



Request for City Council Committee Action from the Department of Community Planning & Economic Development - CPED

Date: August 19, 2014
To: Council Member Lisa Goodman, Chair, Community Development Committee
Subject: **Transfer, Assignment and Assumption of the Phase 1/Commercial Portion of the 201 Lowry Avenue Northeast Site and Redevelopment Contract**

Recommendation:

1. Approve the assignment of the redeveloper's interest in the Phase 1/commercial portion of the redevelopment contract for 201 Lowry Avenue Northeast from 201 Lowry Development, LLC to D&D Holdings, LLC for the redevelopment of Phase 1 of the 201 Lowry Avenue Northeast site as outlined in this report.
2. Authorize release of the Letter of Credit posted by 201 Lowry Development, LLC upon satisfaction of City conditions to and closing on conveyance of the real estate title to D&D Holdings, LLC.
3. Approve a one year extension on the 201 Lowry Avenue Northeast Phase 1 completion deadline from December 31, 2014 to December 31, 2015.

Previous Directives: On April 26, 2013 the City Council approved the acquisition of 201 Lowry Avenue NE from Hennepin County–Tax Forfeited Land and simultaneous disposition to First & First LLC and authorized the appropriate City officials to enter into a redevelopment contract and related documents and on June 28, 2014 approved the transfer from First & First LLC to 201 Lowry Development, LLC (or an affiliate). On March 8, 2012, the Public Hearing and Approval of the 201 Lowry Avenue Northeast Redevelopment Plan was approved by the City Council.

Prepared by: Cherie Shoquist, Principal Project Coordinator Phone 612-673-5078
Approved by: Charles T. Lutz, Deputy CPED Director _____
Catherine Polasky, Director, Economic Policy and Development _____
Presenters in Committee: Cherie Shoquist

Community Impact

- Neighborhood Notification: Bottineau Neighborhood Group and Marshall Terrace reviewed the redevelopment proposal.
- City Goals: A SAFE PLACE TO CALL HOME In five years all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city's infrastructure will be well-maintained and people will feel safe in the city.
- Comprehensive Plan: The development of these properties is consistent with the Comprehensive Plan as commercial development and a high density rental housing development. As the project proceeds to development, additional review will be

necessary to further ensure consistency the Comprehensive Plan and with the Zoning Code.

- Zoning Code: C2/Neighborhood Corridor Commercial District.

Supporting Information

Staff recommends the City consent to this transfer of the Phase 1 commercial development of the site and assignment and assumption of the redevelopment contract outlined below.

The authorized development team led by local architect DJR Architecture, Inc., including developer 201 Lowry Development, LLC and broker Java Properties renovated the existing vacant building (the former Little Jack's restaurant) for restaurant and/or other commercial use as Phase 1 of the development. 201 Lowry Development, LLC having completed the initial restoration and renovation of the former Little Jack's restaurant building would like to transfer its role as developer to a new entity to move forward on Phase 1 to complete the renovation of the building into its end use. The new entity, D&D Holdings, LCC consists of:

Paul Dzubnar is President and CEO of Green Mill Restaurants Inc. which he acquired in 2010, and is also an owner of Town Hall Brewery, and Crooked Pint Ale House and will soon be opening Harriet's at 40th Street and Lyndale Avenue South. His primary focus at Green Mill has been on refreshing the 36-year-old company, which operates 28 restaurants across the Upper Midwest, half of which are in the Twin Cities. Mr. Dzubnar's restaurant network includes: Green Mill Restaurant and Bar, Crooked Pint Ale House, Town Hall Brewery, Twisted Fork Grille, Sterling Catering, and Green Mill Catering.

Paul Dzubnar of D&D Holdings, LLC plans to develop Phase 1 of the site into a Town Brewery and Tied House Banquet Hall. 201 Lowry Development, LLC and D&D Holding, LLC are moving forward with a purchase agreement that will close 180 days from Minneapolis City Council approval, if approved. The entitlement process is underway including: approval of plans, neighborhood approval, and liquor license. Construction is expected to begin immediately after closing and will last six months.

The commercial redevelopment will be privately financed with a combination of owner equity and conventional bank financing. City of Minneapolis consent to the assignment and assumption will necessitate satisfaction of financing and land use approvals with respect to D&D Holdings, LLC's plans for the commercial development and use of the building.

Phase 2 of the development involves a partnership with Clare Housing to construct new high-density affordable rental housing on the portion of the site formerly used for surface parking. Clare Housing has submitted a proposal and request for funding to the Minnesota Housing Finance Agency. 201 Lowry Development, LLC will subdivide the property and provide Clare Housing with a purchase agreement. The anticipated closing on Phase 2 between 201 Lowry Development, LLC and Clare housing is before December 31, 2014. Clare plans to begin construction immediately after closing with an anticipated opening in spring or summer 2015.

The anticipated closing on Phase 1 between 201 Lowry Development, LLC and D&D Holdings, LLC is January 2015.

With the exception of the new development entity D&D Holdings, LLC for Phase 1; Phase 1 and Phase 2 of the project remains the same as proposed to the Community Development Committee on April 16, 2013 and June 18, 2013. The schematic designs are attached to this report.