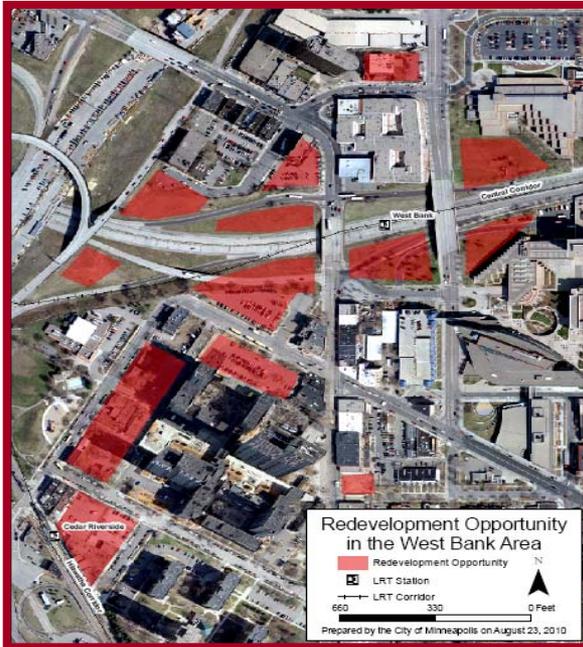
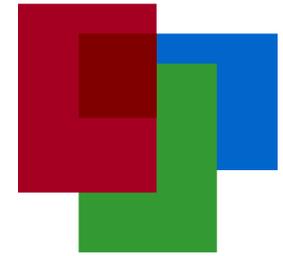


West Bank/Cedar Riverside



MEMORANDUM OF UNDERSTANDING
Riverside Plaza Project

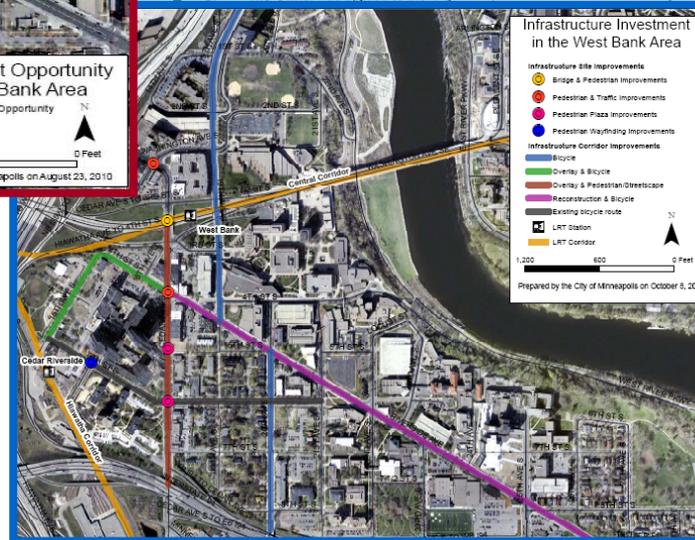
This Memorandum of Understanding is made as of the 1st day of December, 2010, between the City of Minneapolis, a Minnesota municipal corporation (the "City") and Cedar Riverside Limited Partnership, a Minnesota limited partnership (the "Owner").

RECITALS

A. The Owner intends to acquire and rehabilitate that certain multi-family residential apartment complex located in Minneapolis commonly known as Riverside Plaza.

B. The purposes of the \$122,000,000 acquisition and rehabilitation of Riverside Plaza (the "Project") are to enhance the quality of life for the residents of Riverside Plaza and significantly improve the functionality of Riverside Plaza by replacing failing mechanical systems, completing code-required upgrades, improving energy efficiency, and making other functional and aesthetic improvements.

C. The Owner has applied to the City for a \$1.9 million loan of Community Development Project



Comprehensive Renovation of the historic Riverside Plaza, the largest affordable housing complex in the Upper Midwest:

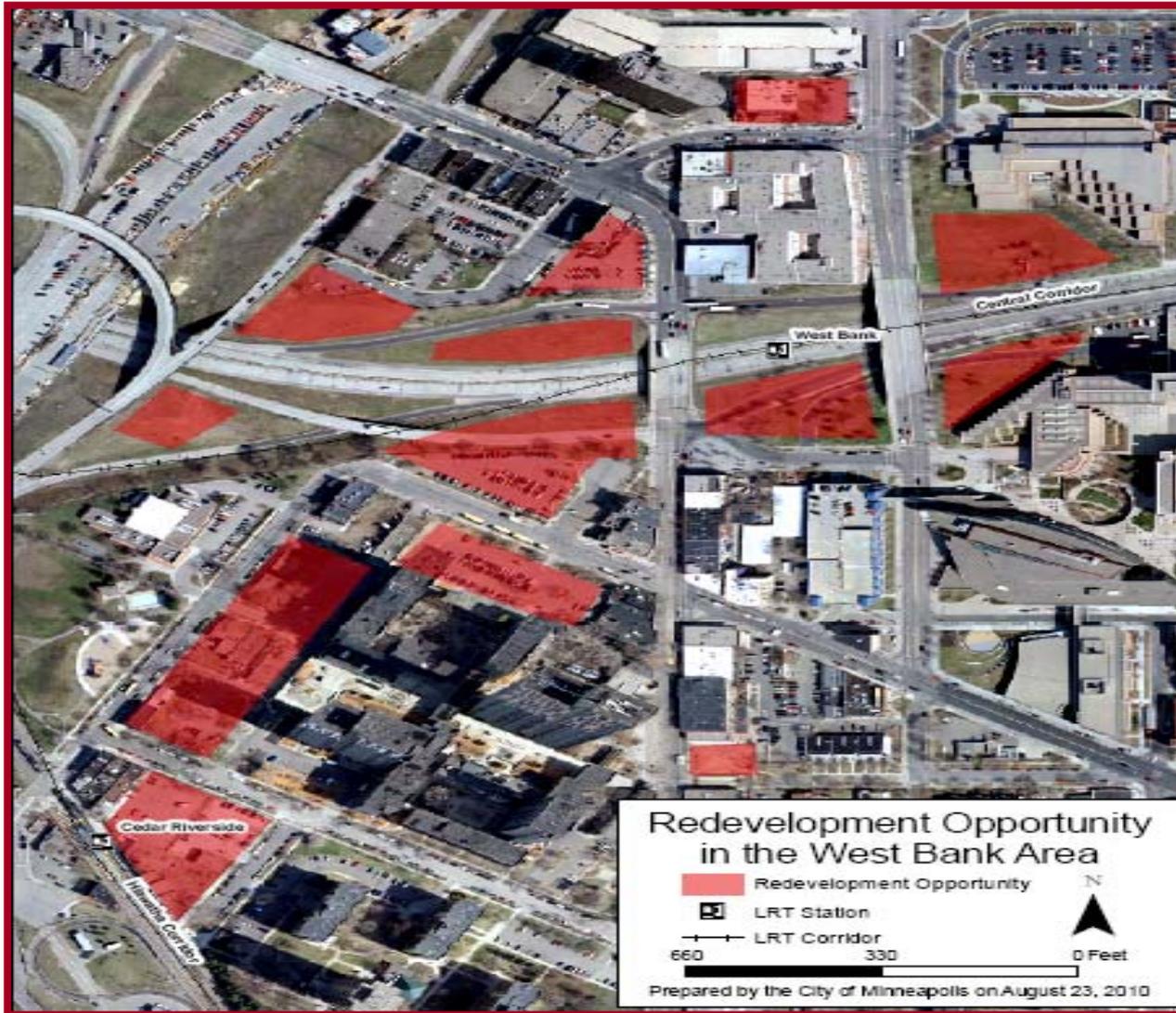
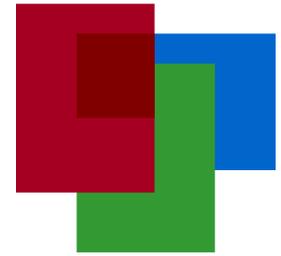
\$132 million renovation of Riverside Plaza will revamp **1303 housing units**, provide **300 construction jobs** (90 of them to area residents) and invest \$7 million in public realm improvements

Enormous pending infrastructure investments over the next 3 yrs:

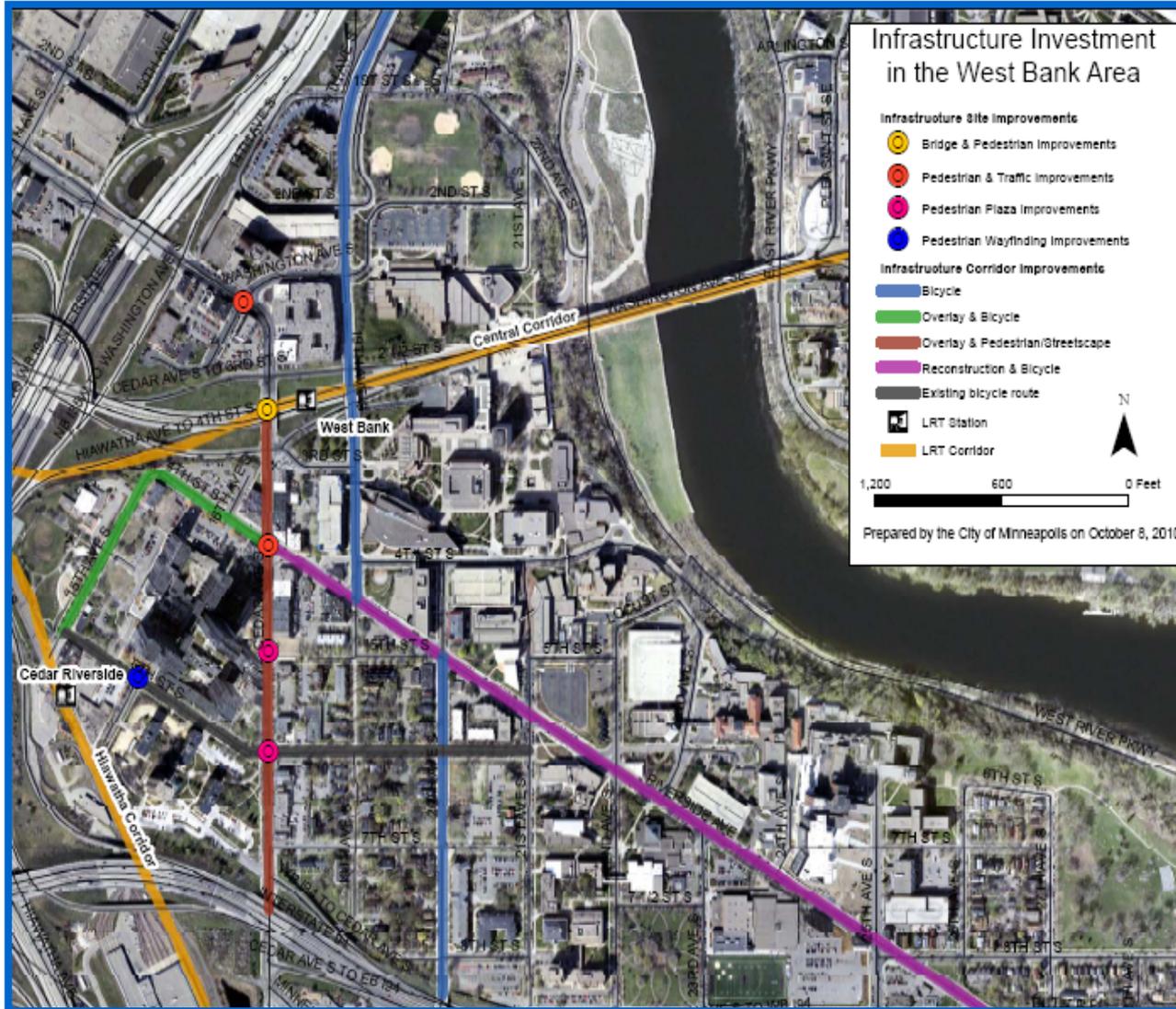
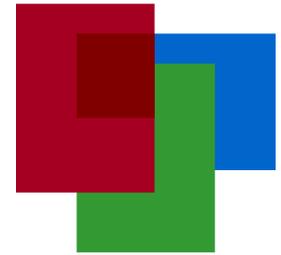
- A new I-35W freeway interchange at 3rd & 4th Sts funded by Hennepin County and State MnDOT/DEED Transportation and Economic Development program
- A new LRT station for the Central Corridor
- The reconstruction of Riverside Avenue and repaving Cedar Avenue

Development Opportunity: Several well-situated redevelopment sites (mostly for housing) in public ownership.

West Bank/Cedar Riverside



West Bank/Cedar Riverside



Department of Community Planning & Economic Development – CPED

www.ci.minneapolis.mn.us/cped



PROPOSED DEVELOPMENT SITE (HOUSING WITH RETAIL)
 -PARKING BELOW
 -ACTIVE STREET LEVEL
 -4 STORIES MAX. AT CEDAR

PROPOSED PARKING STRUCTURE WITH LAYOVER FACILITY
 -OPPORTUNITY FOR COMMUNITY GARDEN ON ROOFTOP

PUBLIC ART OPPORTUNITY

PROPOSED DEVELOPMENT SITE (HOUSING, RETAIL, GROCERY)
 -PARKING BELOW
 -ACTIVE STREET LEVEL
 -4 STORIES MAX. AT CEDAR

VERTICAL PEDESTRIAN/BIKE CONNECTION

COYLE CENTER

CURRIE PARK

PROPOSED MULTI-USE TRAIL

EXISTING MULTI-USE TRAIL

HIAWATHA LIGHT RAIL STATION

35W

WASHINGTON AVENUE

PARKING

PARKING

S 4TH STREET

RIVERSIDE PLAZA

PARKING RAMP

S 3RD STREET

PARKING

PARKING RAMP

CEDAR AVENUE

RIVERSIDE AVENUE

19TH AVENUE

RECONSTRUCTED BRIDGE LANES AND BRIDGEHEADS AT CEDAR BRIDGE

PROPOSED DEVELOPMENT SITE (RETAIL, OFFICE)

WEST BANK LIGHT RAIL STATION

U OF MN FUTURE EXPANSION

CENTRAL CORRIDOR LIGHT RAIL LINE

WASHINGTON AVENUE BRIDGE

PROPOSED MULTI-USE TRAIL (FUTURE CONNECTION TO WASHINGTON AVENUE BRIDGE)

PEDESTRIAN / BIKE / SERVICE DRIVE

U OF MN FUTURE EXPANSION (STREET LEVEL ACTIVE)

PROPOSED DEVELOPMENT SITE (RETAIL, HOUSING, OFFICE)
 -PARKING BELOW
 -ACTIVE STREET LEVEL
 -4 STORIES MAX. AT CEDAR

RELOCATED PUBLIC PLAZA

PROPOSED PUBLIC PLAZA

-  EXISTING BUILDING
-  PROPOSED DEVELOPMENT
-  MULTI-USE PEDESTRIAN / BIKE TRAIL
-  CENTRAL CORRIDOR LIGHT RAIL

MEMORANDUM OF UNDERSTANDING

Riverside Plaza Project

This Memorandum of Understanding is made as of the 1st day of December, 2010, between the City of Minneapolis, a Minnesota municipal corporation (the "City") and Cedar Riverside Limited Partnership, a Minnesota limited partnership (the "Owner").

RECITALS

- A. The Owner intends to acquire and rehabilitate that certain multi-family residential apartment complex located in Minneapolis commonly known as Riverside Plaza.
- B. The purposes of the \$122,000,000 acquisition and rehabilitation of Riverside Plaza (the "Project") are to enhance the quality of life for the residents of Riverside Plaza and significantly improve the functionality of Riverside Plaza by replacing failing mechanical systems, completing code-required upgrades, improving energy efficiency, and making other functional and aesthetic improvements.
- C. The Owner has applied to the City for a \$1.9 million loan of Community Development Block Grant funds from the Affordable Housing Trust Fund to help finance the Project (the "CDBG Loan").
- D. The Owner has also applied to the City for an allocation of up to \$80,000,000 of City of Minneapolis Housing Revenue Bonds, Series 2010 to help finance the Project (the "Bonds").
- E. The City has approved the Owner's applications for the CDBG Loan and the Bonds, and the documents associated therewith will impose various federal, state and local requirements on the Owner and the Project.
- F. In addition to such requirements, the City and the Owner will use all reasonable efforts to enhance the scope of work of and community benefits of the Project ("Additional Requirements").
- G. The City and the Owner will formally document some of the Additional Requirements in the documents associated with the CDBG Loan and the Bonds but the parties wish to concurrently document their understanding of the Additional Requirements pursuant to this Memorandum of Understanding.

AGREEMENT

I. On- and Off-Site Physical Improvements

- A. Adjacent Street and Bicycle Improvements:

1. **4th Street and 15th Avenue Improvements:** The Mayor's budget for 2011 currently includes \$1,000,000 of capital improvement funding for improvements to 4th Street and 15th Avenue. This project is listed as "PV070 Riverside Phase II - 4th St/15th Ave." with \$600,000 in 2011 and \$400,000 in 2012. Upon approval, the improvements will include new bicycle lane striping to improve bicycle connectivity between the Project and the planned Central Corridor LRT stations.
2. **On-Street Parking:** The City will explore the creation of a Critical Parking Area on 6th Street, the south side of 4th Street, and the east side of 15th Avenue, to improve on-street parking availability for residents.
3. **6th Street Pedestrian Improvements:** The Owner will allocate \$10,000 from the Project's budget for improvements to match the Minneapolis Public Housing Authority's contribution to install a mid-block crosswalk along 6th Street or other pedestrian safety enhancements as determined by the City.

B. Landscaping / Art Improvements at Cedar Avenue & 6th Street Northwest Corner:

1. The Owner will allocate \$60,000 from the Project's budget for landscaping and art work to be located at the corner of Cedar Avenue and 6th Street ("Art Improvements"). The Art Improvements will be completed contemporaneously with the construction of the Project. The Owner will provide the City with documentation of the costs of the Art Improvements so that the investment may be allocated towards the required match from the TOD Grant (defined below).
2. The Owner will engage the Cedar Cultural Center to assist in the design of the Art Improvements, which design will be consistent with the City's public art values and goals.

C. 2010 Hennepin County TOD Grant

1. The City has received \$300,000 in 2010 Hennepin County TOD dollars (the "TOD Grant") for pedestrian-oriented streetscape improvements along Cedar Avenue and Franklin Avenue.
2. The City intends to use the following improvements to satisfy a local match requirement of the TOD Grant:
 - i. \$275,000 from MPHA for site improvements that were made to the neighboring Cedars property since the June 30, 2010 funding award was made, and an additional \$50,000 of security improvements and \$21,000 for landscaping improvements that are to be completed before December 31, 2011.
 - ii. \$60,000 of improvements to the private plaza located at Cedar Avenue and 6th Street as described in Section 1.B.1. above.
 - iii. \$10,000 of 6th Street pedestrian improvements described in Section I.A.3 above.

- iv. Improvements to the Cedar Avenue and Riverside Avenue intersection including corner reconstruction and signal work that are planned and funded as part of the \$1,000,000 Central Corridor mitigation for this area.
- v. \$10,000 for the planned and funded beacon and bench public art project located at the southwest corner of 6th Street South and Cedar Avenue and adjacent to The Cedars.

D. Private Surface Parking Lot on 4th Street:

1. The Owner will use its best efforts to obtain its lenders' consent in the master subordination agreement to later release a footprint of approximately 15,000 square feet above the first level for approximately 40,000 square feet of air rights above the private 4th Street parking lot for future redevelopment that focuses on addressing the community needs of Riverside Plaza such as education, clinic space, daycare, youth activities, health and wellness (the "Future Redevelopment Project").
2. The Owner will grant a one-time, contractual right of first refusal to lease space in the Future Redevelopment Project to the Cedar Riverside Partnership whose members include the West Bank Community Coalition (WBCC), Augsburg College, Fairview, and the University of Minnesota for up to 10 years after the funding closing on the Project.
3. The Future Redevelopment Project is subject to compliance with Federal and State historic tax credit limitations, the terms and conditions of the City's financing documents and other Project financing documents, and the existing Riverside Plaza PUD as amended. The Future Redevelopment Project is also subject to Owner's Investor Limited Partner's approval, which shall not be unreasonably withheld.
4. The City will actively support the Owner's efforts to seek public and private funding for the Future Redevelopment Project. The City anticipates the need for public assistance with this Future Redevelopment Project.

E. Common Area Private Site and Exterior Improvements:

1. In addition to the physical improvements discussed above, the Owner's Project scope of work and budget will include the following "Common Area Private Site and Exterior Improvements" on the Riverside Plaza property subject to applicable City regulations:
 - a. Grading, landscaping, storm water drainage and pavement improvements throughout the site including the area located adjacent to the D-Building Skyway, generally between Palmer's Bar and the D-Building parking access;
 - b. Better on-site signage, lighting and building material design to improve navigation through Riverside Plaza;
 - c. Sidewalk repair and replacement;

- d. Repair and replacement of railings and handrails;
 - e. Repair and replacement of fences, trash enclosures and screens;
 - f. Remove blighted former Darul Quba building;
 - g. New trash and recycling receptacles;
 - h. New paint for the exterior colored panels;
 - i. Repair of the clock on the tower;
 - j. Repair or replace patio doors and windows;
 - k. New residential interior window and patio door dressings that are consistent on a building-by-building basis; and
 - l. Fire sprinkling system.
2. The minimum cost for the improvements in items (a) through (k) above is \$7,000,000.
 3. Within 120 days of completion of the Project, the Owner will provide the City with one (1) complete set of full-sized, scalable as-built site plans as record drawings that describe the final configuration of the site.

F. Nice Ride:

1. For up to 10 years from the funding closing, the Owner will allocate space at Riverside Plaza, 60 feet long and 10 feet deep, in close proximity to Cedar Avenue for a new Nice Ride bike sharing rental kiosk generally following the Class III bicycle parking design standards in Chapter 5 of the Bicycle Facility Design Guidelines as amended.
2. The City will pursue funding to furnish and install the Nice Ride kiosk and related improvements.

G. Utility Rebates for Energy Efficiency Improvements

1. The Owner will continue working with Xcel Energy and CenterPoint Energy for the purpose of applying for approximately 19 utility rebates with an estimated value of \$500,000.
2. The City will support this effort by researching additional funding sources for energy efficiency improvements, and facilitating meetings with utilities and funders.

II. Tenant Items

A. Riverside Plaza Tenant's Association ("RPTA"):

1. RPTA and Riverside Plaza Limited Partnership (the "Current Owner") are parties to that certain Lease, dated as of December 31, 2002 (the "Lease"), pursuant to the terms of which RPTA operates a tenant resource center and provides certain additional tenant services to the Project ("Tenant Services"). The Lease will be assigned to the Owner in connection with the acquisition of the Project.
2. The Current Owner will make a payment of \$300,000 to RPTA at the closing on the sale of the Project, which is equal to annual payments of \$150,000 for years 2011 and 2012 (the "Construction Period Payments"). The Construction Period Payments will be made partially from RPTA's share of partner distributions from the liquidation of the Current Owner after sale of the Project to the Owner and partially from a Current Owner contribution of funds at the closing. The Current Owner is providing seller financing to the Owner in the amount of \$2,000,000 pursuant to a Promissory Note and Mortgage (the "Seller Financing Documents"). The Seller Financing Documents will be assigned to RPTA pursuant to an Assignment of \$2,000,000 Promissory Note and Assignment of Mortgage (the "Seller Financing Assignments") and all payments received under the Seller Financing Documents will be made to RPTA pursuant to the terms of the Seller Financing Assignments. The Current Owner's share of the Construction Period Payments and the Seller Financing Assignments are made in satisfaction of the Current Owner's obligations under the Contract for Deed Close-Out Agreement, dated October 22, 2010.
3. Greater Metropolitan Housing Corporation ("GMHC") has agreed to provide a loan in the amount of \$1,300,000 to the Owner for the Project in order to induce the Owner to acquire the Project and to accept the affordability restrictions imposed upon the Project, and subject to the further requirement that the Owner provide funds for the Tenant Services provided by RPTA. The GMHC loan will be evidenced by a Promissory Note and Mortgage (the "GMHC Financing Documents"). The GMHC Financing Documents will be assigned to RPTA pursuant to an Assignment of \$1,300,000 Promissory Note and Assignment of Mortgage (the "GMHC Financing Assignments") and all payments received under the GMHC Financing Documents, excluding a \$7,500 asset management fee payable for the first 15 years commencing 2013, will be made to RPTA pursuant to the terms of the GMHC Financing Assignments.
4. Based on current projections, the net proceeds paid to RPTA from surplus cash of the Project under both the Seller Financing Assignments and the GMHC Financing Assignments are anticipated to be approximately \$162,000 per year for 28 years commencing in 2013.

B. Tenant Security:

1. The Owner and the City will establish a new model of public-private partnership around public safety. This will include the Owner and the City working jointly to pursue the cutting edge of police technology and Safe Zone tactics, including but not limited to camera monitoring, court watch, and community prosecution models. The City will convene strategy meetings between the Police Department and the City Attorney's Office to discuss implementing innovative security techniques at Riverside Plaza.

2. For up to 10 years from the funding closing but not sooner than July 31, 2011, the Owner will allocate approximately 1,100 square feet of space within the Riverside Plaza for a new Safety Center. The Owner will work collaboratively with the WBCC Safety Committee and RPTA to jointly establish the goals, objectives, and program for the Safety Center which may include:
 - a. Meeting space for police and community safety volunteers and participants;
 - b. Staffing from RPTA or Cedar Riverside Partnership members;
 - c. Potential police buy-back; and
 - d. Additional neighborhood services from other stakeholders such as Fairview or Metro Transit.
3. The initial funding program for the planned Safety Center is:
 - a. The Owner's in-kind contribution value of this space is \$15,000 per year for 10 years totaling \$150,000 for the space, utilities, and maintenance.
 - b. RPTA will make a staffing in-kind contribution of \$15,000 per year for 10 years totaling \$150,000 to support Safety Center operations or programming as determined by the Safety Center participants.
 - c. The Owner will pay \$7,500 annually commencing August 1, 2011 and continuing for 10 years totaling \$75,000 to the West Bank Safety Committee for Minneapolis Police "buy back" resources, to be devoted to the area immediately surrounding Riverside Plaza between Cedar Avenue, 4th Street South, Interstate 35W, the Hiawatha Light Rail line and Interstate 94.
 - d. Subject to annual appropriations, the City will make \$5,000 annual payments commencing August 1, 2011 and continuing over the same 10 year period to fund Safety Center operations, programming or police "buy back" as determined by the Safety Center participants. If City fails to appropriate funds for the annual payment in any year, the Owner is not obligated to make its annual payment the following year.
4. The Owner will continue to regularly participate in the West Bank Safety Committee, Cedar Riverside Partnership, and West Bank Business Association.

C. Tenant Relocation:

1. The Owner has allocated \$2,250,000 in the current Project's budget for the temporary tenant relocation during the rehabilitation period.
2. The Owner's tenant relocation plan includes a commitment to hold multiple resident and community meetings to convey information about the relocation process and the residents' rights, responsibilities and expectations.
3. The Owner has committed to provide reasonable accommodations and services for households with limited English proficiency and disabilities. Consequently all relocation notices provided to residents of Riverside Plaza shall be in the languages identified as spoken by the residents of Riverside Plaza. Additionally, persons with disabilities will receive accessible temporary housing during the relocation.

III. Workforce During Construction

- A. The Owner and its contractor, Knutson Construction Services, Inc. ("Knutson"), have agreed to the workforce plan attached hereto as Exhibit A and incorporated herein by reference.
- B. Money for Emerge Community Development:
 - 1. The Owner will engage Emerge to help Knutson meet their job goals.
 - 2. Knutson will contribute staffing and \$25,000 for Emerge.
 - 3. The City of Minneapolis Employment and Training Program ("METP") will provide Emerge with no less than \$25,000 in performance-based funding for the workforce development, conditioned upon the successful completion of predetermined benchmarks, as described in the existing service contract with METP.

IV. City Support Pursuing Additional Funding

- A. The City will actively support the Owner's efforts to seek public and private funding for the Project. The City anticipates the need for public assistance with the Project. Such support will include support for the Owner's application seeking \$7.5 million of Minnesota Housing Finance Agency ("MHFA") PARIF assistance as requested in MHFA's 2010 funding round, and the Owner's 2011 applications seeking additional funding for the Project to fill the remaining development gap currently estimated at \$1.9 million.
- B. On November 5, 2010, the City Council authorized staff to submit a HUD Choice Neighborhoods funding application for project and related costs.

V. Special Service District

- A. The Owner agrees to participate in a Cedar Riverside Special Service District conditioned upon (i) the District being created and functioning on or before January 1, 2012; and (ii) the Owner receiving written confirmation that Augsburg College, Fairview Health Services, and the University of Minnesota have committed to financially participate on an equivalent basis; and (iii) Owner's Investor Limited Partner's approval.

VI. African Mall Art

- A. The Owner will work with Sherman Associates Inc., the owner of the African Mall located at 620 16th Ave. S. (the "African Mall"), to grant permission to neighborhood youth to paint a mural on the south wall of the African Mall facing the Cedar Riverside LRT station. Such permission is conditioned upon Sherman Associates Inc. receiving consent for the mural from the existing tenants of the African Mall. The Owner and the City acknowledge that this property is owned by an entity that is separate from Cedar Riverside Limited Partnership.

VII. Final Documentation and Conditions to this Memorandum of Understanding

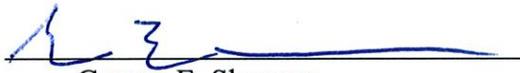
- A. The parties acknowledge that performance of the terms of this Memorandum of Understanding are contingent upon a successful closing on the Project, including but not limited to, the City Council awarding \$1,900,000 from the Affordable Housing Trust Fund

and upon MHFA awarding funds to the Project in its 2010 funding round. If, despite its best efforts, Owner is unable to obtain \$1.9 million in additional gap financing for the Project by December 31, 2011, Owner may request an amendment to this MOU reducing the scope of the MOU to reflect the shortfall, which amendment shall not be unreasonably withheld.

- B. Some of the terms in this Memorandum of Understanding will be more formally memorialized in other City agreements including those related to the CDBG Funds and the Bonds.
- C. All of the terms set forth herein are contingent upon compliance with Federal and State historic tax credit limitations, the terms and conditions of the City's financing documents and other Project financing documents, and the existing Riverside Plaza PUD as amended.

**CEDAR RIVERSIDE LIMITED
PARTNERSHIP,**
a Minnesota limited partnership
Fed. I.D. # 27-3131790

By: **Riverside Plaza GP LLC,**
a Minnesota limited liability company

By: 
George E. Sherman
President and Chief Manager

CITY OF MINNEAPOLIS

By Pam Fernandez
Its Finance Officer
Citywide Contracts Administrator
City Purchasing Agent

Department Head Responsible
For Monitoring Contract:

[Signature]
CPED Director

Approved as to form:

[Signature]
Assistant City Attorney

EXHIBIT A

Knutson Construction Services Riverside Plaza Stabilization and Rehabilitation Workforce Plan

1. Apprentice Construction Training Program – Knutson Construction Services (“Knutson”) and its subcontractors agree to a goal of 5% of the onsite construction hours for apprentices.

2. Resident and Neighborhood Employment
 - a. Cedar Riverside Plaza Limited Partnership (the “Owner”) and Knutson and its subcontractors commit to the employment of a minimum of 90 Minneapolis residents from the Riverside Plaza ZIP code 55454 (Cedar-Riverside) in connection with the rehabilitation of Riverside Plaza (the “Project”). In the event that there is an insufficient number of construction-qualified residents for construction-related positions in 55454 after an initial good faith effort, priority may be extended to the following contiguous, adjacent ZIP codes: 55404 (Ventura Village), 55406 (Seward and Longfellow), 55455 (University of Minnesota), 55415 (Downtown East), and 55488 (Elliot Park). In the event that there is an insufficient number of construction-qualified residents for construction-related positions in the additional ZIP codes, then priority may be extended to all ZIP codes within the City.
 - b. The jobs for 90 Minneapolis residents are anticipated to include the following:
 - i. Approximately 40 to 44 jobs, periodically during the course of the project, will be direct hires of Knutson and/or our subcontractors.
 - ii. Approximately 16-18 jobs from temporary cleaning help or vendors of the property.
 - iii. Approximately 15 jobs from Riverside Plaza hired into the current workforce for building maintenance, custodial, administration and other.
 - c. The City’s Employment and Training Program will fund 15 employees to be included in the Minneapolis resident employment total.
 - d. Knutson will establish a temporary resident and neighborhood employment and training office on the Riverside Plaza property (preferably in or immediately adjacent to the Tenant Resource Center) with regularly scheduled hours of operation to recruit, train and retain resident and neighborhood employees.
 - e. At least one security intern will be hired that is enrolled at the time of hire in a law enforcement or comparable educational program.
 - f. The Owner has selected Emerge Community Development, a certified Section 3 business, as the job training partner.

3. Employment Goals
 - a. Knutson acknowledges that employment goals are very important to the City during this time of high unemployment. Knutson and its subcontractors agree to aspirational workforce utilization goals, expressed as a percentage of work hours on the Project, that exceed established City goals in each category. The aspirational goals are:

Skilled Minority	15%
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Unskilled Minority	15%
Female (combined)	8%

- b. The City and Knutson understand that these aggressive goals will be difficult to achieve but will be vigorously pursued nonetheless.

4. Subcontracting Goals

- a. Knutson and its subcontractors agree to aspirational Small Underutilized Business Program goals, expressed as a percentage of subcontracting dollars, that exceed established City goals in each category. The aspirational goals that Knutson agrees to are 10% for Minority- owned Business Entities (MBE) and 8% for Women- owned Business Entities (WBE).

- b. Knutson acknowledges that subcontracting goals are very important to the City during this time of high unemployment. The City and agree that these aggressive goals will be difficult to achieve but will be vigorously pursued nonetheless.

- c. Knutson will utilize the following initiatives to maximize participation:

- i. Structuring of bid packages to allow for maximum participation by local small, women, and minority owned businesses.
- ii. Collaborating with women and minority business organizations to identify firms for participating in the project, including qualifying businesses located within the City listed in the CERT directory.
- iii. Establish subcontracting goals for each trade contract based on the availability of S/W/MBE firms (contractors and suppliers) in that specific division of work.
- iv. Conduct contractor open houses on the Riverside Plaza property to explain the bid packages, procurement schedule and process to interested bidders.
- v. Conduct pre-bid informational meetings on the Riverside Plaza property to inform and advise local and S/W/MBE contractors on the potential opportunities on the project.
- vi. Meet regularly with S/W/MBE contractor organizations to update them on the project.

- 5. Clean and Green - As part of the City of Minneapolis Employment and Training Program summer youth program, the City, in collaboration with Knutson and its subcontractors, agrees to provide urban streetscape beautification and neighborhood clean up within one block of the construction site during the summer months during the construction phase of this project. This task may be part of the City's Employment and Training Program activities.

- 6. Construction Education Minneapolis Public School Initiative – Knutson work with the Minneapolis Public Schools through the construction classes that are held at Roosevelt High School. Knutson will provide these classes with speakers to talk about job site safety and OSHA standards. Knutson will also provide speakers from the various trades and construction disciplines working on the Riverside Plaza project, including architecture, engineering, and project management. Knutson agrees to donate to these

construction classes building materials, hard hats, work gloves, hand tools, and other materials as available. Knutson will provide students and instructors with corporate office, shop, and on-site tours. Knutson will provide networking opportunities with other construction industry representatives for the high school instructors that teach these courses.

7. Internship Program – Knutson will establish an internship program that offers at least one selected resident of the Cedar-Riverside neighborhood the opportunity to participate in paid summer internships that will expose them to the construction industry. Knutson will offer a summer internship each summer to at least one student of a trade school program.
8. Job Linkage Agreement – The Owner will sign a project-appropriate Job Linkage Agreement and will be forwarding all notices of job openings to the City of Minneapolis Employment and Training Program so that job applicants can be forwarded to the Owner for review and possible job interview.
9. Minneapolis Community and Technical College: Knutson will advertize job opportunities to Minneapolis Community and Technical College targeting the estimated 135 students from the 55454 ZIP code, approximately 20 of which are MCTC “Power of YOU” students.
10. Recycling: The Owner will create a recycling program that involves a youth-servicing organization which engages youth in collecting recyclables and learning about sustainability issues. This task may be part of the StreetWerks activities.

The Project is anticipated to commence in January, 2011 and is estimated to be completed in the spring of 2013. The Owner, Knutson and the City CPED staff agree to meet and report the Project results every quarter.

Knutson Construction Services



City of Minneapolis

CEDAR RIVERSIDE LIMITED PARTNERSHIP,
a Minnesota limited partnership
Fed. I.D. # 27-3131790

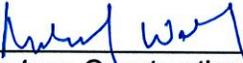
By: **Riverside Plaza GP LLC,**
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By: 
George E. Sherman
President and Chief Manager

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Knutson Construction Services

City of Minneapolis

CEDAR RIVERSIDE LIMITED PARTNERSHIP,
a Minnesota limited partnership
Fed. I.D. # 27-3131790

By: **Riverside Plaza GP LLC,**
a Minnesota limited liability company

By: _____
George E. Sherman
President and Chief Manager

A redo for the West Bank? Central LRT to bring changes



MinnPost photo by Steve Berg A new Central Corridor LRT station would be located between Seven Corners (foreground) and Cedar-Riverside (background).

By Steve Berg | Wednesday, Oct. 27, 2010

When the Hiawatha light rail line went up in the early 2000s, scarce attention was paid to real-estate development and other potential benefits along the corridor. The new trains were seen mainly as a transportation choice and, indeed, they've been wildly popular.

In contrast, the Central Corridor has been intensely driven by hopes (and fears) about development, probably because the line is more intimate to its surroundings and because St. Paul and Minneapolis see more clearly the missed potential along Hiawatha. When trains begin running in 2014, planners vow that the new corridor will be poised for private investment even if the market hasn't fully recovered.

Most dramatic, perhaps, are the plans for changes around the West Bank station in Minneapolis.

The station, originally destined for the trench between the University of Minnesota Law School and the Humphrey Institute near the foot of the double-decked Washington Avenue Bridge, was moved nearly two blocks to the west, to a spot between 19th and Cedar avenues. The new location brings the station closer to the heart of the Cedar-Riverside and Seven Corners communities and opens up 12 vacant sites for new housing, retail and other infill possibilities. (Click [here](#) for the city's latest report. Select the September Open House Presentation to see an assessment from the Ellerbe Beckett architectural firm. Select slide 40 to view a map of potential redevelopment sites.)

Accompanying the development pads are city and county commitments for new streetscapes, landscaping, bike lanes, plazas and public-safety strategies to dress up the forlorn district and make it more attractive for investment. A new pedestrian connection between the West Bank station and the Cedar-Riverside stop on the Hiawatha line would also be forged.

Pending renovation partnership

Topping the list, however, is a pending city partnership with developer George Sherman to renovate the vintage Riverside Plaza apartment towers that dominate the West Bank skyline. The City Council could approve the deal as early as next month. Included are a \$1.9 million loan from the city's Affordable Housing Trust Fund and \$80 million in revenue bonds to be repaid by the developer.

All in all, the package of improvements could bring \$14 million in public benefit, including construction jobs for neighborhood residents, according to Mike Christenson, Minneapolis' planning and economic development director. "This is like a Marshall Plan for Cedar-Riverside," he said.

Reconnecting the West Bank

The West Bank has an especially colorful history. Settled by Scandinavian and Bohemian immigrants in the late 1800s, the district developed a racy reputation before falling to decay when Prohibition closed its bars in the 1920s. Freeway construction further scarred the area in the 1960s, leaving it an island hemmed in by the Mississippi River on one side and deep roadway trenches on the other, cutting off the West Bank from the rest of the city.

By the early 1970s, the area had become a Midwestern Haight-Ashbury, home to hippies, perpetual students and a lively music and arts scene bubbling up from its string of bars, coffee houses and head shops. That aura lingers but now shares the neighborhood with a spread of campus and medical buildings and an influx of East African immigrants.

But there's another dimension to the West Bank station. It's intended as a kind of surgery to begin healing the wounds left by the gaping freeway and roadway trenches. Several potential redevelopment sites sit atop roadway embankments where off-and-on-ramps are slated for removal. Two bridges in particular (Cedar and 19th Avenue) will be "shortened" by landscaping, station entrances and other design features as a way of knitting the community closer together. Fixing the desolation caused by 1960s-era highway engineers is a huge challenge. But Minneapolis hopes one day to reconnect the West Bank to downtown by infilling the freeway trench with human-scale walkways, parks and other features much in the way that Target Plaza stretches over Interstate Hwy. 394 to connect downtown with the North Loop.



Haila Maze

"The idea is to make these freeway areas part of the urban fabric again," said Haila Maze, a Minneapolis planner working on the West Bank project. "This is a chance to make the best of the big mistakes that were made in the past." The changes aren't urban renewal or gentrification, she explained. While the project intends to stabilize and expand the community, it's not designed to dramatically raise rents or incomes in one of the city's poorest neighborhoods.

Pushing transit-oriented development

In a broader sense, the West Bank station is also part of a move to raise the profile of transit-oriented development (TOD) in the Twin Cities metro. TOD is the modern-day equivalent of the freeway interchange, which, as every driver knows, has spawned a vast array of fast-food joints, big-box retail outlets, motels, strip malls and gas stations, all geared to the auto. TOD is a condensed, urbanized version of that, with housing tossed into the mix. The idea is to rediscover traditional, walkable urban neighborhoods near transit stops as a reasonable and more energy-efficient alternative to the car monoculture.

The trouble with TOD is that the deck is stacked against it. Even with big investments in public transit, the freeway interchange model enjoys financial advantages built into the economy and the tax code. The result is that a new light rail line isn't good enough on its own to attract large-scale development. Some housing may follow, as it has along Hiawatha (more than 7,000 units by one account). But major retail, office and other benefits can't compete with the artificially cheaper model along the freeways. An offset is needed.

That's where "TIF for TOD" comes into play. If local governments could capture a portion of the expected tax value increase near stations and use it to retrofit the neighborhood for redevelopment (streetscapes, landscaping, lighting, storefronts, etc.) then TOD would have a better chance to compete. To accomplish that the Legislature would have to tweak current law governing tax increment financing (TIF) in Minnesota.

"It would be an invisible thumb on the scale to make the invisible hand of the marketplace more efficient," said Jim Erkel, an attorney for the Minnesota Center for Environmental Advocacy. The problem with current law is twofold, he said: It lacks the flexibility needed to help TOD, and its "blight standard" is obsolete. The point of redevelopment is no longer to eradicate blight, he pointed out, but to increase land-use efficiency.

The point is to maximize the return on investments like the Central Corridor line by attracting private capital, Hennepin County Commissioner Peter McLaughlin explained. With a more even playing field for development, the nearly \$1 billion public investment on Central could return \$6 billion in private investment, he said.

The Legislature may take up the proposed TIF changes next year with an eye toward similar changes enacted recently in Texas, Maryland, Pennsylvania and Maine. In recent years the Legislature has moved to limit TIF because of perceived abuses in the 1990s. However, with funding tight, it's hard not to consider borrowing from the future tax values produced by TOD. Denver's Southeast LRT line, for example, cost \$879 million in public funds. But, with a menu of planning incentives, it generated an estimated \$4.25 billion in private real estate investment. Numbers like those will be hard to ignore as governments think harder about getting the most long-term bang for the buck.

MINNESOTA DAILY

METRO & STATE | FEBRUARY 7, 2011

<http://www.mndaily.com/2011/02/07/google-gives-aid-riverside-plaza>

Google gives aid to Riverside Plaza

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Google is investing tax credits in the Riverside Plaza apartment complex.

In a new effort to provide affordable housing, Google has invested about \$28 million in tax credits to help renovate the Riverside Plaza apartments.

The money will help fund the housing development's \$132 million revitalization project, which includes restructuring the property's debt and a \$62 million renovation.

Construction on the project started Feb. 1.

"Our investment reflects an ongoing commitment to help people afford quality homes," Google Vice President and Treasurer Brent Callinicos said in a statement.

The biggest improvements to the site will include upgrades to the property's aesthetics and mechanical work to replace failing plumbing and heating systems.

Hassan Abdullahi, a resident at Riverside Plaza for the past 11 years, said he was most looking forward to the improved air conditioning for the summer and decreased waiting time for the elevator. Every day Abdullahi waits 20 minutes for the elevator when he goes to work.

"They improve a lot of things in the area [but] even the roads are bad," Abdullahi said. "I like that this area is going to be improved — construction, security, everything. It's going to be changed. I like that."

Google contributed to the project by buying tax credits for the project in place of paying income taxes to the government. The move is akin to ordinary taxpayers writing off charitable donations when paying taxes.

The contribution will account for roughly 20 percent of the private financing needed for the project, property manager George Sherman said.

"We do a lot of intense and unusual projects, and this clearly is one we have a lot of dedication to," Sherman said. "It's not just the tenants living there now, but tenants in 10 or 20 years that will have a better place to live."

Google representatives declined to comment on the subject.

Minneapolis Housing Development project coordinator Matt Goldstein urged the importance of replacing the mechanical systems, as the "pipes are crumbling from the inside and the outside."

"The critical need was to keep the building inhabitable and to minimize the possibility of catastrophe," Goldstein said. "There are over 4,400 people living there, and if you have to close one or two of the towers at one time, that would create a huge impact on the residents."

Goldstein said the property owners had done a good job of maintaining the property, but with income restrictions on rent prices, outside funding sources would be necessary to make the improvements.

Approximately 88 percent of the \$132 million is coming from private sources.

The project will improve adjacent streets and bicycle paths, the on-site community center and education facilities. Construction will create 200 jobs, 90 of which will be reserved for residents of the complex.

Additionally, the project will allocate \$4.5 million through 2041 — or \$150,000 annually — to the Riverside Plaza Tenant Association for tenant advocacy and related services.

Fredda Scobey, who runs the tenant association, said the group was "very grateful" for the money but contended it wasn't a massive amount.

"It's expensive to run a business," Scobey said. "It's actually very little money for what we try to do."

Residents are excited for the revitalization, Scobey said, but many are frustrated about needing to move from their homes temporarily. One building in the plaza will have furnished hotel-like rooms for the tenants to live in temporarily while their units are worked on.

"There was certainly a lot of support for the rehab by the tenants — and complaining too," Scobey said with a laugh. "No one wants to move or likes the inconvenience. Marriages split up when people have their kitchen remodeled."

Abdullahi said he was looking forward to the improvements but was also worried about his family moving since he didn't know when they would need to pack up their things.

"The moving is a problem right now, it's winter," Abdullahi said. "But it's a problem we have to [face]. If they move us then we're moving."



Union to help fund Riverside rehab

<http://www.startribune.com/local/116729604.html>

With the goal of creating jobs, an AFL-CIO trust fund is putting \$50 million into a makeover for the huge West Bank housing complex.

A labor union trust fund is kicking in a substantial portion of the financing needed to rehabilitate Riverside Plaza, the mammoth housing complex on the West Bank in Minneapolis that has drawn scorn from many an architecture critic since it opened in the 1970s.

The AFL-CIO Housing Investment Trust announced on Tuesday the \$50 million commitment of union pension capital to finance the makeover. The investment toward the \$120 million to \$130 million cost will modernize the 1,303 housing units in the cluster of buildings.

The AFL-CIO said that the work is expected to generate about 635 union construction jobs.

The rehab will focus on deteriorating mechanical, plumbing and electrical systems as well as substantial exterior and interior work. The complex consists of towers ranging from four to 39 floors, with more than 30,000 square feet of commercial and community space.

Ninety percent of the units are for lower-income residents, with many hundreds of them receiving federal rent subsidies.

The trust's chief investment officer, Stephanie H. Wiggins, said this commitment helps "put the [trust] on track to achieve its goal of generating 10,000 union construction jobs by the spring of this year through the investment of union pension capital." All on-site construction work at Riverside Plaza will be performed under collective bargaining agreements with local building and construction trades unions, trust officials said.

The site, built as Cedar Square West and renamed Riverside Plaza, was added to the National Register of Historic Places on Dec. 28. That gave developer George Sherman \$28.9 million in federal and state historic tax credits that he sold to investors to help finance the plaza's purchase and makeover. Two years' worth of construction began last month.

The complex, the work of Minneapolis architect Ralph Rapson, was envisioned to bring an international style to the city and was an example of a new, if shortlived, federal approach to urban development. However, the buildings' harsh facade has long been a target of architecture critics.