

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) is made effective as of the 8th day of March, 2016 (the "Effective Date") by and between the City of Minneapolis, a municipal corporation under the laws of the State of Minnesota acting by and through its Department of Community Planning and Economic Development (the "City"), and the City of Minneapolis, acting by and through its Park and Recreation Board ("MPRB"), a body corporate and politic under the laws of the State of Minnesota.

RECITALS

WHEREAS, the City is the owner of the Upper Harbor Terminal ("UHT") site and desires to redevelop the site for other purposes, as outlined in the City and MPRB-approved Above the Falls Master Plan;

WHEREAS, the MPRB desires to develop part of UHT for riverfront park amenities, as outlined in the Above the Falls Regional Park Master Plan;

WHEREAS, the City and the MPRB recognize the need to identify an experienced private development partner to help formulate and implement a creative, integrated and feasible plan for park and private development at UHT (the "Project");

WHEREAS, the City and the MPRB share a vision for redevelopment of UHT as outlined in Exhibit A attached hereto; and

WHEREAS, the City and the MPRB desire to memorialize certain agreements regarding their cooperation on the future of UHT.

NOW THEREFORE, the parties agree as follows:

1. Cooperation - The City and the MPRB will work together to complete a process (the "Process") as outlined in Exhibit B attached hereto, in connection with this Project. The intent is to cooperate in good faith to work through the Process as outlined, though the Director of CPED and the Superintendent of MPRB may agree to revise details of the Process and timeline thereof, as long as the basic intent of the Process is retained.
2. Goal - The two-part goal of the Process is:
 - a. To award exclusive negotiating rights to a selected developer that will result in the formulation of a detailed redevelopment plan for Phase I portions of the UHT (Parcels 1, 2, 6 and 7) that is acceptable to the City, the MPRB and the chosen developer (the "Plan"), and

- b. Execution of a redevelopment agreement(s) between and among the City, MPRB and the selected developer for implementation of the Plan (“Redevelopment Agreements”).
3. Plan Contents – It is the intent of the parties that the Phase I plan will:
 - a. Define the park boundary and how park area will be used (e.g., where and how linear parkway/trail connections will go through site and what additional park features there will be);
 - b. Identify what type of “destination(s)” will be included and where destination(s) will be located;
 - c. Determine which existing structures can be rehabilitated for adaptive reuse and for what purpose(s);
 - d. Establish a Plan for private development – what, where, when;
 - e. Identify what public improvements will be needed to support park and private development;
 - f. Define an overall public and private capital pro forma that is financially feasible and supported by market; and
 - g. Determine implementation relationships between City, MPRB and Developer (who does what and on what timeline, including identification of anticipated funding sources and any necessary approval and regulatory steps).
4. Roles –
 - a. The City will include staff from CPED, Public Works, Finance, and City Attorney’s office on its team.
 - b. MPRB will include various staff from its Planning and other divisions as needed.
 - c. Staff from both the City and MPRB will work with other stakeholders to finalize and distribute the RFI and RFQ, review submissions, make developer recommendations and work with the selected developer on the Plan.
5. Overall Work Process – The City, as owner of UHT, will take the lead in coordinating the overall Process, but City and MPRB will work cooperatively to jointly a) select the development team that will be awarded exclusive right to work with the City and MPRB to create the Plan and Redevelopment Agreements, and b) agree on the final form of the Plan and Redevelopment Agreements. . Notwithstanding the foregoing, if the City and the MPRB are not able to timely reach consensus on the selection of the development team or an overall redevelopment plan, either the City or the MPRB may terminate this MOU upon 30 days written notice to the other party and the City will retain control over the land use decisions, public improvement decisions and business terms for development. The MPRB will retain control over decisions on whether to accept conveyance of land offered by the City for park purposes (at offered/negotiated terms) and on the types of park improvements the MPRB will build.
6. Participation in Project Implementation - Assuming City, MPRB and the selected developer are able to formulate a Plan during the exclusive rights period that achieves their respective goals, both the City and MPRB are willing to indicate in the RFQ the

particular contributions they will bring to the implementation of the Plan. These contributions are listed on Exhibit C attached hereto.

7. Costs – Both City and MPRB will continue to assign staff to actively participate on a joint staff team throughout the Process. City and MPRB agree to share the following costs related to completing the process:
 - a. Printing of CFDP, RFI and RFQ materials
 - b. Advertising of CFDP, RFI and RFQ opportunities
 - c. Community engagement expenses

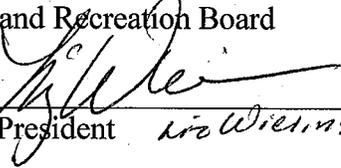
For small expenses of up to \$500 each (e.g., printing/copying, meeting refreshments, postage, small ads, etc.), the City and MPRB Project Managers will work together to take turns in incurring expenses so that over the course of the process, these costs are equally split to the extent possible. The allocation of these expenses will be communicated via email between City and MPRB staff as they are about to be incurred, and an ongoing tally will be kept.

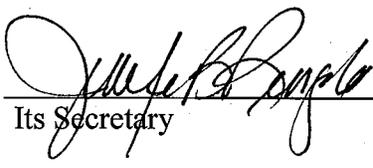
For other larger expenses, the City and MPRB Project Managers will agree via email before each expense is incurred which party will be the lead contracting party, how the expenses will be split and what the respective funding coding will be. The contracting party Project Manager then will code invoices related to that expense to the two funding codes in the agreed-upon proportions and will provide the other Project Manager with a copy of the invoice and contract payment/check request form. These costs might include web site design/maintenance, photography, more significant advertising, and meeting facilitation. Notwithstanding any termination of this MOU, the obligations to pay any previously agreed upon and incurred expenses shall survive such termination.

8. Project Manager Designation – For purposes of this MOU, the City's Project Manager and primary contact shall be Ann Calvert and the MPRB's Project Manager and primary contact shall be Katherine Lamers provided that either party may change such Project Manager at any time, upon written notice to the other party.
9. Community Engagement – The City and MPRB will cooperate on an integrated community engagement process for this Project.
10. Duration – This MOU will be in effect from the date of execution hereof until the earlier of a) the execution of a Redevelopment Agreement between the City and MPRB, b) December 31, 2018, or c) unless terminated earlier in accordance with Paragraph 5 of this MOU.

MPRB:

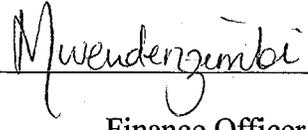
City of Minneapolis, acting by and through
Its Park and Recreation Board

By: 
Its President *iro Wielmski*

By: 
Its Secretary

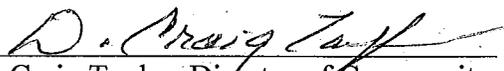
CITY:

City of Minneapolis

By: 

Finance Officer
✓ Enterprise Contract Administrator
City Purchasing Agent

Responsible Department Head Approval:


D. Craig Taylor, Director of Community
Planning and Economic Development
(CPED)

Approved as to form:


Assistant City Attorney

EXHIBIT A

Characteristics of Success (initial draft, to be refined with community input)

Phase I redevelopment of the Upper Harbor Terminal site will be a success if it achieves as many of the following goals as possible:

1. It includes part of a **first-class regional park** that serves North Minneapolis and the Twin Cities region as a whole. Components in the UHT Phase I area will include parkway, bike and walking trail connections to the rest of the Grand Rounds Scenic Byway system and one or more special park features.
2. It includes a significant amount of **high quality private development** that will benefit the community, while complementing the park and helping keep it active. Development that includes jobs that will benefit the residents of North Minneapolis is particularly desired.
3. The portion of the site at Dowling and the River serves as a significant **riverfront-oriented destination** that brings people to the riverfront and gives vitality. This might be a special park feature (in addition to the linear trail/parkway connection), a private concession on park land and/or a private feature.
4. The redevelopment reflects and interprets the **history of the site** and contributes to the area's unique character and interest. If feasible, some degree of preservation of the site's existing structures must be thoughtfully considered, but full preservation in accordance with the Secretary of Interior's Standards is not expected to be required.
5. All of the site's improvements (park improvements, public realm, infrastructure and private development) incorporate **high quality design**.
6. Both private and park redevelopment actively incorporate a variety of "**green,**" **sustainable approaches** and features and help to enhance and protect the river as a world-class environmental corridor.
7. The overall project capitalizes upon the riverfront location and is informed by this specific location, **not something that could have happened elsewhere**.
8. The site is firmly **connected into the fabric of the community**, both through the linear parkway and trail connections up and down river and through east-west connections at Dowling and at least one other location.
9. The redevelopment achieves the **Equitable Development Principles** as applicable and appropriate to this site and situation.

EXHIBIT B
Overall Phase I RFI/RFQ Process (and tentative, optimistic timeline)

Step 1: Early Summer 2016, with responses due Fall, 2016

- A Request for Qualifications (RFQ) will be distributed nationally to seek submissions from developers with the capacity and interest to do at least a Phase I development and who also have been able to complete innovative developments elsewhere that resonate with our goals.

Step 2: (selection by end of 2016 and execution of agreement in early 2017)

- A development team (“Developer”) will be selected to have exclusive rights (under an agreement to be approved by the City Council and MPRB) to work with the City and MPRB to craft an integrated development plan.
- Exclusive development rights agreement will be for a reasonably long time period, but will outline intervening progress steps that must be achieved and when/how community and policy-maker input will be included during process.

Step 3: In cooperation with selected developer

- A Request for Interest (RFI) will be distributed to local businesses, nonprofits and other community entities that might be interested in playing a role in Phase I development (as a tenant, program operator, etc.)
- A Call for Development Partners (CFDP) will be distributed to local developers and related entities that might not be interested in acting as master developer, but are interested in acting as a developer of a portion of site within overall plan to be formulated in Step 4.

Step 4: (2017 through possibly 2018)

- City and Developer (with MPRB input, if they choose to be involved) will work together to formulate an integrated Phase I plan.
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- If the parties are not able to achieve exclusive rights agreement milestones and that agreement is terminated, the City, with MPRB input, will reserve the right to select another developer from those that had responded to the RFQ without needing to complete another RFQ process.

Step 5: (possibly early 2019, with implementation starting soon after)

- Parties will execute redevelopment agreements (City and Developer, City and MPRB and possibly MPRB and Developer) to achieve implementation of the Phase I plan formulated in Step 4.

EXHIBIT C City and MPRB Contributions

City expects to bring to the table:

- 2016 budget of \$125,000 for preliminary engineering, etc.
- UHT property and its value (subject to using land proceeds to first repay enterprise fund deficit)
- Working with MPRB and selected developer to pursue grants from various possible sources to allow timely construction of Phase I public infrastructure improvements, e.g.:
 - Environmental grantors (remediation)
 - EDA (infrastructure and possibly employment program investments)
 - DEED Redevelopment program (infrastructure)
 - Hennepin County EDIF program (infrastructure)
 - MWMO (stormwater improvements)
 - State bonding (infrastructure)
 - Legacy grants (historic preservation/interpretation)
- Openness to use of tax increment financing for eligible costs if district can be qualified and meet “but-for test”
- No General Fund or net debt funding (except possibly small amounts to repair existing infrastructure)
- Openness to zoning revisions, etc., to comply with *Above the Falls Master Plan Update*

MPRB expects to bring to the table:

- 2016 and/or 2017 funding to contribute to proportionate share of costs during RFQ/exclusive rights process (e.g., preliminary engineering)
- Significant allocations of funding from existing regional park funding sources for park capital improvements
- Working with City and selected developer to pursue grants from various possible sources to allow timely construction of Phase I park improvements, e.g.:
 - Environmental grantors (remediation)
 - MWMO (stormwater improvements)
 - State bonding (park site preparation and park improvements)
 - Legacy grants (open space and/or historic preservation/interpretation)
 - Private fundraising in cooperation with Minneapolis Parks Foundation and/or Friends of the Mississippi River
- Agreement that there should be a “destination” generally at Dowling and the river
- Openness to allowing a private destination on river side of parkway to allow direct relationship to river (but likely will require lease payment if on MPRB land)
- Acknowledgement that if 10% of site is dedicated to public park use at no cost to MPRB, no additional park dedication fee will be imposed on the site developments.
- Understanding that no land will be conveyed until MPRB has funding and approvals to start implementation

Developer will be expected to bring to the table:

- Investments during exclusive rights period in planning/design/market study, etc. costs that would have been incurred to prepare a proposal

- Active participation in community engagement during process and in fundraising, as appropriate
- Willingness to pay fair market value for land (with City open to discussing adjustments/credits if developer completes any site preparation and/or improvements that appraisal assumed were completed and/or if needed to help offset extraordinary costs or achieve a public purpose, e.g., a job-training program)
- Understanding that redevelopment agreements will include:
 - Commitment to complete agreed-upon Phase I development in a timely manner
 - Compliance with City contracting requirements

MINNEAPOLIS PARK AND RECREATION BOARD

AN ACTION, RESOLUTION OR ORDINANCE

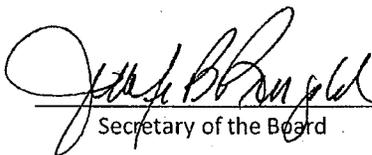
In accordance with Article VI, Section 6.2(j), of the City Charter, there is herewith submitted to you, the Mayor of the City of Minneapolis, an action, resolution or ordinance adopted by the Minneapolis Park and Recreation Board which you may approve by affixing your signature herein below or if you disapprove of same to return to the Board, with your objection thereto, by depositing the same with the Secretary of the Board to be presented to the Board at their next meeting where the question of its passage will be put again before the Board.

9.A.1 That the Board adopt Resolution 2016-126 captioned as follows:

Resolution 2016-126

Resolution Approving Memorandum of Understanding with the City of Minneapolis to Guide a Cooperative Process to Pursue Phase 1 Redevelopment of the Upper Harbor Terminal

PASSED February 17, 2016


Secretary of the Board

APPROVED _____


Mayor