



**Request for City Council Committee Action  
From the Department of Community Planning & Economic Development**

**Date:** January 17, 2006

**To:** Council Member Lisa Goodman, Chair,  
Community Development Committee

**Prepared by:** George Kissinger, Senior Project Coordinator,  
Phone 612-673-5014

**Presenter in  
Committee:** George Kissinger, Senior Project Coordinator

**Approved by:** Chuck Lutz, Deputy CPED Director \_\_\_\_\_  
Michael Christenson, Director of Economic Development \_\_\_\_\_

**Subject:** Land Sale – Public Hearing  
Stimson Building, 700 Hennepin Avenue. That part Lot Seven (7),  
except that part  
taken for widening of North Seventh Street, all of Lot Eight (8)  
and the Northeasterly Forty-  
two and Sixty-three Hundredths (42.63) feet of Lot Nine (9), Block  
Four (4), Hoag & Bell's Addition to Minneapolis which will become RLS No. \_\_ Tracts  
B, D, I, M and T,

**RECOMMENDATION:** (1) After holding the required public hearing, approve the sale of that part of: Lot Seven (7), except part taken for widening of North Seventh Street, all of Lot Eight (8) and the Northeasterly Forty-two and Sixty-three Hundredths (42.63) feet of Lot Nine (9), Block Four (4), Hoag & Bell's Addition to Minneapolis which will become RLS No. \_\_ Tracts B, D, I, M, and T to Stimson Partners, LLC (Buyer) for \$2,800,000.00 in accordance with the accompanying resolution. (The RLS has been previously approved and filing is pending completion of the land registration. This sale/conveyance may occur prior to such filing and completion.) (2) That the City of Minneapolis provide limited defense and indemnity to the Buyer against any claims that may be brought by F-Troop or Hollywood Theater Company related to this sale.

**Previous Directives:** The City of Minneapolis acquired 700-710 Hennepin Avenue on August 31, 1998 from the Hollywood Theater Company. The Minneapolis Community Development Agency (MCDA) acquired this property from the City on December 12, 1999. The sale of the Stimson Building was approved on September 3, 2004 (with Sale and Redevelopment Contract executed August 1, 2005). The City of Minneapolis

(CPED) reacquired this property from the MCDA on November 30, in connection with the transfer of assets.

**Financial Impact** (Check those that apply)

- No financial impact - or - Action is within current department budget.  
(If checked, go directly to next box)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget (STH)
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

**Community Impact.**

**Ward:** 7

**Neighborhood Notification:** The Downtown Minneapolis Neighborhood Association (DMNA) was notified, and considered the terms, of this pending sale on August 3, 2004, with no comment or response.

**City Goals:** The sale and redevelopment of the Stimson Building, located in the formally designated Entertainment District in Downtown Minneapolis, furthers the City goal of creating an environment that maximizes economic development opportunities.

**Comprehensive Plan:** The entire RLS (all tracts) is located within the Hennepin and Seventh Development District which was approved and established by the City of Minneapolis on June 5, 2000. The sale and proposed redevelopment are consistent with the Development District and therefore consistent with the City's Comprehensive Plan.

**Zoning Code:** B4S-2. Future use will comply with this zoning.

**Living Wage/Job Linkage:** N/A.

**Other:** The CPED Planning Division recommended, and the Planning Commission approved, the Preliminary and Final Registered Land Survey for 700-710 Hennepin on April 5, 2005. It has not yet been filed pending completion of the land registration.

**Background.** The Pantages Theatre and Stimson Building were originally acquired by the City of Minneapolis in 1998 from Ted Mann (Hollywood Theater Company) as a single acquisition through a stipulated settlement that called for the City to use the

eminent domain process to determine the purchase price. (That proceeding was concluded in mid 2005.)

After receiving title to this property from the City in 1999, the MCDA undertook restoration of the theatre and limited redevelopment of the Stimson Building with the intent of selling the Stimson Building to a private developer. Both during and after construction, the Stimson Building was marketed by the MCDA for sale through a series of advertisements and requests for proposals. This marketing effort came to conclusion in mid 2004 when an offer to purchase was received from Stimson Partners, LLC (Buyer) and approved by the City of Minneapolis.

Although the sale, and terms of sale, were approved in 2004 (with Sale and Redevelopment Contact now executed), the required public hearing to complete the transfer of ownership under the City's Land Disposition Policy could not occur until an agreed method of conveyance could be arrived at with the Buyer and then completion of a definable and recordable legal description.

It was agreed with the Buyer that the conveyance would be via a three dimensional registered land survey describing specific tracts within the Stimson Building- along with certain rights reserved by both the owner of the theatre and the owner of the Stimson Building through a recorded Reciprocal Easement Agreement. That survey has been prepared and approved by the Planning Commission. Filing of the survey with the Hennepin County Registrar of Titles is pending completion of the underlying land registration now being undertaken. It is expected that this sale will occur prior to the land registration and filing of the survey so a metes and bounds legal description, that will become the RLS, with designated tracts, is being used for purposes of this conveyance. See Attachment (1) to accompanying land sale resolution for the current full metes and bounds legal description with designated tracts.

### **Indemnification of Buyer.**

Since the land registration has been objected to by an adjacent property owner (First Avenue Night Club, F-Troop) and, as of the writing of this report, resolution to that objection has not been reached, the Buyer has asked to be defended and indemnified by the City from any claims that may be brought against them by F-Troop or Hollywood Theater Company relating to this sale. This indemnification would only be effective during the period of time beginning with the earlier of the date upon which the Stimson property is either subject to a mortgage held by M&I Bank, NA or is conveyed by the City to the Buyer and ending on the later of the date an order is issued by the Title Examiner for Hennepin County in the matter of the registration or after the final determination of any appeal filed by F-Troop or Hollywood Theater Company has been resolved allowing said order to be filed of record.

**Supporting Information.**

<b><u>PARCEL</u></b>	<b><u>ADDRESS</u></b>	<b><u>SALE PRICE</u></b>
SB-2 (RLS No. ___ Tracts B, D, I, M, and T)	700 Hennepin Avenue (part)	\$2,800,000.00

**PURCHASER.**

Stimson Partners, LLC  
750 2<sup>nd</sup> Street South #602  
Minneapolis, MN 55401

**PROPOSED DEVELOPMENT.**

The Parcel size is approximately 10,000 total square feet. Total development will be approximately 18,000 square feet of restaurant and commercial uses on three levels located within the designated Registered Land Survey Tracts of the Stimson Building located at 700 Hennepin Avenue.

**LAND DISPOSITION POLICY.**

The Parcel is non-buildable as defined by City policy and is being sold for commercial redevelopment with the existing structure (Stimson Building), including its use and operation, physically integrated with the adjoining structure (Pantages Theatre), including its use and operation.

**FINANCING.**

Buyer to pay cash at closing (\$2,800,000.00, less already paid \$20,000.00 deposit).

**OFFERING PROCEDURE.**

The Parcel was offered for sale through both public advertisement and request for proposal process. The sales price of this property does reflect the full re-use value.

**FOR COMMITTEE MEMBERS USE ONLY**

**TOTAL ACQUISITION COSTS INCURRED BY CPED ATTRIBUTABLE TO THE FOLLOWING PROPERTIES:**

Date: January 17, 2006  
Subject: Land Sale – Public Hearing  
Stimson Building  
Address: 700 Hennepin Avenue (part)  
  
Purchaser: Stimson Partners, LLC

Disposition Parcel No. Date Acq.	Address	Total CPED Cost	Less Sales Price	Write-off
SB-2 1/05/00	700 Hennepin Avenue	\$4,823,000 (allocated)	(-) \$2,800,000	\$2,023,000

Reuse Value Opinion	Less Sales Price	Write-Down
*restaurant/com mercial*		
\$2,800,000	\$2,800,000	\$ -0-

**Write-Off:**

Reason: Costs associated with public acquisition through condemnation, public relocation of businesses under Federal guidelines, pollution remediation, bond debt financing and building stabilization costs are not market-recoverable costs. The property is encumbered by required structural and operational integration with the adjoining Pantages Theatre and that further limits its market value.

**Write-down** : \$ -0-

**Developer History With CPED.** None

**Developer Information.**

- Single Individual(s)
- Family with Dependents (one or more adults with dependents)
- General Partnership
- Limited Partnership
- Corporation of the State of
- Other (Limited Liability Corporation)



**Authorizing sale of land  
Stimson Building  
Disposition Parcel No. SB-2**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel SB-2 in the Downtown West Minneapolis neighborhood from Stimson Partners, LLC., hereinafter known as the Redeveloper, with such Parcel SB-2 being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

700 Hennepin Avenue (part) (Parcel SB-2)

That part of Lot Seven (7), except part taken for widening of North Seventh Street, all of Lot Eight (8) and the Northeasterly Forty-two and Sixty-three Hundredths (42.63) feet of Lot Nine (9), Block Four (4), Hoag & Bell's Addition to Minneapolis (see Attachment (1) for full metes and bounds legal description) which will become RLS No. \_\_\_ Tracts B, D, I, M & T); and

Whereas, the Redeveloper has offered to pay the sum of \$2,800,000.00 for Parcel SB-2, and the offer includes a development plan and commitment to improve by rehabilitating the existing structure and this offer is in accordance with the Redevelopment Plan and/or Program; and

Whereas, the Redeveloper has submitted to the City a statement of financial responsibility and qualifications; and

Whereas, the City has had the re-use value reviewed by an appraisal expert, stating that the re-use value opinion is consistent with accepted methods of aiding the City in determining a re-use value for the Parcel; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on January 6, 2006, a public hearing on the proposed sale was duly held on January 17, 2006, at the Minneapolis City Hall, 350 South 5th Street, Room 317, at 1:30 p.m., in the City of Minneapolis, County of Hennepin, State of Minnesota;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the re-use value, for uses in accordance with the Stimson Building plan, as amended, is hereby estimated to be \$2,800,000.00, for Parcel SB-2.

Be It Further Resolved that the acceptance of the offer and proposal is hereby determined to be in accordance with the City's approved disposition policy and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the Parcel in accordance with the Redevelopment Plan and/or Program.

Be It Further Resolved that the proposal be, and the same is, hereby accepted subject to the executed Sales and Redevelopment Agreement for the sale of the Parcel. Furthermore, that the Finance Officer or other appropriate official of the City is hereby authorized to deliver the Parcel to the Redeveloper; provided however, that this Resolution does not constitute such a conveyance and no such conveyance shall be completed until all requirements of the Redeveloper under the Sales and Redevelopment Agreement are satisfied to the satisfaction of the City.

Be It Further Resolved that upon publication of this Resolution, the Finance Officer, or other appropriate official of the City, is hereby authorized to execute delivery and convey the Parcel to the Redeveloper in accordance with the provisions of the executed Sales and Redevelopment Agreement upon payment to the City of the purchase price and upon satisfaction of all other specified terms and conditions; provided however, that this Resolution does not constitute such a conveyance and no such conveyance shall occur until all required documents, including the deed, are executed and delivered by the Finance Officer or other appropriate official of the City.

Address: 700 Hennepin Avenue (part)

Parcel: SB-2

Purchaser: Stimson Partners, LLC

Sq. Footage: 10,000 (approx.)

Zoning: B4S-2

## WARD 7

