



**To:** Mayor and City Council

**Agenda Item #:** IV. H.

**From:** Bill Neuendorf  
Economic Development Manager

**Action**   
**Discussion**   
**Information**

**Date:** January 21, 2014

**Subject:** Resolution No. 2014- 16, Authorizing An Application To The Minnesota Department of Employment and Economic Development for a Grant to Support The Redevelopment Of The Pentagon Park Property

**Action Requested:**

Adopt Resolution.

**Information / Background:**

This DEED grant is anticipated to help initiate the redevelopment of the southern portion of the 42-acre Pentagon Park site. The existing six-story office building and its single-story wings (southside of W. 77<sup>th</sup> Street) will be razed to clear the site for new development. Preliminary site plan approval will be sought in February – March 2014 and will include preliminary input provided by the Edina Plan Commission and Edina City Council. The costs of redevelopment are very high and participation by local, regional and state agencies will be necessary to make this ambitious and transformative project feasible.

**LOCAL MATCH:** This DEED grant program requires a local match from the City and/or Developer. Tax Increment Financing (TIF) is anticipated to be the source of City funds and the developer will invest a great deal more than the grant amount. The City initiated the process of creating a Tax Increment Financing District in this area in December 2013. The Public Hearing is scheduled for February 18 with final approvals anticipated in March 2014.

**ABOUT DEED'S REDEVELOPMENT GRANTS:** DEED has funding to support job creation through the redevelopment of sites that suffer from obsolescence and high vacancy. This competitive grant program will accept final applications on February 3, 2014. A resolution of support from the City is required as part of the application package. The property owner/ developer believes that this project has a strong chance of receiving funding based on the existing challenges and strong potential for job creation and reinvestment. Approval of this Resolution will allow Pentagon South, LLC (Hillcrest Development) to seek DEED grant funding for the Pentagon Park South project. The City will serve as the grant applicant and a conduit to provide the grant funds to the developer. All out-of-pocket costs related to the grant application are borne by the developer.

**Attachments:**

Resolution No. 2014-16

**RESOLUTION NO. 2014-16**

**AUTHORIZING AN APPLICATION TO THE MINNESOTA DEPARTMENT OF  
EMPLOYMENT AND ECONOMIC DEVELOPMENT FOR A GRANT TO SUPPORT THE  
REDEVELOPMENT OF THE PENTAGON PARK PROPERTY**

BE IT RESOLVED by the City Council of the City of Edina, Minnesota, as follows:

WHEREAS the City of Edina is a statutory city eligible to apply for grant funding; and

WHEREAS, the State of Minnesota Department of Employment and Economic Development is soliciting requests for grant applications to further redevelopment and employment goals; and

WHEREAS the City has identified a project that satisfies the Redevelopment Grant purpose and criteria; and

WHEREAS, the Pentagon Park South site suffers from a lack of investment by previous ownership and an exceptionally high vacancy rate; and

WHEREAS, it is apparent that the property's condition and value will continue to decline until it is properly repositioned and that the site appears unable to be returned to a highest and best use without grant assistance.

BE IT RESOLVED that the City of Edina act as the legal sponsor for project contained in the Redevelopment Grant Program to be submitted on February 3, 2014 and that Mayor James B. Hovland is hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of Edina.

BE IT FURTHER RESOLVED that the City of Edina has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED that the City of Edina is in the process of evaluating the conditions in and around the location of Pentagon Park South and that the likely outcome is confirmation that the area qualifies as a Tax Increment Financing District.

BE IT FURTHER RESOLVED that the City of Edina intends to give full consideration to the use of tax increment financing as a tool to provide the required local match so that the redevelopment goals can be achieved.

BE IT FURTHER RESOLVED that the City of Edina has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the state, the City of Edina may enter into an agreement with the State of Minnesota for the above referenced project(s), and that the City of Edina certifies that it will comply with all applicable laws and regulation as stated in all contract agreements.

NOW, THEREFORE BE IT FINALLY RESOLVED that the Mayor and the Clerk are hereby authorized to execute such agreements as are necessary to implement the project on behalf of the applicant.

Adopted by the Edina City Council this 21st day of January, 2014.

Attest: \_\_\_\_\_  
Debra A. Mangen, City Clerk

\_\_\_\_\_  
James B. Hovland, Mayor

STATE OF MINNESOTA )  
COUNTY OF HENNEPIN ) SS  
CITY OF EDINA )

CERTIFICATE OF CITY CLERK

I, the undersigned duly appointed and acting City Clerk for the City of Edina do hereby certify that the attached and foregoing City Council Minutes is a true and correct copy of the Resolution duly adopted by the Edina City Council at its regular meeting of January 21, 2014, and as recorded in the Minutes of said regular meeting.

WITNESS, my hand and seal of said City this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Debra A. Mangen, City Clerk