

Minneapolis Community Development Agency

Request for City Council Action

Date: January 21, 2003

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

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

Approved by Chuck Lutz, Interim MCDA Executive Director _____

Subject: Informational Report, Brookfield Mediation

Previous Directives: Mediation Settlement Agreement was approved November 8, 2002.

Ward: 7.

Neighborhood Group Notification: Not applicable.

Consistency with *Building a City That Works*: Not Applicable.

Comprehensive Plan Compliance: Not Applicable.

Zoning Code Compliance: Not Applicable.

Impact on MCDA Budget: (Check those that apply)

- No financial impact
- Action requires an appropriation increase to the MCDA Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):

Living Wage / Business Subsidy: Not Applicable.

Job Linkage: Not Applicable.

Affirmative Action Compliance: Not Applicable.

RECOMMENDATION: That this informational report be received and filed.

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Background

On November 8, the MCDA and Brookfield Market and Brookfield Investment, Inc. (Brookfield) entered into mediation that resulted in a Settlement Agreement that will essentially provide marketable title, free of any claims of interest by one party over the ownership of the other party's real estate on the Gaviidae I property (the so-called Saks and North Parcels). In addition, the Settlement Agreement calls for the parties to enter into a Reciprocal Easement and Operating Agreement that will provide for overall property management of the two parcels including the equitable sharing of revenues and expenses. All pending litigation is stayed subject to approval by the parties of all terms of the Settlement Agreement.

An initial 90-day period was established in the Settlement Agreement for satisfaction of these terms with an automatic additional 90-day period, if necessary.

Current Status

At this time, the parties continue to act in good faith while using necessary due diligence to complete the terms of the Settlement Agreement. In terms of process, necessary documents are still being assembled from Brookfield. Leases, amendments, skyway agreements and the many service agreements have just been provided as of the writing of this report and are under review. The financial information regarding the proposed new Guarantor of the Dain Loan is still forthcoming. The nature and requirement for notice to the tenants and estoppels indicating the status of tenant's leases will also be determined. All necessary steps toward drafting an REOA are now underway including soliciting for a three dimensional boundary survey.

The parties are meeting weekly and there will be a status report filed with the Mediator shortly indicating the status of this work. (To be shared along with this report if available by 1/21/03.) It is clear that all work will not be complete by the end of the initial 90 day period (February 1, 2003). The parties have agreed to extend this period in 30 day increments, as required.