

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	November 17, 2014
	Agenda Item No.	22
	Roll Call No.	<u>14-1773</u>
	Communication No.	<u>14-561</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolutions approving redevelopment plan for new office building at 200 SW 9th Street being developed by Sherman Gray's Landing Office Development, LLC and consenting to Riverpoint West LLC restructuring its financing for the Gray's Landing /Riverpoint West project.

SYNOPSIS:

On September 22, 2014, by Roll Call No. 14-1521, the City Council approved actions related to the Riverpoint West project, including a Parcel Development Agreement with Gray's Landing Office Development, LLC (George Sherman, Sherman Associates, President/Owner, 233 Park Avenue South, Suite 201, Minneapolis, MN 55415) for construction of a \$15 million, 72,000-square-foot office building in the River Point West redevelopment area.

City Council is now requested to approve a Redevelopment Plan for the Gray's Landing office building that will finalize the legal description for the Parcel Development Agreement approved on September 22, 2014 and consent to the restructuring of financing for the overall Gray's Landing/Riverpoint West project.

The restructuring was anticipated at the end of the seven (7) year term of the New Market Tax Credits (NMTC), which were obtained by the developer as part of the original financing for the project. The restructuring will have no detrimental impact on the developer's obligation to repay the existing \$8.5 million U.S. Department of Housing and Urban Development (HUD) loan for the project. It will provide a more streamlined flow of funds for continued repayment of the loan and will not impede continued redevelopment activities for the Riverpoint West area.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

Approval of the redevelopment plan is the last step to provide for actions necessary for the City to convey land for private redevelopment to River Point West LLC as the Master Developer, and for River Point West, LLC to convey land to Gray's Landing Office Development, LLC, who will initiate construction of the \$15 million, 72,000-square-foot office building. This project will follow the \$12.5 million, 102 room Holiday Inn Express in the Riverpoint West Development.

The restructuring of project financing is specific to the NMTC funding source. The NMTC program is specifically designed to address revitalization in economically challenged areas, and was an important vehicle for the Riverpoint West project, providing approximately \$2 million in equity.

These funds, leveraged with developer equity and the \$8.5 HUD Section 108 loan to the City, which was subsequently loaned to Riverpoint West LLC, provided funds to further the Master Redevelopment Plan for the Riverpoint West Area. Activities conducted include the acquisition and clearing of land, environmental remediation, and the installation of public infrastructure.

PREVIOUS COUNCIL ACTION(S):

Date: September 22, 2014

Roll Call Number: [14-1521](#)

Action: [First](#) Amendment to the Amended and Restated Urban Renewal Development Agreement with River Point West LLC, a Parcel Development Agreement with Sherman Gray's Landing Hotel Development, LLC for construction of a 102-room hotel and a Parcel Development Agreement with Gray's Landing Office Development, LLC for construction of a 72,000 square foot office building in the River Point West Redevelopment area. ([Council Communication No. 14-471](#))

Date: October 8, 2007

Roll Call Number: [07-1991](#)

Action: [Amended](#) and Restated Urban Renewal Development Agreement with River Point West LLC and a Loan Agreement with River Point West Investment Fund LLC for the River Point West Redevelopment Project. ([Council Communication No. 07-612](#)) Moved by Hensley to adopt. City Manager will provide periodic status reports to Council. Motion Carried 7-0.

Date: June 4, 2007

Roll Call Number: [07-1119](#)

Action: [Setting](#) date of hearing on Proposal to enter into an Urban Renewal Development Agreement with River Point West, LLC for the River Point West Redevelopment Project including the sale of land and inviting competing proposals, (7-9-07). ([Council Communication No. 07-315](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: August 7, 2006

Roll Call Number: 06-1617

Action: [Section](#) 108 Loan Guarantee Application and Amended Brownfield Economic Development Initiative (BEDI) Grant Application for Redevelopment of River Point West. ([Council Communication No. 06-484](#)) Moved by Hensley to adopt. Motion Carried 6-1.

Date: October 24, 2005

Roll Call Number: 05-2603

Action: Preliminary Agreement with River Point West LLC for redevelopment of River Point West Area. ([Council Communication No. 05-611](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: September 16, 2014

Resolution Number: N/A

Action: Final Design Review for Limited Service Hotel in the Gray's Lake Office Park Development Area (MLK and SW 11th Street) Motion to approve per staff recommendation by Clark. Seconded by Rypma. (Yes-9, No-0, Abstain-0 Absent-1).

Board: Urban Design Review Board

Date: September 16, 2014

Resolution Number: N/A

Action: Preliminary Design Review for Office Building in the Gray's Lake Office Park Development Area (MLK & SW 9th-11th Streets). Motion by Hielkema to approve the preliminary design with the following adjustments: move the office building closer to MLK and make the MLK entrances/exits more prominent and accessible to the pedestrian way. Seconded by Dietz-Kilen. (Yes-6, No-0, Abstain-1, Absent-3).

Board: Urban Design Review Board

Date: October 5, 2010

Resolution Number: N/A

Action: Motion to recommend final design as presented.

Board: Urban Design Review Board

Date: August 17, 2010

Resolution Number: N/A

Action: Review comments on preliminary design with no motion.

Board: Urban Design Review Board

Date: July 20, 2010

Resolution Number: N/A

Action: The board recommended that the project representatives reference other New Town planned areas for ways to present the Riverpoint West area, and integrate all desirable components. The design as presented should reflect the conceptual master plan, or a revised master plans should be submitted. The design guidelines need to be adhered to in presenting specific site uses.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Staff will bring forward additional items for Council consideration regarding the Master Development Agreement at a future meeting

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