



CSM proposal (including MacPhail) on May 9, 2001, and September 12, 2001, and passed a motion in support of it. The Land Use Committee of the Downtown Minneapolis Neighborhood Association reviewed the proposal on June 5, 2001, and October 2, 2001. The DMNA Executive Board passed a motion in support of the proposal on October 15, 2001. The Industry Square Project Committee and DMNA also sent letters in support of MacPhail's planning applications on January 27, 2003.

**City Goals:** Create an environment that maximizes economic development opportunities within Minneapolis by focusing on the City's physical and human assets.

**Comprehensive Plan:** On December 11, 2001, the Minneapolis City Planning Commission found the Parcel C proposal to be consistent with the Comprehensive Plan and the Update to the Historic Mills District Master Plan. The Planning Commission approved the Planned Unit Development and Site Plan Review for the entire block. On March 31, 2003, the Planning Commission approved MacPhail's applications for an amendment of the Conditional Use Permit for the Planned Unit Development and an amendment of the Site Plan Review approval for the Planned Unit Development.

**Zoning Code:** The property is zoned C3A and is included in the Downtown Parking Overlay and Downtown Height Overlay. The proposal complies with the C3A zoning and overlays.

**Living Wage/Job Linkage:** Not applicable.

**Background/Supporting Information**

The MacPhail Center for Music proposal is part of CSM's full block proposal for the redevelopment of Parcel C. The land sale and terms—including MacPhail—were approved by the City Council and MCDA Board in December 2001.

Included in the December 2001 Board report was the following construction schedule:

<b>Construction</b>	<b>Anticipated</b>	<b>Default Date</b>
Commencement:		
Parking	April 1, 2002	January 1, 2003
Residential	December 1, 2002	August 1, 2003
Office Building	December 1, 2002	August 1, 2003
MacPhail	June 1, 2003	December 1, 2005
Completion:	Anticipated	Default Date*
Parking	December 1, 2002	August 1, 2003
Residential	December 1, 2004	August 1, 2005
Office Building	December 31, 2003	September 1, 2004
MacPhail	June 1, 2004	December 1, 2006

The parking and office building components are complete, and the residential component is under construction.

There are two redevelopment contracts—one for the parking, residential and office components and the other for the MacPhail component. The MCDA still owns the 22,596 square foot MacPhail site. The “MacPhail” redevelopment contract is between MCDA and CSM; MacPhail is a conditional assignee. If MacPhail fails to meet funding requirements, CSM has a 12-month option to develop the property. If CSM is not successful, the MCDA will market the property again.

The December 2001 Board action included certain funding requirements that MacPhail would need to meet before the contractual rights and obligations were assigned to it and closing could occur. Specifically, MacPhail needed to raise \$7.5 million by December 31, 2003, and 100 percent of development costs by December 31, 2004. If it fell short on either, MacPhail would have a 90-day cure period.

### **Current Request**

MacPhail exceeded the \$7.5 million funding threshold prior to December 31, 2003. However, MacPhail anticipates needing additional time to reach 100 percent funding. In order to effectively plan, MacPhail thought it prudent, and staff concurred, to request an extension of time to meet the 100 percent funding requirement. MacPhail is requesting an 18-month extension of the 100 percent funding deadline to June 30, 2006. This would be an absolute deadline with no cure period. In consideration of this time extension, the purchase price will be adjusted. CPED’s in-house appraiser has indicated an increase of \$3 per square foot (total increase of \$67,788) which MacPhail has agreed to pay.

MacPhail seeks the extension because progress has been delayed by economic conditions and competition among the many capital campaigns already in progress. MacPhail has indicated that its capital campaign is off to a great start, and they are confident that the momentum will continue, especially now that some of the other campaigns have reached goals. The MacPhail Board of Directors is actively engaged, and they have hired a full-time development director to work on this project. MacPhail is committed to this project and looks forward to the opening of the new facility when thousands of students and their family and friends will bus, drive, walk, and ride rapid transit to use the performance hall, recital rooms, and studios.

CSM has indicated that it is not opposed to MacPhail’s requested extension and views the project as having a positive impact on the area. As with the current approval, if MacPhail is not successful in raising 100 percent of the funding, CSM would have a 12-month option (expiring on June 30, 2007) to develop the property. A new appraisal would be ordered at that time to determine the appropriate land value for the CSM proposal.