

City of Minneapolis
Request for Committee Action

To: Community Development & Regulatory Services
Date: 11/10/2015
Referral: N/A
From: Community Planning & Economic Development
Prepared by: Casey Dzieweczynski
Presented by: Casey Dzieweczynski
File type: Resolution
Subcategory: Land Sale

Subject:

Cooperative Agreement with the Hennepin County Housing and Redevelopment Authority for redevelopment of the property at 4414 Humboldt Ave N.

Description:

Adopting a resolution and authorizing a cooperative agreement between the City and the Hennepin County Housing and Redevelopment Authority to facilitate the sale of the County-owned property at 4414 Humboldt Ave N to Pillsbury United Communities for the purpose of redeveloping the existing, vacant building and opening a new grocery store in the Webber-Camden community.

Previous Actions:

None

Ward/Address:

Ward 4
4414 Humboldt Ave N

Background/Analysis:

Per MN statutes, Hennepin County, acting through their Housing and Redevelopment Authority, is required to coordinate and obtain approvals from a municipality when undertaking redevelopment projects in that city.

This property was originally home to a Supervalu grocery store, which was then acquired by Kowalski's Markets. Kowalski's closed the store circa 2005, and the property was most recently used as offices prior to Hennepin County's acquisition in 2008; it is now vacant. The County acquired the property in anticipation of constructing a new Webber Park Library on this parcel and the adjacent property just south of Victory Memorial Parkway. The County is moving forward with the library project, which will be located directly to the north of 4414 Humboldt. Because 4414 Humboldt was subsequently deemed unnecessary for the library project, the Hennepin County Housing and Redevelopment Authority (HCHRA) issued a Request for Interest in October 2014 to solicit private redevelopment at the site.

One of six proposals received was from Pillsbury United Communities (PUC), which includes adaptive reuse of the existing building as a full service grocery store – "North Market" - and health based resource center. The six proposals were reviewed by City and County staff as well as the community. PUC's proposal received the highest rating by County and City staff across

several evaluation criteria. Additionally, the majority of public comments received were in support of this project.

The goal of PUC's project is "to increase access to affordable, nutritious food and to be a resource point for educational and health services..." North Market will offer products typical of other full-service grocers, but with an emphasis on healthy and fresh foods. It will include grocery, produce, meat, frozen, dairy, bakery, deli and health and beauty departments. In addition to the grocery component, North Market will also partner with North Memorial Health Care to operate a walk-in clinic and pharmacy.

While PUC will own and operate North Market, they have brought in strong partners to ensure the project's success. Oppidan Investment Company is acting as the lead developer and construction manager. Oppidan has managed over \$400 million of construction projects across the country, including several grocery store projects. SUPERVALU, Inc. will be consulting on the development of the store layout and operations. They will also serve as the wholesaler to the store. PUC is also receiving marketing and consumer research assistance from General Mills as well as fundraising and capital development support from a local consulting firm.

In May 2015 the Hennepin County Board authorized the transfer of the property to the HCHRA in order to negotiate a purchase agreement with PUC. The HCHRA expects to execute a purchase agreement with PUC by the end of 2015. PUC will then have the later of six months after receipt of title commitment or July 1, 2016 to perform necessary due diligence activities as well as secure financing for the land acquisition (\$487,500) and construction costs (est. \$5 million) for the project. City Planning staff have already begun discussions with PUC to ensure the project meets site plan and zoning requirements and the project will follow the City's normal entitlement process as the redevelopment moves forward.

In the purchase agreement the HCHRA is negotiating with PUC the HCHRA has negotiated a Right of First Offer from PUC. Should PUC close the grocery store or sell the property at any time in the future, the HCHRA will have the first option to negotiate with PUC to reacquire the property. In the Cooperative Agreement, the HCHRA has agreed to assign its Right of First Offer to the City in the event the HCHRA decides not to exercise its option, giving the City option rights before the property is offered in the private market.

Financial Review:

No financial impact.

Attachments:

1. Site Map
2. Cooperative Agreement
3. Resolution

**COOPERATIVE AGREEMENT FOR
4414 HUMBOLDT AVENUE NORTH
IN MINNEAPOLIS**

This Agreement is between the City of Minneapolis, a municipal corporation ("CITY"), c/o Department of Community Planning and Economic Development, 105 Fifth Avenue South, Minneapolis, MN 55401-2534, and the Hennepin County Housing and Redevelopment Authority ("HCHRA"), 701 Fourth Avenue South, Suite 400, Minneapolis, MN 55415.

WHEREAS, by Resolution No. 15-HCHRA-0021R1 the HCHRA authorized the transfer of surplus property ("Property") associated with the new Webber Park Library located at 4414 Humboldt Avenue North to Pillsbury United Communities (or affiliated entity) for renovation as a full service grocery store and health-based resource center ("PROJECT"); and

WHEREAS, the HCHRA has determined that it has the authority to participate in the PROJECT pursuant to Minnesota Statutes §§383B.77, 383B.79 and 469.001 to 469.047 and other applicable law;

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;

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 §§383B.77, 383B.79, 471.59 and other applicable law,

The parties agree as follows:

1. Pursuant to Minnesota Statutes, Section 383B.77, subd. 3., the CITY approves the PROJECT to be undertaken by the HCHRA, subject to the following requirements:
 - a. That the CITY retains its jurisdiction over all issues of local concern relating to zoning, land usage, building code requirements and compliance with all applicable city codes and ordinances.
 - b. That the payment or repayment of any financial obligations to the HCHRA by Pillsbury United Communities ("PUC") is solely the responsibility of the HCHRA, PUC or revenues derived from the PROJECT.
 - c. That the full faith and credit of the CITY will not be pledged as a source of payment or repayment of said PROJECT financial obligations owed by the HCHRA or PUC.
2. Right of First Offer. HCHRA will reserve a Right of First Offer to repurchase the Property from PUC if either of the following triggering events occurs: (a) the primary use of the

Property ceases to be a full service grocery store and health-based resource center or (b) PUC decides to sell or lease the Property.. HCHRA's Right of First Offer will be assignable to the CITY. Within 25 days after receipt of notice from PUC that either of the foregoing triggering events has occurred, HCHRA will determine whether it intends to exercise the Right of First Offer. If HCHRA decides not to exercise the Right of First Offer, then HCHRA will immediately notify the CITY of the availability of the Property. Upon CITY request and prior to expiration of the 45-day deadline to provide notice to PUC of intent to exercise the Right of First Offer, HCHRA will assign the Right of First Offer to the CITY. If the CITY exercises the Right of First Offer, it will enjoy a 60-day exclusive period in which to negotiate a purchase agreement with PUC. If the CITY and PUC are unable to come to an agreement on the terms of the repurchase, PUC shall be free to reposition the property for an alternate use or market the Property and sell or lease it to a third party.

3. Merger and Modification.

- a. The entire Agreement between the parties is contained herein and this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter. All items that are referenced or that are attached are incorporated and made a part of this Agreement. If there is any conflict between the terms of this Agreement and referenced or attached items, the terms of this Agreement shall prevail.
- b. Any alterations, variations, modifications, or waivers of provisions of this Agreement shall only be valid when they have been reduced to writing as an amendment to this Agreement and signed by the parties.

4. Contract Administration. In order to accomplish the purposes of this Agreement, Patricia Fitzgerald, or her successor, shall manage this Agreement on behalf of the HCHRA and serve as liaison between the HCHRA and the CITY.

5. Notices. Notice to the HCHRA shall be sent to the Deputy Executive Director at the address stated in the opening paragraph of the Agreement. Notice to the CITY shall be sent to the CPED Director at the address stated in the opening paragraph of the Agreement.

6. General Provisions.

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

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

C. 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 or failure to comply with any other provision of this Agreement.

D. 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.

E. 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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COUNTY BOARD AUTHORIZATION

COUNTY OF HENNEPIN
STATE OF MINNESOTA

Reviewed by the County
Attorney's Office

By:

Chair of Its County Board

By: _____

Date: _____

ATTEST: _____

Deputy/Clerk of County Board

Date: _____

Recommended for Approval

By: _

County Administrator

Date: _____

By: _____

Director, Community Works

And:

Assistant County Administrator-Public

Works

Date: _____

HENNEPIN COUNTY HOUSING AND
REDEVELOPMENT AUTHORITY

By: _____

Chair of Its Board

ATTEST:

Deputy/Clerk of the County Board

Date:

By: _____

Executive Director

Date:

By:

Deputy Executive Director

CITY OF MINNEAPOLIS

By: _____
Its: Assistant Finance Officer
Enterprise Contract Administer
City Purchasing Agent

City Department Approval

CPED Director _____

Approved as to form:

Assistant City Attorney

(City of Minneapolis signature page to Cooperative Agreement)