



**To:** Mayor and City Council

**Agenda Item #:** IV. L.

**From:** Bill Neuendorf  
Economic Development Manager

**Action**

**Discussion**

**Information**

**Date:** July 1, 2014

**Subject:** Resolution No. 2014-75, Authorizing Minnesota Department of Employment and Economic Development Grant Application For Pentagon Park South

### **Action Requested:**

Adopt Resolution.

### **Information / Background:**

The developer of the Pentagon Park sites continues to seek support from redevelopment agencies to fill in funding gaps associated with complete redevelopment of the 43-acre site. 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.

It is anticipated that the developer will apply to the Department of Employment and Economic Development (DEED) for a Redevelopment Grant to fund approximately \$1,000,000 of demolition and related site work. This grant application is necessary to initiate demolition of the mostly-vacant six-story office building with single story wings on the south side of West 77 Street. As with most grant applications, the City serves as the applicant and conduit between the State of Minnesota and the developer. All out-of-pocket costs related to the grant application are borne by the developer.

The City granted preliminary zoning approval for the site in March 2014 and executed a TIF Redevelopment Agreement in May 2014. The TIF agreement authorizes up to \$54 million in TIF Notes to support the entire site, including the South Parcels.

This DEED program provides incentive funding to encourage job creation through the redevelopment of sites that suffer from obsolescence and high vacancy. This competitive grant program will accept applications on August 1, 2014. A resolution of support from the City is required as part of the application package.

The strong potential for job growth and tax base enhancement coupled with the recent approvals and agreements with the City make this grant application highly competitive for DEED funding.

### **Attachments:**

Resolution No. 2014-75

**RESOLUTION NO. 2014-75**

**AUTHORIZING MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT GRANT APPLICATION FOR PENTAGON PARK SOUTH**

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 of Edina has identified Pentagon Park South as 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; and

WHEREAS, the City of Edina, the Edina Housing and Redevelopment Authority and Pentagon Revival, LLC have entered into a Redevelopment Agreement dated May 20, 2014 whereby the City and Authority have agreed to issue TIF Notes to provide gap financing for certain eligible expenses necessary to return the site to productive use.

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 August 1, 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 the City 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 sources and amounts of the local match identified in the application are committed to the project per the terms of the May 20, 2014 Redevelopment Agreement.

BE IT FURTHER RESOLVED that if the Pentagon Park South project fails to substantially provide the public benefits listed in the application within five years from the date of the grant award, the City of Edina may be required to repay 100 percent of the awarded grant per Minn. Stat. 116J.575 Subd. 4.

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 1st day of July, 2014.

Attest: \_\_\_\_\_

Debra A. Mangen, City Clerk

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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 July 1, 2014, and as recorded in the Minutes of said regular meeting.

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

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Debra A. Mangen, City Clerk