

**Executive Summary of Redevelopment Agreement
(Ford Site)**

by and among

City of Saint Paul, Minnesota (the “City”),

Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “HRA”,

and

Project Paul, LLC (a wholly-owned subsidiary of Ryan Companies US, Inc.) (“Ryan”)

November 20, 2019

The following information represents an executive summary of the critical terms of the Redevelopment Agreement (the “Redevelopment Agreement”) among the City, the Authority, and Ryan related to the redevelopment of the Ford site in the Highland Park neighborhood of St. Paul.

The Redevelopment Agreement outlines the roles and responsibilities of the parties for the financing and construction of the public infrastructure which is required for the future private development of the Ford site as envisioned in the Ford Site Zoning and Public Realm Master Plan (the “Master Plan”). The Redevelopment Agreement also provides for the creation of the parks and open spaces described in the Master Plan and mechanisms for ensuring the creation of the affordable housing opportunities contemplated in the Master Plan.

Simultaneously with entering into the Redevelopment Agreement, Ryan will acquire the property from Ford and subdivide it in order to create public roads, parks, civic plazas, and wetland areas and private lots for the development shown in the Master Plan. In accordance with the Master Plan, once the private land is developed, it will contain approximately 3,040 market rate housing units, 760 affordable housing units, 265,000 square feet of office space, 150,000 square feet of retail space and 50,000 square feet of civic or institutional space.

A. Project Development (Article 2 of the Redevelopment Agreement)

Public Improvements

- Ryan will design and construct all the public infrastructure improvements for the site, including streets, sidewalks, boulevards, trails, water distribution systems, sanitary sewers, stormwater sewers and ponds, parks, and public art.
- Ryan will dedicate to the City public parkland and street right of way at no land sale cost to the city. Public open space on the site including city parks, streets, sidewalks, paths and publicly-accessible private space will total approximately 55 acres.
- The City, HRA, and Ryan will enter into a Site Improvement Performance Agreement (the form of which is attached as Exhibit F to the Redevelopment Agreement), which is the agreement for the construction of the public infrastructure and establishes City expectations for the construction scope and specifications of public infrastructure, and establishes a process for design review and infrastructure acceptance that conforms to City regulations. In accordance with the Redevelopment Agreement and the Site Improvement Performance Agreement, Ryan will be responsible for the delivery of the public infrastructure, including

paying for any cost overruns except for design changes that are required by the City for City benefit. The Site Improvement Performance Agreement is summarized below.

- Certain core public infrastructure is expected to be completed by December 31, 2021, but is required to be completed by **December 31, 2022** (referred to as the “Base Public Infrastructure” in the Redevelopment Agreement), including:
 - Site mass grading.
 - The extensions of the following streets into the site: Montreal Avenue, Mount Curve Boulevard between Ford Parkway and Montreal Avenue, and Cretin Avenue.
 - All aboveground and underground stormwater treatment, retention and storage facilities.
- All public infrastructure is required to be completed by **January 1, 2026** in order to be eligible for tax increment financing, if applicable.
- Ryan and the City’s Parks Department, with public engagement, will collaborate on the final design of the parks and the facilities located in the parks. Once a parks budget and scope of work is established, Ryan will improve the parks, with cost-overrun protection provided by Ryan.

Private Improvements for Public Use

- Ryan will create a civic plaza, a civic square, and a central greenspace feature, all of which will be privately owned and maintained, but available to the public at no cost to the City or to the public. Ryan will grant public easements over these areas to ensure they remain public open spaces in perpetuity. Ryan will create a master association of all future landowners within the Ford site which will require all landowners to contribute to the maintenance costs of these public areas.
- Ten percent of parking spots within those portions of the site which contain office, retail and service, or institutional uses must be identified and available for public parking.

Secondary Developers

- Land sales are permitted and expected but only for development not speculation. Private developers (referred to in the Redevelopment Agreement as “Secondary Developers”) will assume various private obligations imposed by the Redevelopment Agreement (including, utility easements, City/HRA policy compliance requirements, and restrictions running with the land such as housing affordability declarations, minimum assessment agreement, and special assessments).
- A subsidiary of Weidner Apartment Homes, a national multi-family housing developer, is immediately acquiring approximately 16 acres of the property for development of multi-family housing in accordance with the Master Plan.

Ballfields

- Ryan will enter into an agreement with the nonprofit Friends of Highland Ball to purchase the existing ballfield site. Ryan will provide Friends of Highland Ball the land subject to a forgivable mortgage in the amount of the sale price so that there is no out-of-pocket purchase price for the ballfield property. If the ballfield property is no longer used for baseball or other recreational activities, it must be transferred to the City at no cost to the City and remain open green space. An easement will be granted to the City for a trail along the northern portion of the ballfield property.

B. Public Investment (Article 3 of the Redevelopment Agreement)

Public Investment Sum

- The City and HRA have committed to a total financial commitment for public infrastructure which is further described below and will be allocated in accordance with the Sources and Uses Budget (attached as Exhibit H to the Redevelopment Agreement).
- In addition to the public investment, as part of the infrastructure funding, Ryan will contribute approximately **\$14,600,000** of direct funds to pay for the public infrastructure.

Cost Savings

- Cost savings within categories of public infrastructure costs will be allocated proportionately to the funding sources allocated to a category of costs based on the Sources and Uses Budget. Any cost savings after allowable adjustments within categories will be shared with the City.

Anticipated Sources of Public Investment

- Tax Increment Financing

The City and HRA approved the creation of a TIF district for the site in 2016. TIF will be used to fund approximately **\$53,500,000** worth of qualified costs for the public infrastructure and related expenditures. The repayment of tax increment funds comes solely from taxes generated from development within the TIF district. A minimum assessment agreement will be implemented to provide a floor value for parcels that are projected to provide financial coverage for TIF obligations. These minimum assessments will run with the land on a scheduled basis even if the vertical developments within the district are not being developed as quickly as projected.

TIF will be provided through (i) an approximately **\$34,500,000** pay-as-you-go TIF note initially funded by Ryan, (ii) approximately **\$9,000,000** in TIF-supported City bonds, and (iii) approximately **\$3,000,000** in pay-as-you-go TIF initially funded by the City.

- Capital Improvement Bond (“CIB”) Funds

The City intends to issue approximately **\$5,300,000** in Capital Improvement Bonds which will provide funding for construction of public parks and open spaces.

- Special Assessments

As part of the finance plan, Ryan will be requesting that an approximately **\$9,100,000** in special assessments be applied to the private development parcels for the construction of roads, sidewalks, and utilities. The initial capital cost may be paid by bonds issued by the City but repaid with direct assessments to the benefiting private property owners within the site. These assessments will not be borne by the City or any property owner outside of the property.

- **Green Infrastructure District**

As part of the finance plan, a green infrastructure district will be created to fund the area wide stormwater utility in the amount of approximately **\$8,400,000**. The initial capital investment may be paid with bonds issued by the City. The repayment mechanism for these bonds is a per square foot charge to each of the private projects which will be paid at the time a building permit is issued. These charges will not be borne by the City or any property owner outside of the district.

- **Point Source Implementation Grant**

The City has applied for a point source implementation grant in the amount of up to approximately **\$7,000,000** from the Minnesota Pollution Control Agency. If such grant is approved and received, the grant proceeds will be applied to grant-eligible costs for stormwater facilities within the property and will reduce the amount of City TIF bonds.

Lookback; City's Share of Excess Profit

- In consideration for the public investment, under the "Lookback" provision the City will participate in **20%** of land sale profits after a market rate return threshold is reached. The City will not have any downside risk on the speculative nature of future land sales. This provision will allow the City to participate in the upside above an established threshold.
- In conjunction with the Lookback, Ryan will be required to provide annual sales reporting to the City until all parcels within the development have been sold. The City will retain a right to audit the annual sales report. In the event that any parcels are developed by a Ryan affiliated entity, Ryan will be required to obtain a third-party appraisal which will be provided to the City.

C. Compliance Requirements (Article 8 of the Redevelopment Agreement)

In accordance with City/HRA policies, Ryan and any developers of vertical developments will be obligated to follow City/HRA compliance initiatives. These initiatives include the City/HRA's:

- Sustainable Building Policy
- Affirmative Action/EEO
- Prevailing Wage
- Vendor Outreach and Tracking
- Two Bid Policy

- Project Labor Agreement

D. **Affordable Housing** (Article 9 of the Redevelopment Agreement)

General Affordable Housing Requirements

- Affordable housing priorities remain consistent with the targets described in the Master Plan. This includes delivery of affordable housing in locations throughout the site and in many forms. There is an overarching 20% affordability requirement within the site with various tiers and mix of rental and owner-occupied. Approximately 763 affordable housing units will be built in the Ford site, the mix is approximately: 5% at 60% of Area Median Income (AMI) (approximately 31 rental in market-rate buildings and approximately 156 rental in affordable buildings, and 6 owner-occupied townhomes), 5% at 50% AMI (approximately 190 rental in affordable buildings), 10% at 30% AMI (approximately 380 rental). A housing matrix (referred to in the Redevelopment Agreement as the “Affordable Housing Schedule”) showing restricted locations of each category is Exhibit EE to the Redevelopment Agreement. Changes to the Affordable Housing Schedule are permitted as long as overall adherence to the Master Plan targets and consistency are maintained. Land sale prices have been fixed for the affordable housing developers plus Ryan’s direct holding costs through the sale date.
- The affordable units within market rate rental buildings will be developed without public resources for the affordable housing units.
- Both the affordable rental projects and the market rate rental projects will be restricted in the land records with an obligation to maintain the applicable affordable units for 30 years from initial occupancy.
- Affordability levels will be monitored by an outside party and there will be financial penalties for any designated income-restricted unit that does not meet the income or rent requirements.
- Ryan will also work with Twin Cities Habitat for Humanity on the development of six affordable ownership rowhomes that will be income-restricted to families earning 60% AMI. The affordable rowhomes will be developed without City resources. These rowhomes will be restricted in the land records with an obligation to maintain affordability for 30 years from initial occupancy.

E. **Ryan Corporate Guaranty** (Article 15 of the Redevelopment Agreement)

Ryan is also providing a corporate guaranty from its parent company which will stand behind Ryan’s financial and performance obligations under the Redevelopment Agreement.