



ECONOMIC DEVELOPMENT AUTHORITY
Public Safety Building—Training Room, 825 41st Ave
NE
Monday, February 06, 2023
5:00 PM

MINUTES

The meeting was called to order at 5:00 pm by Chair Szurek.

CALL TO ORDER/ROLL CALL

Commissioners Present: Connie Buesgens, KT Jacobs, Rachel James, Amáda Márquez Simula, Justice Spriggs, Marlaine Szurek

Commissioners Not Present: Gerry Herringer

Staff Present: Kelli Bourgeois, City Manager; Aaron Chirpich, Community Development Director; Sara Ion, City Clerk; Ben Sandell, Communications Coordinator; Mitchell Forney, Community Development Coordinator; Alicia Howe, Administrative Assistant

PLEDGE OF ALLEGIANCE

OATH OF OFFICE

Chirpich stated Ion administered the oath of office at an earlier time and would not need to administer the Oath of Office during the meeting.

ELECTION OF OFFICERS

1. Election of Economic Development Authority Officers

Chirpich stated pursuant to the bylaws of the Columbia Heights Economic Development Authority (the “EDA”), officers are required to be elected annually. He added that in order for an EDA Commissioner to be considered for an officer position, an EDA Commissioner must be nominated by another commissioner, or by him or herself.

Chirpich noted that the EDA bylaws require the City Manager (Kelli Bourgeois) to serve as the “Executive Director”, the Community Development Director (Aaron Chirpich) to serve as “Deputy Director” and the Finance Director (Joseph Kloiber) to serve as the “Assistant Treasurer”. The bylaws also specify that the position of “Secretary” be appointed by the EDA. Thus, it is recommended that the community development department’s Administrative Assistant, Alicia Howe serve as the Secretary.

Chirpich called for nominations for the President of the EDA. Szurek nominated herself.

Motion by Jacobs, seconded by Márquez Simula to elect Marlaine Szurek as President of the Economic Development Authority. A roll call vote was taken. All ayes of present. MOTION PASSED.

Chirpich called for nominations for the Vice President of the EDA. Jacobs nominated herself.

James asked what the role of the Vice President was. Chirpich stated it is to serve the role of the President, and have signing authority when the President is absent.

Márquez Simula nominated James.

Motion to elect Jacobs as Vice President of the Economic Development Authority. A roll call vote was taken. 2 ayes, 4 nays. MOTION FAILED 2-4. Nays: Jacobs, Szurek. Ayes: Márquez Simula, Buesgens, Spriggs, James.

Motion to elect James as Vice President of the Economic Development Authority. A roll call vote was taken. 4 ayes, no nays. MOTION PASSED. Ayes: Márquez Simula, Buesgens, Spriggs, James. Nays: Jacobs, Szurek

Chirpich stated they would be required to pass a motion to officially elect James as Vice President of the EDA. Szurek asked if that was required in the bylaws. Ion confirmed they would need to pass a motion.

Motion by Márquez Simula, seconded by Spriggs to elect James as Vice President of the Economic Development Authority. A roll call vote was taken. 4 ayes, 2 nays. MOTION PASSED. Ayes: Márquez Simula, Buesgens, Spriggs, James. Nays: Jacobs, Szurek

Chirpich called for nominations for the Treasurer of the EDA. Szurek nominated Jacobs. Szurek stated Herringer was the previous Treasurer. Jacobs asked if she could step into the role if Herringer did not desire the position and added she did not want to take the role from him. Chirpich stated there needed to be an election during the meeting. Szurek stated she did not think Herringer would be concerned about being the treasurer again. Chirpich noted the primary role of the Treasurer was to ask detailed questions regarding financials.

Motion by Szurek, seconded by Buesgens to elect Jacobs as Treasurer of the Economic Development Authority. A roll call vote was taken. All ayes of present. MOTION PASSED.

Motion by James, seconded by Márquez Simula to appoint Alicia Howe as the Secretary of the Economic Development Authority. A roll call vote was taken. All ayes of present. MOTION PASSED.

Following ratification of the above motions, the newly elected President of the EDA will now preside over the remainder of the meeting.

CONSENT AGENDA

2. **Accept December 12, 2022 EDA Meeting Minutes.**
3. **Approve the Financial Reports and Payment of the Bills for November and December 2022**

Motion by Buesgens, seconded by Jacobs to approve the Consent Agenda as presented. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2023-01

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FINANCIAL STATEMENTS FOR THE MONTHS OF NOVEMBER, AND DECEMBER 2022, AND THE PAYMENT OF THE BILLS FOR THE MONTHS OF NOVEMBER AND DECEMBER 2022.

WHEREAS, the Columbia Heights Economic Development Authority (the “EDA”) is required by Minnesota Statutes Section 469.096, Subd. 9, to prepare a detailed financial statement which shows all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the EDA's credits and assets and its outstanding liabilities; and

WHEREAS, said Statute also requires the EDA to examine the statement and treasurer's vouchers or bills and if correct, to approve them by resolution and enter the resolution in its records; and

WHEREAS, the financial statements for the months of November and December 2022 have been reviewed by the EDA Commission; and

WHEREAS, the EDA has examined the financial statements and finds them to be acceptable as to both form and accuracy; and

WHEREAS, the EDA Commission has other means to verify the intent of Section 469.096, Subd. 9, including but not limited to Comprehensive Annual Financial Reports, Annual City approved Budgets, Audits and similar documentation; and

WHEREAS, financial statements are held by the City’s Finance Department in a method outlined by the State of Minnesota’s Records Retention Schedule,

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the Columbia Heights Economic Development Authority that it has examined the referenced financial statements including the check history, and they are found to be correct, as to form and content; and BE IT

FURTHER RESOLVED the financial statements are acknowledged and received and the check history as presented in writing is approved for payment out of proper funds; and

BE IT FURTHER RESOLVED this resolution is made a part of the permanent records of the Columbia Heights Economic Development Authority.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 6th day of February, 2023

Offered by: Buesgens
Seconded by: Jacobs
Roll Call: All ayes of present

President

Attest:

Secretary

BUSINESS ITEMS

4. Designating the Official Depositories of the Economic Development Authority

Forney stated the EDA is required to designate by resolution the depositories used for its funds and investments. He added the resolution follows the general format of resolutions passed in previous years by the EDA and City. Most general banking transactions of the EDA and City are conducted through Northeast Bank. Accounts are also maintained at Wells Fargo Bank of Minnesota, N.A. and U.S. Bank for certain specialized services such as payroll and debt service payments.

Forney noted the only material difference between this proposed resolution and the resolution adopted annually by the City Council is that the EDA resolution allows for the EDA's funds to be held in accounts under the name of the City. This has always been the EDA's practice. He reviewed the history of the EDA, stating, since the creation of the EDA in 1996, it has never had a separate checking account under its own name. All EDA expenditures since its inception have been made using checks drawn in the City's name on behalf of the EDA. Staff recommends maintaining these three banking relationships, as they meet the EDA's current needs, and provide capacity for addressing the EDA's evolving needs for electronic banking services.

Forney stated there are two differences between this year's depositories and those of 2022. First, is the addition of US bank, which has a history of being utilized on and off by the EDA. Second, is the restriction of investment custodians from the previously "any with a MN office" to only Pershing and the banks authorized as depositories. This was required after a change to the municipal advisor rule. All investments must still comply with authorized investments as set forth in Minnesota statutes.

Questions/Comments from Members:

Szurek asked why they use multiple banks. Bourgeois stated it had to do with limits of money in each bank.

Motion by James, seconded by Szurek to waive the reading of Resolution 2023-02, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by James, seconded by Buesgens to adopt Resolution 2023-02, a resolution designating official depositories, for the Columbia Heights Economic Development Authority. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2023-02

A RESOLUTION OF THE COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY DESIGNATING OFFICIAL DEPOSITORIES

Now, therefore, in accordance with the bylaws and regulations of the Columbia Heights Economic Development Authority (the Authority), the Board of Commissioners of the Authority makes the following:

ORDER OF BOARD

IT IS HEREBY RESOLVED, that Northeast Bank, U.S. Bank, and Wells Fargo Bank of Minnesota, N.A., are hereby designated as depositories for the Authority's funds.

IT IS FURTHER RESOLVED, that the funds of the Authority can be held in accounts at these depositories under the name and federal identification number of the City of Columbia Heights, Minnesota (the City), together with the funds of the City, provided that separate fund accounting records are maintained for the respective Authority and City shares of such accounts in a manner consistent with generally accepted accounting and auditing standards.

IT IS FURTHER RESOLVED, that the responsibility for countersigning orders and checks drawn against funds of the Authority, assigned in the Authority's bylaws to the Authority President, is hereby delegated to the City Mayor.

IT IS FURTHER RESOLVED, that checks, drafts, or other withdrawal orders issued against the funds of the Authority on deposit with these depositories under the City's name shall be signed by the following:

City Mayor
City Manager
City Finance Director

and that said banks are hereby fully authorized to pay and charge said accounts for any such checks, drafts, or other withdrawal orders issued by the City on behalf of the Authority.

IT IS FURTHER RESOLVED, that Northeast Bank, U.S. Bank, and Wells Fargo Bank of Minnesota, N.A., are hereby requested, authorized and directed to honor checks, drafts or other orders for the payment of money drawn in the City's name on behalf of the Authority, including those drawn to the individual order of any person or persons whose name or names appear thereon as signer or signers thereof, when bearing or purporting to bear the facsimile signatures of the following:

City Mayor
City Manager
City Finance Director

and that Northeast Bank and Wells Fargo Bank of Minnesota, N.A., shall be entitled to honor and to charge the Authority, or the City on behalf of the Authority, for all such checks, drafts or other orders, regardless of by whom or by what means the facsimile signature or signatures thereon may have been affixed thereto, if such facsimile signature or signatures resemble the facsimile specimens duly certified to or filed with the Banks by the City Finance Director or other officer of the Authority or City.

IT IS FURTHER RESOLVED, that the City Finance Director or their designee shall be authorized to make electronic funds transfers in lieu of issuing paper checks, subject to the controls required by Minnesota Statutes and by the City of Columbia Heights' financial policies.

IT IS FURTHER RESOLVED, that all transactions, if any, relating to deposits, withdrawals, re-discounts and borrowings by or on behalf of the Authority with said depositories, made directly by the Authority or by the City on the behalf of the Authority, prior to the adoption of this resolution be, and the same hereby are, in all things ratified, approved and confirmed.

IT IS FURTHER RESOLVED, that any bank designated above as a depository, may be used as a custodian (a.k.a. depository) for investment purposes, so long as the investments comply with authorized investments as set forth in Minnesota Statutes.

IT IS FURTHER RESOLVED, that Bank of New York Mellon DBA Pershing Advisor Solutions LLC may be used as a custodian (a.k.a. depository) for investment purposes so long as the investments comply with the authorized investments as set forth in Minnesota Statutes.

IT IS FURTHER RESOLVED, that the funds of the Authority can be held in accounts at such investment custodians under the name and federal identification number of the City, together with the funds of the City, provided that separate fund accounting records are maintained for the respective Authority and City shares of such accounts in a manner consistent with generally accepted accounting and auditing standards. BE IT FURTHER RESOLVED, that any and all resolutions heretofore adopted by the Board of Commissioners of the Authority with regard to depositories or brokerage firms are superseded by this resolution.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 6th day of February, 2023

Offered by: James

Seconded by: Buesgens
Roll Call: All ayes of present.

President

Attest:

Secretary

5. Amendment of EDA Bylaws to Adjust Meeting Start Time

Forney stated after reviewing the Columbia Heights Economic Development Authority (the "EDA") bylaws, staff has identified outdated language regarding the regular meeting start time for the authority. He mentioned currently, the bylaws set a specific time of 6:30 p.m. for monthly EDA meetings. Due to the recent change of the City Council meeting start time, staff thought it best to remove the specific time from the bylaws. He noted many times, the EDA meeting is shifted between 5:00 P.M. and 5:30 P.M. depending on the content of the EDA agenda. By giving the EDA the ability to shift between meeting times without having to follow special meeting procedures, the EDA will have the flexibility necessary to limit wasted time between the EDA and City Council meetings. The EDA meeting time is still broadcasted on all public outlets and advertised three days prior to any meeting, regular or special. He stated in the agenda there is the amended and restated bylaws of the EDA. All proposed language changes in the EDA bylaws is marked with an underline for an addition or a strikeout to indicate a deletion.

Motion by Spriggs, seconded by Buesgens to waive the reading of Resolution 2023-03, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Spriggs, seconded by Buesgens to adopt Resolution 2023-03, a resolution approving an amendment to the Economic Development Authority's bylaws. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2023-03

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING AN AMENDMENT TO THE ECONOMIC DEVELOPMENT AUTHORITY'S BYLAWS

WHEREAS, the Columbia Heights Economic Development Authority (the "Authority") has considered proposed certain amendments to its Bylaws; and **WHEREAS**, Article IV, Section 6 of the Bylaws provides for amendments to the Bylaws by majority vote of the Board at any regular or special meeting of the Authority; and

WHEREAS, The Board has determined that it is reasonable, expedient and in the best interest of the public to amend Article III, Section 1 of the Bylaws to change the regular meeting time of the Authority Board; and

WHEREAS, the Authority has thoroughly reviewed the proposed amendment to the bylaws.

NOW, THEREFORE BE IT RESOLVED that, after appropriate examination and due consideration, the Authority 1. hereby approves the amendment to its Bylaws in the form attached to this Resolution as Exhibit A.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 6th day of February, 2023

Offered by: Spriggs
Seconded by: Buesgens
Roll Call: All ayes of present

President

Attest:

Secretary

6. Ruff Love Doggy Daycare Fire Suppression Grant Application

Forney stated in 2022 the EDA created the Fire Suppression Grant Program (“Program”). Through this program the EDA wanted to assist local businesses with the cost burdening work of installing fire suppression systems within commercial buildings. As noted in the program guidelines, a lot of the commercial properties in Columbia Heights do not have fire suppression systems. The cost of adding these systems, when required, is very prohibitive for small businesses. Certain businesses and certain changes in use require the addition of fire suppression systems. He added, since the creation of the program, there has been several interested business owners, but zero applicants. He noted staff believed Miller’s Bar would have been a prime target for the program, but when asked, the owner said that even with the grant it would be too expensive. Staff encouraged the owner to still apply but have not received any word since. There are currently two applications in the pipeline. The first is before you this evening. The second is for Rail Werks brewery which is planned to go into the strip mall at 4001 Central Ave NE.

Forney noted the first applicant is Jessen Como the owner of Ruff Love Dogs. Ruff Love Dogs currently operates in NE Minneapolis but is being forced out of their building due to a pending redevelopment project. Ruff Love Dogs is now under contract to purchase the building located at 3801 3rd ST NE in Columbia Heights and has plans to retrofit the building for its new use as a dog kennel/daycare. The applicant has received two competitive quotes for the required fire suppression system, proving that the upgrade adds approximately \$80,000 to the build out.

Forney stated in 2022, The EDA allocated \$45,000 for the creation of the Program, and budgeted \$60,000 for 2023, leaving the program with a balance of \$105,000. As stated above, it has been difficult for staff to find business that are able to apply to the Program. Many businesses don’t have the capital to pay for the addition of a fire suppression system in their building. He noted from the bids that Ruff Love Dogs received, it costs about \$40,000 to run a new water service line

from the street to the building. This doesn't include the installation of any fire suppression equipment within the building. Due to the cost of installing a fire suppression system that includes the installation of a new water service, staff are recommending an increase to the total amount provided through the program.

Forney stated the current maximum grant allowed is 50% of the project cost up to \$15,000. Staff believe by increasing the grant from \$15,000 to \$30,000 the EDA would make the Program more marketable and practical. Increasing the maximum grant to \$30,000 would still allow smaller projects to occur but would also incentivize businesses and property owners seeking larger projects with limited capital to reinvest into their buildings. Unlike some Façade Improvements, the fire suppression systems will be installed and available for the next business that chooses to call the building home. Staff conducted a comparison of other cities with similar programs. Of the eight cities reviewed, five cities had a maximum allotment of \$20,000 - \$30,000. While one of the cities had a maximum grant of \$10,000 covering up to 100% of the expenses. Staff believe setting the EDA's program at \$30,000 is a good middle ground that affords the EDA at least two grants per year if the \$60,000 annual budget allotment remains intact.

Forney stated, in addition to the increasing of the grant amounts, community development staff are recommending a few edits to the program guidelines. The first edit is to update the guidelines to include industrial properties. By limiting the program to commercial properties, the EDA eliminates improvements to the City's small industrial sector. By including industrial properties, the City may be able to attract businesses like Ruff Love. The second proposed edit is to expand the Program along Central Ave to 53rd Avenue. This would bring the program into alignment with the Façade Grant Program's boundaries. This would have been the original intent, but the Façade Grant's boundaries were extended after the development of the Fire Suppression grant program.

Questions/Comments from Members:

Szurek stated she was surprised Miller's Bar did not have a grant and asked if there were stipulations which would lower the insurance premium if there's a suppression system in the business. Forney agreed and stated Miller's Bar is considering adding a liquor license which would require them by State law to have a fire suppression but ultimately decided the program was too expensive. Chirpich added that Miller's Bar has received informal quotes from contractors within the \$80,000 range. He noted the street work increases costs due to putting in separate water lines. He stated with the building in its current form, it could be a good fit for the program but there is a need for significant water line upgrades.

Jacobs highlighted the agenda on page 80, second paragraph and noted it states "businesses or commercial property owners" but stated they are allowing tenants. She asked if the language needed clarification to include tenants. Forney agreed that it there should be clarity.

Jacobs asked to clarify the statement "qualifying improvements must exceed \$1,000" in the "Eligible Applicants" section on page 80 of the agenda. She added the amount seemed low and stated it should be a higher amount or eliminated. Chirpich and Forney agreed. Forney stated Staff are opened to edits and changes.

Spriggs asked how many current businesses would need the fire suppression upgrade. Forney stated almost every business has the issue and would need it. Chirpich added that there are standards in place for Columbia Heights that other cities do not have. The City of Columbia Heights has made a commitment to ensure the safety of the community and improve the insurance rating for the entire City. He stated they do not have an exact amount of businesses in need of the fire suppression upgrade but stated any building over 20 years old is typically going to need it.

Jacobs asked who governs the requirement for a fire suppression upgrade and mentioned when she owned a restaurant it was a requirement. Szurek shared her experience of owning a restaurant and noted the importance of restaurants with grills and deep fryers to have fire suppressions. She asked how many businesses have suppression systems. Chirpich stated most have them and added that Miller's Bar does have a kitchen appliance fire suppression. He stated the fire department has oversight of the systems.

Szurek stated it did not seem necessary for Ruff Love Doggy Daycare to have a fire suppression system. Chirpich also noted Ruff Love Dogs will go through the Planning Commission process and the decision during the EDA meeting would be contingent upon a zoning change that would take place for the site. He added that Staff support the zoning appeal.

James stated it would be worth raising the grant to \$30,000 since there have not been any applicants and since it is a goal to get businesses involved in the program. She expressed the importance to get buildings up to standard. She added she would support expanding all the way down Central Avenue.

Buesgens asked due to interest, how likely it would be to increase the grant to \$90,000 in a few years. Chirpich stated they could investigate increasing the levy or re-allocate. He stated they currently have a \$310,000 pool with \$60,000 going to fire suppression, \$50,000 going to façade grants, and \$200,000 to commercial revitalization.

Spriggs asked if the water service lines running from the street to businesses should be considered during reconstruction of roads since the City would cover those costs during that time. Chirpich stated Public Works could consider analyzing that. Bourgeois explained areas that are privately owned.

Buesgens mentioned MNdot has made tentative plans to do construction on Central Avenue and 28th Avenue and added they use the opportunity to incentivize business owners to use the program. Chirpich stated Public Works would need to provide their input.

Motion by Buesgens, seconded by James to waive the reading of Resolution 2023-04, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Buesgens, seconded by James to approve Resolution 2023-04, a resolution of the Economic Development Authority of Columbia Heights, Minnesota, approving the form and substance of the Fire Suppression Grant Agreement, and approving authority staff and officials to

take all actions necessary to enter the authority into the Fire Suppression Grant Agreement with Jessen Como. All ayes of present. MOTION PASSED.

Motion by Buesgens, seconded by James to edit the Fire Suppression Grant Guidelines as presented with additional changes purposed by KT Jacobs. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2023-04

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FORM AND SUBSTANCE OF THE FIRE SUPPRESSION GRANT AGREEMENT, AND APPROVING AUTHORITY STAFF AND OFFICIALS TO TAKE ALL ACTIONS NECESSARY TO ENTER THE AUTHORITY INTO THE FIRE SUPPRESSION GRANT AGREEMENT WITH JESSEN COMO.

WHEREAS, the City of Columbia Heights (the “City”) and the Columbia Heights Economic Development Authority (the “Authority”) have collaborated to create a certain Fire Suppression Grant Program (the “Program”); and

WHEREAS, pursuant to guidelines established for the Program, the Authority is to award and administer a series of grants to eligible commercial and industrial property owners and/or tenants for the purpose of installing fire suppression systems thereby increasing business variety, economic performance, and public safety; and

WHEREAS, the Authority has thoroughly reviewed copies of the proposed form of the Grant Agreement.

NOW, THEREFORE BE IT RESOLVED that, after appropriate examination and due consideration, the Authority

1. approves the form and substance of the grant agreement and approves the Authority entering into the agreement with Jessen Como.
2. that the City Manager, as the Executive Director of the Authority, is hereby authorized, empowered and directed for and on behalf of the Authority to enter into the grant agreement.
3. that the City Manager, as the Executive Director of the Authority, is hereby authorized and directed to execute and take such action as he/she deems necessary and appropriate to carry out the purpose of the foregoing resolution.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 6th day of February, 2023

Offered by: Buesgens

Seconded by: James

Roll Call: All ayes of present

President

Attest:

Secretary

7. Purchase of 841 49th Ave NE, Purchase Agreement and Budget Amendment Approval

Forney stated staff are bringing forth for consideration the purchase of the property located at 841 49th Ave NE. The property has been designated as uninhabitable by the City and is in very poor condition. Community development staff believe this property is a prime candidate for redevelopment due to its substandard condition and parcel location.

Forney reviewed the history, stating, on June 21st, 2021, Columbia Heights Police were called by a concerned neighbor to investigate a complaint and to conduct a welfare check at the subject property. Columbia Heights Police with the help of the Fire Department, found the property to be unsecured and uninhabitable with no one living at the property. Trash and debris were scattered around the property and filled the inside of the house and garage. Upon initial inspection, the Fire Department also noted that the basement had been completely flooded to within a few feet of the basement ceiling. Police and fire declared the house unfit for occupancy and boarded up the property. Concerned that the electricity, water, and gas utilities were compromised Chief O’Brian initiated an emergency disconnect of all utilities from the property. The fire department continued to check in on the property and abate all property maintenance issues. From the initial welfare check, until December 2022 the fire department attempted to get into contact with the property owner to no avail. Staff have attached images from the initial abatement of the property. As you can see, the house is full of trash, and due to the flooding of the basement, the interior of the house has been infested by black mold.

Forney added, in December 2022, the brother of the owner of the property showed up at the Community Development Department trying to gain access to the property. He proceeded to inform staff that the owner had been moved to a nursing home in 2021 and is currently in hospice care. He mentioned the family had not heard from the owner for 9 years. The owner’s brother (“Seller”) has gained Power of Attorney to get the owners finances in order. After viewing the condition of the property, the owner, and his representative approached the city asking if we would be interested in purchasing the property.

Forney noted that community development staff conducted a financial analysis of the property and determined that it would be in the interest of the City to consider the purchase of the property. In conducting the pro-forma of the property, staff put together a base offer for \$90,000, contingent on approval by the EDA. Staff negotiated the number to \$91,976 after agreeing to assist in paying some of the additional costs levied to the owner. According to the county, the land has an estimated market value of \$69,500. Community development staff believe that the negotiated \$91,976 purchase price is reasonable because it gives the City site control and the ability to drive redevelopment of the site. After the seller agreed to the purchase price and its contingencies, staff worked with

Kennedy and Graven, the EDA's Legal Counsel, to draft the purchase agreement that is attached to this report.

Forney stated the purchase and redevelopment of 841 49th is consistent with the goals of the EDA's redevelopment fund 408. Even though it meets the intent of the fund, the property is not zoned commercial which means that it does not fall within the purview of the Commercial Revitalization Program. Due to this, the purchase of the property requires an amendment to the 2023 budget to allocate funds for this specific project. Resolution 2023-05 approves the purchase of the property while amending the 2023 budget to reflect the purchase price and related costs. The related project costs that are covered by the budget amendment are: closing costs, hazardous material abatement costs (asbestos and trash removal), and demolition costs (demolition, grading, and utility disconnects). Fund 408 has about \$2.5 million available after accounting for the projected 2023 budget. This is more than sufficient to fund the project. As stated in the resolution, \$91,976 will go to the purchase of the property while \$50,000 will go to the related costs described above. Excess money will be returned to fund 408 after the demolition and grading has been complete.

Forney mentioned the location of 841 49th Ave NE gives the City many options with regard to redeveloping the lot. The lot itself is approximately 15,00 sq/ft and is zoned R-2A, Single and Two-Family. Without rezoning, this would allow the City to redevelop a single family home or twin home on the lot. 841 49th is also near Central Avenue, directly behind the Taco Bell. This opens the possibility for the lot to be rezoned and used commercially in the future.

Forney noted ultimately, 841 49th Ave NE has been a problem property for the City and the neighborhood. The condition of the interior and exterior make it uninhabitable. But for EDA involvement, this property could remain vacant and unsalvageable for even longer than it already has. The prime location of the parcel affords the EDA the opportunity to consider many redevelopment options.

Questions/Comments from Members:

Buesgens stated it is a big deal and is excited about the possibilities for the property. She asked what the 408 fund was. Forney stated it was the redevelopment project fund for the EDA. Chirpich added it is pooled from various areas and projects are designated within the fund.

Buesgens asked for other examples for how the fund could be used. Chirpich stated the goal is to put back what is taken out. He added the HRA levy contributes annually into the fund and strategic sales of redevelopment properties are held in the fund. He stated whatever is made from land sale proceeds would go into the fund.

Szurek asked if the \$50,000 would include demolition. Chirpich stated they expect \$30,000 for demolition. Szurek asked if they set the budget for \$50,000 for any contingencies. Chirpich agreed.

Márquez Simula asked when neighborhood feedback would occur. Forney stated it is going to the Planning Commission first and they are confirming that the acquisition conforms with the Comprehensive Plan. Chirpich added that it would go to the neighborhood when a specific project is proposed. Márquez Simula asked if the goal was to commercialize the property instead of build a single family home. Forney added the initial step is to remove the home and then the EDA can decide what they think is best for the parcel. Jacobs stated she would like it to be a single family home or a duplex since it is near the school.

Szurek asked if there was an ally way behind the Taco Bell. Chirpich stated there was.

Spriggs asked what the timeline was for the demolition. Forney stated the proposal is for spring 2023, but demolition contracts will be approved by the EDA at a subsequent meeting.

James noted the parcel is on a heavily wooded lot and stated her desire to maintain older trees in good health. Márquez Simula agreed. Chirpich stated they analyze the trees as a part of the process.

Buesgens stated she would like to see the parcel go commercial since there are only 9% of commercial properties in the City and would like to see an opportunity to bring more money in.

Motion by Márquez Simula, seconded by Jacobs to waive the reading of Resolution 2023-05, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Jacobs, seconded by Márquez Simula to approve Resolution 2023-05, a Resolution approving the purchase agreement between the Economic Development Authority of Columbia Heights, Minnesota, and Matthew Plemel POA for Michael James Plemel and Amending the 2023 Fund 408 Budget. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2023-05

A RESOLUTION APPROVING THE PURCHASE AGREEMENT BETWEEN THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, AND MATTHEW PLEMEL POA FOR MICHAEL JAMES PLEMEL AND AMENDING THE 2023 FUND 408 BUDGET

BE IT RESOLVED BY the Board of Commissioners ("Board") of the Columbia Heights Economic Development Authority (the "Authority") as follows:

SECTION 1. RECITALS.

1.01. The Authority and Matthew Plemel POA for Michael James Plemel ("Seller") desire to enter into a purchase agreement (the "Purchase Agreement") pursuant to which the Authority will acquire certain property in the City located at 841 49th Avenue NE (the "Property") from the Seller for economic redevelopment purposes. The Property is described in Exhibit A attached hereto.

1.02. Pursuant to the Purchase Agreement, the Authority will purchase the Property from the Seller for a purchase price of \$91,976 plus related closing costs.

1.03. The Authority finds that acquisition of the Property is consistent with the City’s Comprehensive Plan and will result in redevelopment of the substandard property located at 841 49th Ave NE. Such acquisition of this Property, for subsequent resale, best meets the community’s needs and will facilitate the economic redevelopment and revitalization of this area of the City.

1.04. The Authority also finds that this redevelopment project is consistent with the purpose of the Economic Development Authority Redevelopment Fund 408. The current 2023 budget for Economic Development Authority Redevelopment Fund 408 does not include this redevelopment project and must be amended as the property was not available on September 26, 2022, when the Authority adopted this budget. The available balance of the Economic Development Authority Redevelopment Fund 408, beyond that committed for the existing 2023 budget, is approximately \$2.5 million, which is more than sufficient to fund the redevelopment project.

SECTION 2. PURCHASE AGREEMENT AND BUDGET AMENDMENT APPROVED.

2.01. The Authority hereby ratifies and approves the actions of Authority staff and of Kennedy Graven (“Legal Counsel”) in researching the Property and preparing and presenting the Purchase Agreement. The Authority approves the Purchase Agreement in the form presented to the Authority and on file at City Hall, subject to modifications that do not alter the substance of the transaction and that are approved by the President and Executive Director, provided that execution of the Purchase Agreement by those officials shall be conclusive evidence of their approval.

2.02. The Authority hereby amends the 2023 budget for the Economic Development Authority Redevelopment Fund 408 to appropriate \$91,976 for the purchase of 841 49th Avenue NE, and \$50,000 for other related project costs.

2.03. Authority staff and officials are authorized to take all actions necessary to perform the Authority’s obligations under the Purchase Agreement as a whole, including without limitation execution of any documents to which the Authority is a party referenced in or attached to the Purchase Agreement, and any deed or other documents necessary to acquire the Property from the Seller, all as described in the Purchase Agreement

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 6th day of February, 2023

Offered by: Jacobs
Seconded by: Márquez Simula
Roll Call: All ayes of present

President

Attest:

Secretary

OTHER BUSINESS

Forney stated there are upcoming properties such as another single family home acquisition that staff will seek authorization to purchase.

Forney stated staff are working with MNDot to acquire a section of excess MNDot right-of-way that adjoins the Root property.

Forney added Rail Works Brewery is looking into going into the strip mall located at 40th and Central Avenue and have submitted building plans and will submit and façade and fire suppression grant. He encouraged the Councilmembers to keep the EDA in mind as they do their goal setting.

ADJOURNMENT

Motion by Jacobs, seconded by Márquez Simula, to adjourn the meeting at 6:01 pm. All ayes. MOTION PASSED.

Respectfully submitted,



Alicia Howe, Administrative Assistant

Auxiliary aids or other accommodations for individuals with disabilities are available upon request when the request is made at least 72 hours in advance. Please contact Administration at 763-706-3610 to make arrangements.