

DEPARTMENT OF ADMINISTRATION
ARCHITECTURE & ENGINEERING DIVISION

STATE FINANCE AND CLAIMS

17

4-5-05

USA NO.

46 540

1520 EAST SIXTH AVENUE



BRIAN SCHWEITZER, GOVERNOR

STATE OF MONTANA

(406) 444-3104

PO BOX 200103
HELENA, MONTANA 59620-0103

March 23, 2005

Arnold Olsen, Director
Montana Historical Society
225 North Roberts
Helena, Montana 59620-1201

Re: Proposed Montana Historical Society Building

Dear Arnie,

In anticipation of the 59th Legislative Session approval of both HB5, which currently contains \$20,000,000 of spending authority for a new Historical Society Building, and HB540 which contains \$7.5 million of State bonding for the facility, you have raised several procedural questions related to the project.

Assuming the project is approved, A&E Division will establish an appropriation through OBPP and then assign a project number so that we can track all financial activity in the State's accounting system. We will work with you and the Historical Society to establish a planning committee and initiate the RFQ process to select a design consultant. In the case of this particular project (which is somewhat unusual among State projects) the purchase of existing property is a consideration. Obviously, if the property cannot be obtained by the State, extensive planning for renovations makes little sense. Prior to the negotiations for the property it will be necessary to complete a due diligence process which includes, but is not necessarily limited to, the following:

1. An independent appraisal of the existing mall and land.
2. A thorough analysis of the existing facility including items such as a hazardous material survey, a structural review, a roof survey and a mechanical system survey.
3. A complete analysis of current land ownership (it is my understanding that part of the site is held under a long-term lease agreement.)
4. A further evaluation of your program needs as they relate to the mall property.

We must thoroughly understand all of these issues *before* we enter into serious negotiations for the property. Identified deficiencies may result in allowances to the State or may be corrected by the existing owners before the State obtains ownership. The bottom line is that we must know exactly what we are buying and the corresponding value. We will not entertain the sale of bonds until we have established a proper value for the property and have entered into a buy/sell agreement. Once the property is purchased, the design process will transition into a process that will look much more like a standard State planning/construction project.

I could delineate further into the overall process but I would prefer to wait until we solidify that we truly have a facility to renovate for the Historical Society.

I hope this is helpful, and let me know if you need anything else. Good luck.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom', written over the printed name.

Thomas B. O'Connell
Administrator

c: Joe Triem, A&E Planning Manager