



Request for City Council Committee Action from the Department of Community Planning and Economic Development – CPED

Date: November 6, 2007

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

Referral to: Council Member Paul Ostrow, Chair, Ways and Means

Subject: Extensions for Minnesota Shubert Center

Recommendation: With regard to the Minnesota Shubert Center: authorize execution of an amendment providing a six month extension to the Grant Agreement with the MN Department of Employment and Economic Development (2005 State bonding of \$1.0 million for pre-design and design); approve the terms of an amendment for a one year extension to the amendment to the original Redevelopment Contract and its accompanying Promissory Note; and authorize proper City officers to execute these and all related documents.

Previous Directives: August 21, 1998 Redevelopment, Lease and Option Agreements with Artspace Projects, Inc. providing for the move of the Shubert Theatre from Block E-including approval of terms of sale at 516 Hennepin avenue to Artspace Projects, Inc. August 25, 2000 extension of Lease and Option Agreement to October 31, 2003. October 10, 2003 extension of Lease and Option Agreement to October 31, 2005. October 11, 2005 extension of Lease and Option Agreement to October 31, 2007. June 6, 2006 approve the DEED Grant Agreement, Design Sub-Grant Agreement with Artspace Projects, Inc and Guaranty Agreement with Artspace, and amendment to Redevelopment and Option Agreement with Artspace Projects, Inc.

Prepared by: Beth Grosen, Senior Project Coordinator 673-5002

Approved by: Charles T. Lutz, Deputy CPED Director _____

Presenters in Committee: Beth Grosen

Financial Impact

No financial impact

Action is within the Business Plan

Community Impact

Neighborhood Notification: Not Applicable

City Goals: Enriched Environment for Arts, A Premier Destination

Sustainability Targets: The MN Shubert Center will ensure the preservation and re-use of the historic Sam S. Shubert Theatre.

Comprehensive Plan: The property is located within the formally designated Entertainment District as specified in the Minneapolis 2010 Plan. The MN Shubert Center will contribute to the arts and entertainment offered within the district.

Zoning Code: The Minnesota Shubert Center is a permitted use in the B4S-2 district. The project will require site plan review by the HPC and Planning Commission.

Other: None

Supporting Information

In 1999, the City moved the Shubert Theatre from Block E to 516 Hennepin Avenue to prevent its demolition and identified Artspace Projects Inc. as the preferred developer for the Shubert Theatre Center. The project is comprised of a fully restored theatre and new construction of an atrium that will serve as lobby and integrate with the adjacent Hennepin Center for the Arts building.

Total project cost is \$37.1 million. Twelve million dollars in state bond funds have been secured to assist with the costs involved in the design and construction of the atrium. Artspace Projects, Inc. has made considerable progress in fundraising; they have raised \$26.1 million toward the \$37.1 million capital campaign goal. Several large requests from individuals and foundations are pending.

Many significant organizational steps have also been achieved by Artspace. Rebecca Yanisch has succeeded Blythe Brenden as chair of the Shubert Steering Committee. John Cowles has joined the capital campaign committee. Colin Hamilton has joined Artspace as Director of Advancement and the Capital Campaign (he was Exec Director of the capital campaign for the new Central Library). McGough Construction has been named Construction Manager; McGough has extensive experience in building major arts facilities including the Guthrie and the Ordway Center. Campbell and Company has been engaged as fundraising consultant, this firm also assisted fundraising for the Guthrie, MN Orchestra, and Science Museum of Minnesota.

Artspace has now requested that two upcoming deadlines be extended slightly. The \$1 million state bond grant for design costs currently expires December 31, 2007. Artspace has requested the City ask DEED for a six month extension to June 30, 2008. Currently \$500,000 has been expended and Artspace anticipates that \$750,000 of the \$1,000,000 grant will be spent by year-end with the remaining \$250,000 to be fully expended by June 30, 2008. DEED officials informally are supportive of this six month extension.

The other deadline extension request relates to the real estate transaction specified in the Redevelopment Agreement, intended as part of a closing to occur just prior to actual construction. Currently there is an October 31, 2007 deadline for Artspace to pay the City for the land purchase. The revised schedule now anticipates Miller Dunwiddie finishing the design work early in 2008, Artspace securing the state approval of plans and grant agreement in early summer, and being in a position to close on the transfer of the

property before October 30, 2008. Therefore, a one year extension is requested for the amendment to the Redevelopment Agreement.

Considerable arts fundraising have been achieved in recent years in this community. Artspace appears to be making real progress now to secure the private donations needed to complete this large arts project geared to dance. It appears reasonable to extend these deadlines now, recognizing that Artspace is fully focused and organized to achieve the campaign goal and finally complete the MN Shubert Center.