

Originator
Port Authority

Item
BCS/Lennar Agreements

Date
6/29/2015

Description

The City Council approved a series of agreements with McGough Development and Lennar Multifamily Communities (Lennar) on December 10, 2014. The documents set the stage for 2015 construction of the 394 unit residential development, publicly-funded parking ramp (Ramp), and adjacent public street, pedestrian and utility infrastructure (Public Improvements).

An amendment to the Secondary Developer Agreement was approved on May 27, 2015. The amendment allowed the City Council to award the Public Improvements project on June 1, 2015 with security from Lennar that if the project doesn't close, Lennar will pay for the Public Improvement costs incurred by the City in 2015. The Public Improvements payment would be deducted from the \$1.123 million the Port would pay to Lennar if the deal unwinds on the contractual deadline for Lennar to close and start construction, September 30, 2015.

The \$6.8 million Ramp will be funded through Port-issued taxable general obligation tax increment bonds (Lennar Apartments Parking Ramp), Series 2015. The Port Board is asked to approve a bond resolution authorizing the issuance and sale of the bonds and allowing a committee to approve the bond sale for the Port Board, based on the parameters established in the resolution. The committee will consist of the Port President, Port Vice-President, Port Administrator, City/Port Chief Financial Officer and City Manager. The City Council will need to approve the bond sale.

On July 6, 2015, the City Council will consider an ordinance approving the issuance of the bonds. All documents are contingent upon Lennar closing on financing which is scheduled to occur as soon as the City receives notice from the Federal Housing and Urban Development (HUD) office that the project-basing of eight housing choice vouchers in the development have been approved. This approval is expected to occur on or about July 10, 2015. Lennar would close immediately after that date, and start construction soon after.

In addition, the Port Board is being asked to approve three agreements necessary for the financial closing on the apartment project. The Disbursement Agreement allows a Port representative to examine the draw documentation for each request for monthly disbursement of construction funds. The City's consultant, LSA Designs (now part of SRF Consulting), will review each draw request to ensure the money being drawn corresponds to the work that was completed before the Port representative reviews each draw. The Completion Guaranty, given by Lennar Corporation (parent company to Lennar Multifamily Communities, LMC), guarantees the completion of construction of the Minimum Improvements by LMC (the Secondary Developer). As anticipated in the original agreements approved on December 10, 2014, Lennar's lender is requiring the City and Port Authority consent to an Assignment of Secondary Developer Agreement where Lennar assigns its rights and interests under the Secondary Developer Agreement to its Lender. The City Council is also asked to approve the Assignment of Secondary Developer Agreement.

Requested Action

Staff recommends the Port Authority adopt the attached resolution authorizing the issuance and sale of the taxable general obligation tax increment bonds (Lennar Apartments Parking Ramp), Series 2015, by the Pricing Committee within the parameters set within the resolution and subsequently approved by the City Council and the resolution approving agreements related to the Bloomington Central Station/Lennar Development.

Staff recommends the City Council adopt the attached resolution approving the Assignment of Secondary Developer Agreement related to the Bloomington Central Station/Lennar Development.

Attachments:

Completion Guaranty

Resolution approving agreements related to the Bloomington Central Station/Lennar Development

Resolution approving the assignment of secondary development agreement

Resolution approving issuance and sale of bonds