—I'm not sure Craig ever told us who it was—had written a purchase agreement that had contingencies on everything. The seller was a different president of ADM Milling. That president, who was negotiating with Steve Minn and John Wall, left or resigned. Craig Fischer replaced him. Craig Fischer came in, looked at the purchase agreement that had been negotiated, and said, "There's no way I'm signing this thing. We

don't know if you're going to buy it. You have so many contingencies." Craig threw it out and said, "Here's the deal. We'll sell it to you for this. One contingency: environmental. That's it. Do you agree to that?" Fred Wall—I learned later, because Fred told me—went down there and met with Craig. And Craig said, "This is it. This is the price. This is the contingency we'll give you." Fred Wall said, "No, we're not going to buy it." So, as we learned later, that was the group that, in their minds, had it under contract, although it was never signed by ADM. They were upset, I guess, that we bought it and they didn't. But we agreed to the terms and price and they didn't.

At that point, ADM decided to shut it down. They shut down in October 2003, so from 1881 to October 2003, that mill was producing flour. I asked Craig Fischer, the president of ADM when we bought it, if the mill were running at full capacity, how would it fit in the world's flour production? He said, back then in 2003, "It would be the third largest flour producing mill in the world even though it had been built in 1881."

**LM:** Really?

**KR:** It had that capacity. I was also told by Jeff Skiba that they manufactured three hundred different brands of flour. I'm sure there would be a Linda Mack Best Flour and there would be a Kit Richardson Pretty Good Flour. It might be the same flour, just a different bag. Jeff Skiba also said that they had buyers who could put their hands in a batch of flour and just by touching the flour, they could tell which roller mills in that building it had gone through. So there was this incredible nineteenth century technology that was still operating, and the buyers were still using the feel of flour on their hands to judge the quality and whether or not they would accept it. Here we were in 2003, still using 1880s technology, and the buyers are using their fingers, the feel of the flour on their fingers. I'm sure they used other high tech measuring instruments, but Jeff said, "They could tell when they touched the flour where it had come from."

**LM:** Wow.

**KR:** So it was fun. It was interesting to see it operating. As I think you know, the Minnesota Historical Society came in. We offered this opportunity to Nina Archabal and the Historical Society [to document it], and they brought in a film crew and they filmed eight hours.

**LM:** Oh, great!

**KR:** So the Minnesota Historical Society has a record of grain coming in and flour going out and everything in between. I think it's led by Jeff Skiba, the head miller. We actually have a copy of that also. One of the things you can't believe is the sound, the noise. The noise level was *huge*!

**LM:** I got to go in there. Thank you. [Chuckles]

**KR:** Yes. That's kind of fun to have. The Minnesota Historical Society has been through now three or four times. They've removed whatever they wanted in terms of equipment. We've save a lot of equipment. The other thing we've done is we've taken some of the old roller mills and given them to the Park Board. If you go over to Father Hennepin Park, you'll see three or four of the old roller mills on concrete bases where the Park Board has just put them in the park as art.

**LM:** Artifacts.

**KR:** Artifacts, yes. And we have some other equipment up on the upper levels that we're going to give when we can, when we can get them out of the building. We don't have a crane right now. Those have to be craned out. The goal is to get some of this equipment into the public realm outside, so kids can climb out—or not, depending on the piece of equipment. [Chuckles]

**LM:** Right.

**KR:** One of the things we'd like to do—you and I have talked about this—is talk to people who worked there. We just haven't had the time, money or ability to gather up a group of people who worked there. I'd love to talk to somebody about how the rope system worked, because we've opened up the old tunnels that we acquired when we bought the property. One of our goals is to make this the greenest project in the United States, by using the river water to heat and cool the entire project. As the water comes through the tunnels, we want to use what are called flat plate heat exchangers. That provides enough heating and cooling for the entire project times three. So it's possible, we think, based on very preliminary engineering numbers, to not only heat and cool that entire project of 1.6 million square feet, but to heat and cool all of Saint Anthony Main and other projects around it and to make it a showcase. We want to open the tunnels to the public as part of the Mill City Museum. So we're working on that with Nina and others. I don't think you were at the Saint Anthony Falls Heritage Board meeting Monday where Fotis Sotiropoulos, the director of the Saint Anthony Falls Laboratory, talked about what they're trying to do.

**LM:** Oh, cool.

**KR:** We're trying to do the same thing and cooperate with them. One of the things we want to do is bring the public *into* these facilities so they can see it.

**LM:** Yes.

**KR:** So they can see the innovation and see the history.

**LM:** It's all there.

**KR:** It's all there, but nobody knows it. Most of the stuff we've got to show the public is underground.

**LM:** [Chuckles] So it closed in October 2003?

**KR:** We closed on the purchase in July 2003. They shut down the milling operation in October 2003, and it's been vacant since October 2003.

**LM:** But you said you at least had rent for eighteen months?

**KR:** Yes, so they paid rent on an empty building.

**LM:** Oh, I see. Okay.

**KR:** They just said, "You know what? We signed the lease for eighteen months. We'll pay the rent for eighteen months. We're just not going to occupy it. We're shutting down."

**LM:** Okay. I just wanted to figure out those dates.

**KR:** Yes.

**LM:** Incredible. That's the next chapter. We'll have to catch up on that in a future year. [Laughter] Thank you for the interview today.