



3550 Labore Rd, Ste#10  
St. Paul, MN 55110

June 12, 2013

Mr. Jerry LePage  
Community Planning and Economic Development  
City of Minneapolis  
105 Fifth Avenue South, Suite 200  
Minneapolis, MN 55402

Re: Grain Belt Terrace, Minneapolis

Dear Mr. LePage,

This letter is to provide information on the significant progress that has been made to date toward financial closing on the Grain Belt Terrace apartment development and historic office building renovation.

Since Everwood Development was awarded development rights to the site in January 2012, we have been working diligently with City staff from many departments as well as other development team members to move as efficiently as possible to a closing and construction start.

We are pleased to provide this update detailing the milestones completed to date and a timeline to close on the property later this summer.

Financing

As you are aware, we are financing the entire project with a single HUD mortgage and have been working with Dougherty Mortgage as the HUD underwriter. To date we have received the following approvals from HUD.

- Pre-application submitted and underwriting feasibility analysis, including appraisal, market study, environmental and engineering reports completed by third party providers. HUD staff approved the initial underwriting and offered Everwood an "invitation to Bid" in November 2012.
- We immediately began working on the Firm Submission which requires several months of work finalizing design, preparing 100% construction drawings, final construction bids, all regulatory and historic approvals.
- The Firm application has been submitted to the HUD office on June 6, 2013. The HUD final review prior to closing typically takes 45 to 90 days. Closing will occur sometime between July and September and at this point in the process is entirely in HUD's hands.

### Historic Approvals

The project is located within a significant historic district in Minneapolis and also includes the preservation and rehabilitation of the Historic Grain Belt Office Building. Therefore many layers of historic review and approvals of both the new construction and the existing office building have been required by the City, State, and Federal government agencies.

The review process take significant time and this project had particular complexities with the site and the requirement to preserve the Orth Brewery ruins located beneath a portion of the site. The archaeological reviews impacted the design of every component on the site.

The following reviews and approvals were required and at this time have been secured.

- **Section 106 Environmental and Archaeological Review.** This process began in July of 2012 and was completed with all approvals in March of 2013. The Section 106 is reviewed and approved by both the State Historic Preservation Office and by HUD. It involves public input on the design and potential impact of the development. It also involves full review of 100% complete site and building plans. This part of the process was not started until we were issued the Invitation to Bid from HUD. In addition a separate archaeological report was required and further site exploration was needed to make sure the new building would not adversely impact the historic Orth Brewery ruins.
- **State and Federal Historic Tax Credit Approvals.** This process began in April 2012 and was completed with all required approvals in April 2013. Both the State Historic Preservation Office and the National Park Service Review and approve of the historic significance of the property as well as the physical rehabilitation of the historic office building. In addition the lengthiest piece of this review process included the new construction apartment buildings because they are financed together with the historic office building.
- **City of Minneapolis Heritage Preservation Commission.** Beginning in spring of 2012 Everwood had preliminary meetings with HPC and Planning staff to get initial input and advisory guidance as we refined the site plan and building design. This was done simultaneously with the Section 106 review and historic tax credit review to coordinate various inputs as efficiently as possible. Formal review and approval from the HPC began in December 2012 and was completed and approved in January 2013.

### Planning and Zoning Approvals

Our team went through the PDR process three times as we were working through the historic approvals of the site plan. Again this was a coordinated effort between the City Planning staff and the Everwood team. The final land use and zoning application were submitted in December 2012 and approved by the Planning Commission and Zoning and Planning Committee in February. Final official Re-Zoning of the property came with City Council approval on March 1, 2013.

We applied for the building permit in March 2013 and received approval of the building permit on April 22, 2013.

Although there has clearly been significant progress made, the overall timeline on closing has been slower than we originally anticipated. The primary reason for this was the lengthy review process by the State Historic Preservation Office (SHPO) in Minnesota and the National Park Service (NPS) in Washington, DC of our Part II submission for historic tax credit approval. This is typically a 60 – 90 day process from the date the Part II application is submitted to SHPO. In the case of Grain Belt Terrace this process took 150 days. After reviewing our original Part II scope of work, MN SHPO required several items to be revised. The analysis and approval of the restoration of the historic sylvant took over a month for just that one item. One SHPO approved at the end of January 2013, the NPS review took over 60 days. Their normal guideline is to complete reviews in 30 days. This delay was due to their in depth review of the new construction apartments since the project is financed as one project with a single HUD mortgage. Normally the new construction component would not be in either SHPO's or NPS's per view.

At this time, however, we are pleased to be in the position to close on the property upon HUD's final review as soon as possible this summer. It has been an exciting and challenging process and the efforts and guidance of numerous City staff throughout has been invaluable.

We look forward to a groundbreaking celebration later this summer and will continue to update as we hear from HUD.

Sincerely,

A handwritten signature in black ink, appearing to read "David E. Dye". The signature is fluid and cursive, with a large, stylized initial "D".

David E. Dye

Cc: Wesley Butler