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|  <p style="text-align: center;">Council Communication Office of the City Manager</p> | Date: | September 25, 2017 |
| | Agenda Item No. | 33 |
| | Roll Call No. | <u>17-1658</u> |
| | Communication No. | <u>17-700</u> |
| | Submitted by: | Erin Olson-Douglas, Economic Development Director |

AGENDA HEADING:

Resolution approving Parcel Development Agreement with New Horizon Real Estate Development – Iowa LLP and Redevelopment Plan for construction of a daycare facility in Gray’s Landing.

SYNOPSIS:

New Horizon Real Estate Development – Iowa, LLP (represented by William M. Dunkley, Managing Partner, 3405 Annapolis Lane North, Suite 100, Plymouth, MN 55447) is proposing to purchase the 20,000-square-foot subject property from River Point West, LLC (represented by George Sherman, Sherman Associates, 233 Park Avenue, Suite 201, Minneapolis, MN 55415), and construct a 12,711-square-foot building to house a daycare operation in the Gray’s Landing area. In accordance with the Second Amended and Restated Urban Renewal Development Agreement, approved on August 24, 2015 with River Point West, LLC., it is required to have a parcel development agreement, minimum assessment agreement and City review and approval of the development plans for each parcel of land sold in the development area. The primary goal for the City under the master development agreement with Sherman is to ensure the creation of new taxable valuation in the area through the development of high quality projects.

FISCAL IMPACT:

The approval of the Parcel Development Agreement and Redevelopment Plan does not constitute a new fiscal obligation for the City.

ADDITIONAL INFORMATION:

- An \$8.5 million Section 108 HUD loan, along with developer equity and other project financing elements, was a significant source for the necessary tasks to acquire, clear and remediate the land, construct streets and utilities and redevelop the former industrial brownfields area that is now called Gray’s Landing (formerly known as Riverpoint West).
- Following the 2015 amendment, Sherman Associates is paying the semi-annual payments on the Section 108 loan, as well as bringing forward new projects to create new increment.
- This new taxable valuation creates the tax increment (TIF) that is the source for making semi-annual payments on the Section 108 HUD Loan.

- Sherman Associates has brought forward four (4) projects in the last couple of years (Holiday Inn Express Hotel, Gray's Lake Office Building, The Edge Apartments, and the Nexus Apartments, totaling approximately \$78 million of investment).
- New Horizon Childcare Academy is the fifth project. The \$2.6 million project is anticipated to start construction in October 2017, with completion in the spring of 2018.

PREVIOUS COUNCIL ACTION(S):

Date: August 24, 2015

Roll Call Number: [15-1463](#)

Action: [Second](#) Amended and Restated Urban Renewal Development Agreement with River Point West, LLC. ([Council Communication No. 15-471](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: September 12, 2017

Resolution Number: N/A

Action: Motion by Heiman-Godar to recommend approval of the design subject to further consideration of the pillar detail along SW 9th Street and make adjustments to be more consistent with the aesthetic and perhaps be more fun. Seconded by Nagle. Yes: 7; Absent: 3.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Issuance of Certification of Completion for the New Horizon Childcare Academy
- Revision to the Master Development Agreement and Master Conceptual Plan

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