EXECUTIVE SUMMARY

TITLE: First Amendment to the Preliminary Development Agreement with PLACE

RECOMMENDED ACTION: Motion to Adopt EDA Resolution approving the First Amendment to the Preliminary Development Agreement with PLACE.

POLICY CONSIDERATION: Does the EDA wish to approve the proposed First Amendment extending the Preliminary Development Agreement with PLACE until February 28, 2017?

SUMMARY: On May 18, 2015, the EDA and City Council approved a Preliminary Development Agreement with PLACE relative to preparing a feasible and acceptable plan for a major mixed-use, mixed-income development located at 5725, 5925 and 5815 Highway 7 and 3520 Yosemite. The Agreement terminates on February 29, 2016 unless it is extended. To date, all parties have been meeting regularly, working diligently on their respective obligations, and making substantial progress on the proposed project. Specifically, site due diligence has been conducted, a project program has been developed, market studies, pro forma, appraisals and building massings prepared, funding partners have been secured, sizable grants have been obtained (with more pending), and four neighborhood meetings have been held. Yet much more work remains to bring the proposed project to fruition.

PLACE has requested that the Preliminary Development Agreement be extended a year until February 28, 2017. The extension is necessary to provide PLACE’s funding partners with continued assurance of its ability to secure the subject properties for the proposed development. It is the expectation of all parties that a formal Purchase and Redevelopment Contract could be reached by the extended termination date.

FINANCIAL OR BUDGET CONSIDERATION: Under the proposed First Amendment, PLACE remains obligated to reimburse the EDA for all out-of-pocket costs it incurs in connection with review and analysis of the proposed Development prior to the extended termination date.

VISION CONSIDERATION: St. Louis Park is committed to providing a well-maintained and diverse housing stock.

SUPPORTING DOCUMENTS: Resolution
First Amendment

Prepared by: Greg Hunt, Economic Development Coordinator
Reviewed by: Michele Schnitker, Housing Supervisor/Deputy CD Director
Approved by: Tom Harmening, EDA Executive Director and City Manager
EDA RESOLUTION NO. 16-____

RESOLUTION APPROVING A FIRST AMENDMENT TO THE PRELIMINARY DEVELOPMENT AGREEMENT BETWEEN THE ST. LOUIS PARK ECONOMIC DEVELOPMENT AUTHORITY, THE CITY OF ST. LOUIS PARK, AND PLACE

BE IT RESOLVED BY the Board of Commissioners ("Board") of the St. Louis Park Economic Development Authority, St. Louis Park, Minnesota (the "Authority") as follows:

Recitals.

Pursuant to its authority under Minnesota Statutes, Sections 469.090 to 469.1082, as amended, the Authority administers its Redevelopment Project No. 1 (the "Project"), for the purpose of facilitating the redevelopment of certain substandard property within the Project.

The Authority and the City of St. Louis Park (the “City”) own certain property (the “Property”) within the Project, which Property has been the subject of certain preliminary negotiations with PLACE (the “Developer”) for purposes of constructing a mixed-use (multi-family residential and commercial), mixed-income development on the Property and related parking, incorporating renewable energy sources including an anaerobic digester (the “Development”).

1.03. The Authority, the City, and the Developer executed a Preliminary Development Agreement, dated as of May 18, 2015 (the “Agreement”), providing for the performance of certain activities on the part of the parties in preparation for the negotiation of a definitive Contract for Private Redevelopment in connection with the Property.

1.04. The parties have negotiated and propose to execute a First Amendment to the Agreement (the “First Amendment”) to extend the deadline for the completion of these preliminary activities for a period of twelve months.

Section 2. First Amendment Approved.

2.01. The First Amendment as presented to the Board is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the President and Executive Director, provided that execution of the First Amendment by such officials shall be conclusive evidence of approval.

2.02. The President and Executive Director are hereby authorized to execute on behalf of the Authority the First Amendment and any documents referenced therein requiring execution by the Authority, and to carry out, on behalf of the Authority, its obligations thereunder.

2.03. Authority staff and consultants are authorized to take any actions necessary to carry out the intent of this resolution.
Reviewed for Administration: Thomas K. Harmening, Executive Director

Adopted by the Economic Development Authority February 16, 2016

Anne Mavity, President

Attest:

Secretary

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FIRST AMENDMENT TO PRELIMINARY DEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO PRELIMINARY DEVELOPMENT AGREEMENT (this “Agreement”), dated February ____, 2016, by and between the St. Louis Park Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”), the City of St. Louis Park, a Minnesota municipal corporation (the “City”), and PLACE, a Minnesota nonprofit corporation (the “Developer”);

WITNESSETH:

WHEREAS, the Authority and the City desire to promote development of certain property within Redevelopment Project No. 1 (the “Project”) in the City, located at 5725, 5925 and 5815 Highway 7 (the “City and Authority Property”) and 3520 Yosemite Avenue (the “Rail Property” and together with the City and Authority Property, the “Property”); and

WHEREAS, the Property is made up of four parcels, of which the City and Authority Property is owned by the City or the Authority, and the Rail Property is owned by the Hennepin County Regional Rail Authority; and

WHEREAS, the City and Authority previously determined that it is in the best interests of the City that the Developer be designated as the sole developer of the City and Authority Property during the term of an initial Preliminary Development Agreement between the parties, dated as of May 18, 2015 (the “Initial Agreement”); and

WHEREAS, the parties have worked diligently to perform their obligations under the Initial Agreement and now wish to extend the term of the Initial Agreement pursuant to this First Amendment.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and obligations set forth herein, the Authority, the City and the Developer hereby agree as follows:

1. During the term of this First Amendment, the parties agree to continue working cooperatively toward the goals outlined in the Initial Agreement, pursuant to its terms.

2. This First Amendment shall terminate by its terms if the governing bodies of the Authority and City have not approved the Contract (as defined in the Initial Agreement) by February 28, 2017. Upon such termination, the Developer remains obligated to pay any costs payable under paragraph 13 of the Initial Agreement that were incurred by the Authority and the City prior to such date.

18. Except as amended by this First Amendment, the Initial Agreement shall remain in full force and effect. Upon execution, the Developer shall reimburse the Authority for all out-of-pocket-costs incurred by the Authority in connection with negotiating, drafting and approval of this First Amendment.

(The remainder of this page is intentionally left blank.)
IN WITNESS WHEREOF, the City and Authority have caused this Agreement to be duly executed in their name and behalf and their seal to be duly affixed hereto and the Developer has caused this Agreement to be duly executed as of the date and year first above written.

PLACE

ST. LOUIS PARK ECONOMIC DEVELOPMENT AUTHORITY

By: ______________________________
Its ______________________________

Its President

Its Executive Director

CITY OF ST. LOUIS PARK

Its Mayor

Its City Manager

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