EXECUTIVE SUMMARY

TITLE: Second Amendment to the Preliminary Development Agreement with PLACE

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

POLICY CONSIDERATION: Does the Council wish to amend its Preliminary Development Agreement with PLACE to include the five parcels owned by the City and Hennepin County Regional Rail Authority immediately south of the proposed Wooddale LRT station?

SUMMARY: On May 18, 2015, the EDA and City entered into a Preliminary Development Agreement (PDA) with PLACE. The agreement outlines the parties’ respective roles and responsibilities in order to cooperatively bring a potential mixed use redevelopment to fruition at the SE quadrant of Hwy 7 and Wooddale Ave. It also provides PLACE with exclusive rights to negotiate acquisition of the properties on the north side of the Wooddale LRT station with the EDA and City. On February 16, 2016, the EDA and City approved a First Amendment extending the term of the PDA until February 28, 2017.

At the June 6, 2016 Special Study Session, there was consensus support for allowing PLACE to prepare redevelopment plans encompassing the properties on both the north and south sides of the proposed Wooddale LRT station for traffic management purposes. The subject property south of the station includes three parcels owned by the City, located at 3575 Wooddale Avenue, 5814 36th Street, and 5816 36th Street (along with vacated right-of-way) and two parcels owned by the Hennepin County Regional Rail Authority, located at 3565 Wooddale Avenue (leased to Nash Frame) and a portion of 3548 Xenwood Avenue. Staff is working with Hennepin County staff to have the Rail Authority parcels conveyed to the City with the expectation they would subsequently be sold to PLACE.

PLACE has requested that the Preliminary Development Agreement be amended to include the five City/Rail Authority properties south of the proposed Wooddale LRT Station. The amendment is necessary to provide PLACE’s funding partners with continued assurance of its ability to secure the subject properties for the proposed redevelopment. 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 Second 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 of Approval
Second 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
CITY OF ST. LOUIS PARK

RESOLUTION NO. 16-____

RESOLUTION APPROVING A SECOND 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 City Council (the “Council”) of the City of St. Louis Park, Minnesota (the “City”) as follows:

Section 1. Recitals.

1.01. Pursuant to its authority under Minnesota Statutes, Sections 469.090 to 469.1082, as amended, the St. Louis Park Economic Development Authority (the “Authority”) administers its Redevelopment Project No. 1 (the “Project”), for the purpose of facilitating the redevelopment of certain substandard property within the Project.

1.02. The City and the Authority 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 City, the Authority, and the Developer previously 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; and subsequently executed a First Amendment to the Agreement dated as of February 16, 2016 (the “First Amendment”) to extend the deadline for the completion of these preliminary activities for a period of twelve months.

1.04. The parties have negotiated and propose to execute a Second Amendment to the Agreement (the “Second Amendment”) in order to expand the Property to include three additional parcels owned by the City and two additional parcels owned by the Hennepin County Regional Rail Authority (the “Additional Parcels”).

Section 2. Second Amendment Approved.

2.01. The Second Amendment as presented to the Council is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the Mayor and City Manager, provided that execution of the Second Amendment by such officials shall be conclusive evidence of approval.
2.02. The Mayor and City Manager are hereby authorized to execute on behalf of the City the Second Amendment and any documents referenced therein requiring execution by the City, and to carry out, on behalf of the City, its obligations thereunder.

2.03. City staff and consultants are authorized to take any actions necessary to carry out the intent of this resolution.

Reviewed for Administration:        Adopted by the City Council June 20, 2016

Thomas K. Harmening, City Manager        Jake Spano, Mayor

Attest:

Melissa Kennedy, City Clerk
SECOND AMENDMENT TO PRELIMINARY DEVELOPMENT AGREEMENT

THIS SECOND AMENDMENT TO PRELIMINARY DEVELOPMENT AGREEMENT (this “Agreement”), dated June 20, 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, the City, and Developer previously entered into a Preliminary Development Agreement dated as of May 18, 2015, as amended by a First Amendment thereto dated as of February 16, 2016 (as so amended, the “Initial Agreement”), 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 subject to the Initial Agreement 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 (the “Rail Authority”); and

WHEREAS, the parties desire to expand the Property to include three additional parcels owned by the City, located at 3575 Wooddale Avenue, 5814 36th Street, and 5816 36th Street (along with certain right-of-way to be vacated and accrued to these parcels) (the “Additional City Parcels”), and to include two additional parcels owned by the Rail Authority, located at 3565 Wooddale Avenue and a portion of 3548 Xenwood Avenue (the “Additional Rail Parcels”).

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 Second Amendment, the parties agree to continue working cooperatively toward the goals outlined in the Initial Agreement, pursuant to its terms.

2. The Property subject to the Initial Agreement, as amended by this Second Amendment, is expanded to include the Additional City Parcels. In addition, the City and Authority will attempt in good faith to acquire the Additional Rail Parcels, and if such Additional Rail Parcels are so acquired, the Property will be expanded to include the Additional Rail Parcels.

3. This Second 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.

4. Except as amended by this Second 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 Second Amendment.
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

By: ____________________________
Its ____________________________

ST. LOUIS PARK ECONOMIC
DEVELOPMENT AUTHORITY

Its President

Its Executive Director

CITY OF ST. LOUIS PARK

Its Mayor

Its City Manager