City of Tacoma City Council Action Memorandum

TO: Hyun Kim, City Manager
FROM: Dierdre Patterson, Business & Economic Development Manager
Debbie Bingham, Interim Director, Community and Economic Development

COPY: City Council and City Clerk
SUBJECT: Request for Resolution to approve loan agreement with Museum of Glass
DATE: August 4, 2026

SUMMARY & PURPOSE:

A resolution authorizing the execution of a loan agreement with Museum of Glass in the amount of $1.25 million budgeted from Fund 1195 (UDAG) to support non-construction costs associated with the Museum's renovation and expansion project.

BACKGROUND

This resolution would authorize the City Manager to enter into a loan agreement with Museum of Glass in the amount of $1.25 million budgeted from Fund 1195 (UDAG). The proposed financing is a 24-month bridge loan with a 9% flat fee of $112,500. No payments would be required during the loan term. At maturity, the full $1.25 million principal balance and the $112,500 fee would be due in a single balloon payment.

Museum of Glass is a Tacoma-based 501(c)(3) nonprofit contemporary art museum located at 1801 Dock Street. Opened in 2002, the Museum operates the West Coast's largest and most active museum glass studio, hosts artist residencies and exhibitions, provides educational programming, and welcomes nearly 100,000 visitors annually.

The Museum is undertaking the first major capital renovation in its history. The approximately $22 million project will modernize existing gallery spaces, convert the current theater into additional gallery space, improve lighting, environmental controls, security, visitor flow, collection storage, and related infrastructure, and create the approximately 4,000-square-foot Lino Tagliapietra Legacy Gallery to display 175 works gifted by the artist.

The City loan would fund eligible non-construction components of the project, including exhibition furniture, fixtures, art installations, and related project costs that are not covered by the Museum's construction financing. The loan is intended to bridge the timing between current project expenditures and future receipts from the Museum's capital campaign.

The Museum reports approximately $17 million in capital campaign commitments toward the $22 million project and continues to fundraise for the remaining balance. The primary repayment source for the City loan will be capital campaign pledge payments expected during the 24-month term. The Museum is also securing a separate bridge loan from PNC Bank for construction costs. As conditions of closing, the City will require confirmation that the PNC financing permits the City loan, the City's proposed repayment priority, and the City's collateral position.

The City loan would be secured by a lien against the Museum of Glass building, subject to completion of title review, confirmation of lien priority, lender consent or subordination as applicable, and approval of final loan and security documents by the City Attorney's Office.

The UDAG account (Fund 1195) is comprised of repayments from historic U.S. Department of Housing and Urban Development resources that were granted to the City and lent to the private sector for economic development activities.

Prior projects funded through the City's UDAG funds include development of the downtown hotel now known as Hotel Murano, acquisition and redevelopment of Old City Hall, construction of a parking facility for the University of Washington Tacoma, and the 2025 CEIBA Redevelopment loan. These projects were structured as loans to be repaid to the UDAG account administered by the Community and Economic Development Department.

COMMUNITY ENGAGEMENT/ (CUSTOMER RESEARCH): No separate City-led community engagement was conducted for this financing action. Museum of Glass has engaged its Board of Trustees, individual donors, foundations, and public funding partners through its capital campaign and project planning process. The renovation is designed to improve the visitor experience, expand exhibition capacity, strengthen educational opportunities, and preserve a major cultural asset in Tacoma.

2026 STRATEGIC PRIORITIES:

Equity and Accessibility:
The project will modernize a major public cultural institution and expand access to exhibitions, educational programming, and contemporary glass art. Improvements to visitor flow, environmental systems, gallery infrastructure, and interpretive technology will support a more accessible and welcoming experience for residents, students, artists, and visitors

Economy/Workforce: *Equity Index Score*: Moderate Opportunity
The project supports Tacoma's visitor economy, cultural sector, and downtown employment base. The Museum welcomes nearly 100,000 visitors annually, and the expanded gallery capacity and Lino Tagliapietra Legacy Gallery are expected to increase attendance, tourism spending, and regional visibility.

Livability: *Equity Index Score*: Moderate Opportunity
The renovation will preserve and improve a significant civic and cultural facility on the Thea Foss Waterway, increase opportunities for arts education and community participation, and strengthen Tacoma's identity as an arts and cultural destination.

STAFF RECOMMENDATION:

Staff reviewed the loan request under the City's Urban Development Action Grant (UDAG) Revolving Loan Fund framework. The request also underwent an independent financial underwriting review by Grow America. The underwriting analysis found that Museum of Glass has a strong financial and operational history, low existing leverage, and a project that is already underway. The analysis also identified risks associated with the remaining capital campaign funding gap and the timing of pledge collections. These risks are mitigated by the Museum's identified fundraising pipeline, historical cash generation, project contingency, and the proposed lien against the Museum building.

Staff recommends that City Council approve the resolution authorizing a $1.25 million loan to Museum of Glass for a 24-month term, with a 9.00% flat fee of $112,500, no payments during the term, and a balloon payment of all principal and the fee at maturity. Final disbursement would be conditioned on satisfactory loan documentation, completion of title and collateral review, confirmation of the City's lien position, and written confirmation that the PNC Bank financing does not prohibit the City loan or its repayment terms

ALTERNATIVES:

Presumably your recommendation is not the only potential course of action; please discuss other alternatives actions for council or staff to take. Please use table below.

Alternative	Positive Impacts	Negative Impacts
1. Do not approved the loan agreement	Save funds for other purposes	The Museum would need to identify another source for $1.25 million in non-construction project costs, which could delay the renovation, require reductions in project scope, or increase financing costs.

EVALUATIONS AND FOLLOW UP:

The development will be tracked as it progresses and once completed will be monitored to ensure the intended outcomes are met.

FISCAL IMPACT:

Expenditures: Loan Issuance

Fund Number & Fund Name *	Cost Object (cc/wbs/order)	Cost Element/GL	Total Amount
1195 - UDAG	**N/A**	**1810000**	**$1,250,000**
Total			**$1,250,000**

Revenues: Loan Repayment

Funding Source	Cost Object (cc/wbs/order)	Cost Element/GL	Total Amount
1195 - UDAG	**N/A**	**1810000**	**$1,250,000**
1195 - UDAG	**852400**	**6012000**	**$112,500**
Total			**$1,362,500**

Fiscal Impact to Current Biennial Budget: $0 (already budgeted)

What Funding is being used to support the expense?
UDAG funds which are budgeted to be loaned.

Are the expenditures and revenues planned and budgeted in this biennium's current budget?
NO, PLEASE EXPLAIN BELOW
Yes

Are there financial costs or other impacts of not implementing the legislation?
NO

Will the legislation have an ongoing/recurring fiscal impact?
NO

Will the legislation change the City's FTE/personnel counts?
NO

ATTACHMENTS:

- City of Tacoma- Museum of Glass Loan Agreement