



## Legislation Text

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**File #:** RES 18-1709, **Version:** 1

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Resolution approving and designating the Kaeding Management Group as tentative developer for the HRA-owned parcel known as Seven Corners Gateway Site, District 17, Ward 2

**WHEREAS**, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") is a public body corporate and politic established pursuant to the provisions of Minnesota Statutes, Section 469.001, et seq. (the "Act"); and

**WHEREAS**, the HRA has the power to engage in development or redevelopment activities under Minnesota law, relating to (a) housing projects and development; (b) removal and prevention of the spread of conditions of blight or deterioration; (c) bringing substandard buildings and improvements into compliance with public standards; (d) disposition of land for private redevelopment; and (e) improving the tax base and financial stability of the community when these needs cannot be met through reliance solely upon private initiative and that can be undertaken in targeted neighborhoods; and

**WHEREAS**, the HRA is authorized to create redevelopment projects as defined in Minn Stat Section 469.002, Subd. 14; and

**WHEREAS**, HRA staff issued a Request for Proposals ("RFP") for the HRA-owned site known as the Seven Corners Gateway Site located in downtown Saint Paul, MN directly across from the Xcel Energy Center and bounded by Smith Avenue, Kellogg Boulevard, West Seventh and Fifth Streets ("Development Site"); and

**WHEREAS**, two responses were received to the RFP to use the Development Site for residential, retail and hotel purposes; and

**WHEREAS**, after reviewing the proposals and interviewing the proposers, HRA staff recommended and the HRA Board granted Opus Development Company, LLC and Greco, LLC (collectively the "Original Developers") tentative developer status for the Development Site because the Original Developers' proposal to create public green space, a hotel, apartments and retail space on the Development Site ("Project") best accomplished the stated HRA goals and objectives for the Development Site, and the Original Developers had the demonstrated experience and qualifications necessary to successfully redevelop the Development Site; and

**WHEREAS**, the Original Developers were granted extensions of this status to complete its benchmark activities and the last extension expired on September 30, 2018, and by that date the Original Developers were unable to complete the required tasks; and

**WHEREAS**, prior to September 30, 2018 the Original Developers had selected Kaeding Management Group ("New Developer") as the hotel owner and operator for a portion of the Development Site, which was one of the benchmark activities required in the enabling resolution, and the Original Developers have now decided to turn the entire Development Site over to the New Developer to complete the Project pending approval thereof by this HRA Board; and

**WHEREAS**, the Original Developer's status as tentative developer was terminated as of September 30, 2018 by the HRA Executive Director as authorized in the enabling HRA resolution; and

**WHEREAS**, this Board continues to find the Project serves a public purpose by 1) meeting the City's goal of

production of housing and commercial and retail space; 2) creating public green space; 3) providing additional vitality and energy to the downtown entertainment district; 4) providing needed goods and services for current and future downtown residents, job workers and visitors; 5) redeveloping a vacant parcel of land; and 6) enhancing the tax base capacity for the City; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota that:

1. The HRA Board of Commissioners hereby approves and designates the New Developer as tentative developer for the Development Site for a period of six (6) months from the date of approval of this Resolution subject to the terms and conditions of this Resolution. The designation of “tentative developer” means that the HRA has tentatively approved of the New Developer and the Project, and that the HRA will not contract with any other person or entity for the sale and development of the Development Site while the tentative developer diligently pursues the completion of all the tasks and conditions listed below in this Resolution. The HRA does reserve the right in its discretion to approve or not approve a final design of the Project, and decide whether to sell and convey the Development Site to the New Developer.

2. Within ten (10) days of the passage of this Resolution, the New Developer must execute and deliver to HRA staff the 1<sup>st</sup> compliance acknowledgement letter. The New Developer will also submit to HRA staff such expense deposit as may be reasonably requested from time-to-time for outside consultants to evaluate the Project. The New Developer will be given prior notice of HRA staff’s intent to retain outside consultants and the opportunity to comment on the scope and cost of such consultant’s work.

During this six (6) month period, the New Developer must complete or retain at its own cost certain activities with respect to the Development Site. A list of benchmark activities, and the dates such activities will be completed by New Developer during this six (6) month period, include the following:

Prior to January 31, 2019 the New Developer will:

- ☐ Complete Phase I environmental investigation.
- ☐ Complete geotechnical study.
- ☐ Undertake soil boring testing.
- ☐ Undertake title review.

Prior to April 30, 2019 the New Developer will:

- ☐ Identify housing and commercial management partners.
- ☐ Provide relevant market studies from a consultant approved by HRA staff.
- ☐ Complete a Response Action Plan for any required environmental cleanup.
- ☐ Provide completed schematic design plans for the project with input from affected community groups and key City Departments and stakeholders, including without limitation the CapitolRiver Council and the Saint Paul Design Center.
- ☐ Provide final sources and uses model for the project.
- ☐ Provide site design and operation of the central plaza.
- ☐ Complete a preliminary site plan review.
- ☐ Negotiate basic terms and conditions of a development agreement with HRA staff that will include an environmental indemnity from the New Developer, an “as is” clause, and applicable City compliance requirements.

3. If the New Developer does not timely and fully complete the tasks specified in paragraph 2 above, the tentative developer status shall either be extended for a reasonable period of time or terminated at the discretion of and by the HRA Executive Director without further action of this Board. An extension can be granted upon a showing that the New Developer has made significant progress towards the accomplishment

of the tasks described in this Resolution and that the New Developer is diligently pursuing the completion of such tasks. Upon a termination, neither the HRA nor New Developer have any further rights or obligations under this Resolution.

4. A development agreement must be submitted to and approved by this Board, but nothing in this Resolution, or the actions taken by New Developer in connection with the Project, shall be construed to require this Board to approve a development agreement.

5. The HRA will grant access to the Development Site to the New Developer by a license agreement so that the New Developer can perform its due diligence, including soil testing and environmental investigation, provided that entry onto the Development Site shall not interfere with the normal operation of the HRA's surface parking lot.

6. The HRA staff are directed to continue to pursue the title registration and platting of the Development Site during this period of time, and to provide New Developer with information, documents and other assistance that may be reasonably requested from New Developer.

7. The HRA will provide prompt feedback to New Developer on the relative economic, programmatic and design suitability of the Project as requested from time-to-time.

8. The HRA Executive Director, staff and legal counsel for the HRA are further directed and authorized to take all actions necessary to implement this Resolution.