

COOPERATIVE AGREEMENT
(L & H Station)

This Cooperative Agreement ("Agreement") is made this ____ day of _____, 2015 between the City of Minneapolis, a municipal corporation, hereinafter referred to as the "CITY," and the Hennepin County Housing and Redevelopment Authority, a public body corporate and politic, hereinafter referred to as the "HCHRA." The CITY and the HCHRA are referred to collectively as the "Parties."

WHEREAS, in May 2007 in conjunction with planning for the Lake Street Light Rail Station the City Council of the CITY approved a redevelopment plan entitled the Hiawatha and Lake Redevelopment Plan (as amended, the "Redevelopment Plan") under the authority of Minnesota Statutes, sections 469.001 to 469.047, for a redevelopment project in the vicinity of the station (the "Project"); and

WHEREAS, the Redevelopment Plan articulates the following objectives for the Project: to support compact development and promote mixed uses in the Lake Street Corridor, coordinate redevelopment efforts with major public infrastructure investments, including LRT or busways, integrate transit with all redevelopment projects, including safe and visually appealing transit stops for future LRT or busways, increase housing choices by promoting new mixed-income ownership and rental housing development, increase the number and quality of affordable homeownership and rental housing opportunities, and increase the quality and quantity of retail business services in the neighborhood; and

WHEREAS, the Project is further guided by the Corcoran Midtown Revival Plan adopted by the City Council of the CITY in October 2002 as an articulation of and an amendment to the CITY'S comprehensive plan, which recommends the redevelopment of the site into a high-density mix of housing and commercial uses with facilities for a public market (the "Land Use Plan" and, collectively with the Redevelopment Plan, the "Plans"); and

WHEREAS, the HCHRA has the authority to participate in the Project pursuant to Minnesota Statutes, sections 469.001 to 469.047, and other applicable law; and

WHEREAS, in November 2014, the HCHRA adopted Resolution No. 14-HCHRA-43 authorizing various agreements for the acquisition, funding and phased redevelopment of a six and one-half acre site at 2225 E. Lake (and adjacent parcels) (the "Site") in the Project; and

WHEREAS, the HCHRA intends to enter into one or more agreements with L & H Station Development L.L.C., a Minnesota limited liability company, and/or other private developers (collectively, the "Developer") to undertake the proposed redevelopment; and

WHEREAS, phase one will entail construction in 2015-2016 of a 100,000 square foot office building to house the Hennepin County Human Services and Public Health Department, South Minneapolis Regional Service Center including a minimum of 8,000 square feet of new retail space, a 6-story residential building containing up to 125 residential units but not less than 100 residential units and a three level parking structure consisting of one level of parking at grade lined and covered with a green roof and two levels of below grade parking (the "Phase 1 Improvements"); and

WHEREAS, future phases entail the construction of up to 440 residential units but not less than 375 residential units, between 8,000 and 8,075 square feet of commercial/service space, structured parking to support future development, and a public market and public plaza of between 25,000 and 37,000 square feet developed and constructed over the duration of the redevelopment of the Project (the "Subsequent Phases Improvements" and, collectively with the Phase 1 Improvements, the "Redevelopment Activities"); and

WHEREAS, state law requires that the HCHRA coordinate with and obtain certain approvals from the CITY in order for the HCHRA to undertake a redevelopment project within the jurisdiction of the CITY; and

WHEREAS, by Resolution 2015R-_____, the City Council of the CITY granted such approval contingent upon execution and delivery of this Agreement; and

WHEREAS, the parties are authorized to enter into this Agreement pursuant to Minnesota Statutes, sections 383B.79, 471.59 and other applicable law; and

WHEREAS, the CITY benefits from the Plans and the Project;

NOW, THEREFORE, in consideration of the mutual undertakings and agreements hereafter set forth, the Parties agree as follows:

1. Purpose. The purpose of this Agreement is to set out certain understandings with respect to the Phase 1 Improvements to ensure consistency with the Plans and to establish a framework for cooperation between the CITY and the HCHRA with respect to the Subsequent Phases Improvements within the Project.
2. Term. The term of this Agreement shall run concurrently with the redevelopment of the Project and throughout the duration of the HCHRA's Redevelopment Activities in the Project area.
3. Master Plan. The HCHRA agrees to undertake and/or cause the Developer to undertake the Redevelopment Activities consistent with the master plan attached hereto as Exhibit A and incorporated herein by reference (the "Master Plan"). Any material changes in the Master Plan are subject to approval by the CITY.
4. Community Priorities. The HCHRA agrees to incorporate in its Redevelopment Activities the following community priorities, including but not limited to the items further described in that certain correspondence dated March 31, 2014 from the Corcoran Neighborhood

Organization to Hennepin County Commissioner Peter McLaughlin, a copy of which is attached hereto as Exhibit B and incorporated herein by reference (the “Community Priorities Letter”):

- a. County Building—The HCHRA agrees that the Phase 1 Improvements will include a mixed use building at least 5 stories in height with significant retail tenant space on the East Lake Street frontage as well as the County’s South Minneapolis Regional Service Center.
- b. Retail Frontage/Street Activation—The HCHRA will incorporate outdoor seating and coordination of bus stop locations with retail space in the Phase 1 Improvements. Phase I Improvements will result in the removal of the retaining wall adjacent to East Lake Street.

The HCHRA agrees to hire, in conjunction with the Corcoran Neighborhood Organization, Neighborhood Development Center to assist in planning and design of the retail space included as part of Phase I Improvements; the marketing, prospecting and brokering of retail space and supporting tenants through education, training, marketing support and financing services. The HCHRA agrees to incorporate into the construction of the retail space specific physical improvements and basic infrastructure to support flexibility in the size of tenant spaces.

In the leasing of retail space priority placement will be given to tenants who meet all of the following demographic qualifications: People of color business owners, local, and either small scale or independent and secondary priority placement will be given to tenants who are locally based, or small scale, or independent retailers. Initial leasing efforts (defined as 12 months from the completion of construction of the South Minneapolis Regional Service Center) shall focus on the leasing of space to the priority placement group. Prior to the entering into any leases the HCHRA shall consult with the CITY and the Corcoran Neighborhood Organization.

- c. Sustainability/Greening—The HCHRA agrees to integrate, where practical, green building standards, solar panels, stormwater management systems and green roofs in all phases of the Redevelopment Activities. The South Minneapolis Regional Service Center shall be built to Minnesota’s B3 standards. Future phases of the redevelopment shall be constructed to B3, Housing – MN Green Communities, National Green Building Standards, LEED or other nationally recognized and adopted green building standards. Agreed upon sustainability principles are contained as Exhibit C.
- d. Public Plaza/Midtown Farmers Market— The HCHRA further agrees that it will provide an appropriate interim location for the Midtown Farmers Market until the necessary infrastructure is complete.

The HCHRA agrees to work with the CITY and the Corcoran Neighborhood Organization in connection with the development of ownership, governance,

programming, capital improvements and management plans for the public plaza. To that end, the HCHRA has retained the Musicant Group to provide assistance to the HCHRA and Corcoran Neighborhood Organization.

The HCHRA agrees to coordinate the planning, design and construction of the necessary infrastructure for the public plaza and permanent home for the Midtown Farmers Market as part of the Subsequent Phases Improvements in consultation with representatives of the Market and with the Corcoran Neighborhood Organization. The location of the public plaza and permanent home for the Midtown Farmers Market will be located in the area identified as “market plaza” on Exhibit A. The HCHRA will work with the Developer, the CITY and the Corcoran Neighborhood Organization to secure the necessary financing for the construction of all improvements to the public plaza.

The HCHRA further agrees to work with the CITY and Corcoran Neighborhood Organization toward the realization of the following milestones:

- in partnership with the public realm working group, engage the community in a consultation process that will result in the generation of ideas and concepts that will form the basis of the preparation of schematic designs for the public plaza and the permanent home for the Midtown Farmers Market. This process shall also include a specific effort to incorporate the ideas and concepts of a diverse and local group of community artists to arrive at the completion of a consultation process that integrates public art into the final project – November 30, 2015
- preparation of schematic level plans for the development of the public plaza and permanent home for the Midtown Farmers Market , including incorporating public art into the project in a manner consistent with the City’s Public Art Goals (<http://www.ci.minneapolis.mn.us/www/groups/public/@cped/documents/webcontent/wcms1p-087297.pdf>); bring schematic designs for the public plaza and its related public art before the Minneapolis Arts Commission – February 28, 2016;
- securing preliminary cost estimates for the construction of the public plaza and permanent home of the Midtown Farmers Market, including any and all public art components – April 30, 2016;
- identification of funding sources that would finance the construction of the public plaza and permanent home of the Midtown Farmers Market, including the resources needed to hire diverse and local community artists to design and install the project’s public art components – June 30, 2016;

- preparation of construction level drawings and specifications after the four items above, and then within 3 months after the earliest of: HCHRA receiving notice from Minneapolis Public Schools (“MPS”) of its decision to vacate the existing office building located at 2225 Lake Street; the termination of the lease between the HCHRA and MPS; or at the end of the lease between the HCHRA and MPS, which will be no later than 8 years after the closing of the purchase of the Property by the HCHRA;
 - demolition of the existing office building at 2225 Lake Street, which will be within 6 months after the termination of the lease between HCHRA and MPS; and
 - the commencement of construction of the public plaza and permanent home for the Midtown Farmers Market within 6 months after the demolition of the existing office building located at 2225 Lake Street.
- e. Branding - The HCHRA and the Developer will engage with the Corcoran Neighborhood Organization in the creation and implementation of a plan and budget for the branding of the Project.
- f. Parking—The HCHRA agrees that parking for all phases of the Redevelopment Activities will be located in structured parking facilities combining at grade parking screened by liner development and/or below grade parking.
- g. Housing—The HCHRA agrees to incorporate up to 125 residential units but not less than 100 residential units in the Phase 1 Improvements and a wide mix of housing options in all phases of the Redevelopment Activities. As described in the CITY’s Affordable Housing Resolution (http://www.minneapolismn.gov/cped/resources/reports/cped_affordable_housing_resolution), twenty percent (20%) of all units of each City assisted housing project of ten or more units will be affordable to households earning fifty percent (50%) or less of the Metropolitan Median Income. These affordable housing units may include a mix of rental and/or homeownership. A minimum of twenty percent (20%) of the residential component of the Subsequent Phase Improvements will be affordable to households earning fifty percent (50%) or less of the Metropolitan Median Income, utilizing standard affordable housing finance sources including potential CITY assistance. It is recognized that the Developer may apply to the CITY and the HCHRA for affordable housing assistance in Subsequent Phase Improvements, which applications will be subject to review and approval by the governing bodies in the normal course. The HCHRA shall discuss the undertaking of residential development in Subsequent Phase Improvements, unit mix and composition, and timing with the CITY and the Corcoran Neighborhood Organization.

- h. Subsequent Phases Improvements – Following completion of the Phase I Improvements, the HCHRA agrees that no further residential units shall be constructed until each of the following tasks are underway or have been completed:
 - i. The removal of the existing building from the Site;
 - ii. The entry into a lease or leases for the 8,000 square feet of retail space to be constructed as part of Phase I Improvements; and
 - iii. The finalizing of plans for the development and construction of a public plaza and permanent home for the Midtown Farmers Market in accordance with Exhibit “A”.

The Parties agree that the obligations set forth in this Paragraph 4 are intended to benefit the Corcoran Neighborhood Organization and may be enforced in accordance with the provisions of this Agreement.

5. Coordination of Activities. In order to accomplish the purposes of this Agreement, J. Michael Noonan, or his successor, shall manage this Agreement on behalf of the HCHRA and serve as liaison between the HCHRA and the CITY, and David Frank, or his successor, shall manage this Agreement on behalf of the CITY and serve as liaison between the CITY and the HCHRA. The overall vision, implementation, consultation, and approval of Project direction will be guided by an “Oversight Group” comprised of representatives of the HCHRA, the CITY, and the Corcoran Neighborhood Organization meeting a minimum of four times a year or as deemed necessary by the group.

6. Dispute Resolution. Except as expressly provided herein, the Parties will use their best efforts to informally resolve any and all disputes that may arise between the Parties under this Agreement in a timely and expeditious manner. The Parties shall first endeavor to resolve any dispute or controversy between them by having staff discuss the dispute. If staff cannot resolve the dispute, their respective senior management shall discuss the dispute. Senior management for purposes of this Section is the CPED Director and the Executive Director of the HCHRA or such other senior managers as the respective Parties shall designate.

As a condition precedent to filing or pursuing any legal or equitable remedy, the Parties agree to participate in good faith in non-binding mediation through the use of a mutually acceptable neutral mediator. The Parties shall share equally in the cost of the mediator. Any Party shall be responsible for its own costs related to such mediation. If the Parties have not resolved their dispute within 30 calendar days after the request for mediation, any Party may resort to any available legal remedies.

Nothing in this Section prohibits any Party from initiating any legal remedies without the dispute resolution efforts otherwise required in the first and second paragraphs above if such dispute resolution efforts cannot be accomplished within the time limits applicable for pursuing the legal remedy.

7. Independent Contractor. Any employees assigned by the HCHRA to perform obligations under this Agreement shall remain the exclusive employees of the HCHRA for all purposes, including but not limited to wages, salary, benefits and workers' compensation. Such HCHRA personnel shall not be entitled to any compensation, rights or benefits of any kind from the CITY, including, without limitation, insurance benefits, sick and vacation leave, workers' compensation benefits, unemployment compensation, disability, severance pay, or retirement benefits.

8. Liability. The HCHRA agrees to defend and indemnify the CITY and its employees, officials, volunteers and agents from and against all claims, actions, damages, losses and expenses arising out of the HCHRA's performance or failure to perform its duties under this Agreement. The CITY agrees to defend and indemnify the HCHRA and its employees, officials, volunteers and agents from and against all claims, actions, damages, losses and expenses arising out of the CITY's performance or failure to perform its duties under this Agreement.

9. Data Privacy. The HCHRA, its officers, agents, owners, partners, employees, volunteers and subcontractors agree to abide by the provisions of the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, and all other applicable state and federal laws, rules, regulations and orders relating to data privacy or confidentiality, and as any of the same may be amended.

10. Records – Availability/Access. Subject to the requirements of Minnesota Statutes Section 16.C.05, Subd. 5, as may be amended from time to time, the HCHRA agrees that the CITY, the State Auditor, the Legislative Auditor or any of their duly authorized representatives, at any time during normal business hours, and as often as they may reasonably deem necessary, shall have access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, records, etc., which are pertinent to the accounting practices and procedures of the HCHRA and involve transactions relating to this Agreement. Such materials shall be maintained and such access and rights shall be in force and effect during the period of the contract and for six (6) years after its termination or cancellation.

11. General Provisions.

A. Entire Agreement. This Agreement supersedes any prior or contemporaneous representations or agreements, whether written or oral, between the parties and contains the entire agreement.

B. Amendments. Any modification or amendment to this Agreement shall require a written agreement signed by both parties.

C. Notice. Any notice, statement or other written documents required to be given under this Agreement shall be considered served and received if delivered personally to the other Party, or if deposited in the U.S. First Class mail, postage prepaid, as follows:

Notice to CITY: City Clerk
City of Minneapolis
350 South Fourth Street, Room 304

Minneapolis, MN 55415

With copy to:

Director, Department of Community Planning &
Economic Development
City of Minneapolis
105 Fifth Avenue South, Suite 200
Minneapolis, MN 55401

Notice to HCHRA: Senior Department Administrator, Land Management
Division—Planning, Policy and Land Management
Department
Hennepin County
701 Fourth Avenue South, Suite 400
Minneapolis, MN 55415

D. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Minnesota.

E. Captions. Captions or headings contained in this Agreement are included for convenience only and form no part of the Agreement between the parties.

F. Waivers. The waiver by either Party of any breach or failure to comply with any provision of this Agreement by the other Party shall not be construed as, or constitute a continuing waiver of such provision or a waiver of any other breach of or failure to comply with any other provision of this Agreement.

G. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

H. Savings Clause. If any court finds any portion of this Agreement to be contrary to law or invalid, the remainder of the Agreement will remain in full force and effect.

IN WITNESS WHEREOF, the parties, by action of their respective governing bodies, caused this Agreement to be executed as of the date set forth above.

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Signature pages follow.

APPROVED AS TO FORM:

By: _____
Assistant County Attorney
Date: _____

**HENNEPIN COUNTY HOUSING AND
REDEVELOPMENT AUTHORITY**

By: _____
Chair of its Board

And: _____
Executive Director

APPROVED AS TO EXECUTION:

By: _____
Assistant County Attorney
Date: _____

(Hennepin County HRA signature page to Cooperative Agreement)

CITY OF MINNEAPOLIS

By: _____

Its: Finance Officer

Department head responsible
for monitoring contract:

D Craig Taylor, CPED Director

Approved as to form:

Assistant City Attorney

(City of Minneapolis signature page to Cooperative Agreement)

