



ECONOMIC DEVELOPMENT AUTHORITY

City Hall—Council Chambers, 590 40th Ave NE

Monday, May 09, 2022

6:30 PM

SPECIAL MEETING MINUTES

The special meeting was called to order at 6:30 pm by Chair Szurek.

CALL TO ORDER/ROLL CALL

Members present: Connie Buesgens; Gerry Herringer; Kt Jacobs; John Murzyn, Jr; Nick Novitsky; Amáda Márquez-Simula; Marlaine Szurek

Staff present: Aaron Chirpich, Community Development Director; Minerva Hark, City Planner; Mitch Forney, Community Development Coordinator; Sara Ion, City Clerk

Also Present: Sofia Lykke, Kennedy & Graven, Chartered; Jared Ackmann, Reuter Walton Development; Paul Keenan, Reuter Walton Development

PLEDGE OF ALLEGIANCE

PUBLIC HEARINGS

1. Approve Contract for Private Redevelopment with 42 Central Limited Partnership (Reuter Walton)

Chirpich reported that in June of 2020, the City of Columbia Heights approved the sale of the vacant land located behind the Public Safety campus to Reuter Walton Development for the construction of an affordable housing apartment community. As part of the purchase agreement, it was decided that the City and Reuter Walton would work together to develop a site plan that included a future parcel for the relocation of the Southern Anoka Community Assistance (SACA) food shelf and thrift store.

In June of 2021, Reuter Walton and the City completed the land use approval process for the project that resulted in the creation of a Planned Unit Development (PUD) that includes a 62-unit affordable housing apartment complex and future development site for a new 12,000 square foot SACA facility. The PUD consists of two parcels, one for the apartments, and one for the food shelf.

Concurrent to the land use approval process, Reuter Walton submitted an application to the EDA for public financial assistance, specially requesting Tax Increment Financing (TIF) to support the project. In March of 2022, the EDA approved the establishment of the 42nd and Jackson TIF district and adopted a TIF plan for the project. Approval of the TIF plan did not obligate the EDA to provide TIF assistance to the project. Rather, the plan established limits for assistance and qualified the site as eligible for the creation of a housing TIF district per state law.

Now that the entitlements are in place and the land sale terms have been negotiated, it is time to finalize and execute the Contract for Private Redevelopment. This agreement serves to memorialize several important components of the land sale, and it also provides the terms for the final TIF agreement and associated TIF note that will be issued to Reuter Walton. The primary provisions of the agreement are as follows:

1. Reuter Walton will be reimbursed for TIF eligible expenses only.
2. The maximum principal amount of the TIF note (assistance) has been set at \$732,000.
3. The expected duration of the TIF district is 18 years.
4. The EDA will be reimbursed by Reuter Walton for all costs associated with establishing the TIF district.
5. 10 shared parking spaces are preserved on the Reuter Walton site by an easement in favor of SACA.
6. Access to the 10 shared parking spaces is preserved through an access easement in favor of SACA.
7. Reuter Walton agrees not to charge residents of the affordable housing community for parking.

Staff recommends that the EDA approve Resolution 2022-13, thereby approving the Contract for Private Redevelopment.

Questions/Comments from Members:

Szurek asked if they pay-as-you-go or if they pay at the end. Chirpich stated it is pay-as-you-go, the risk is on the developer; the City does not front the money for development but instead the developer does and they are reimbursed through taxes.

Herringer asked if the City sold the land or was it given. Chirpich said that the City is selling the land, the closing is expected to take place at the end of June 2022; it is \$450,000 for the Reuter Walton site.

Herringer asked what the expected value of the building will be. Chirpich asked the developer for the taxable market value for the project. Jared Ackmann stated it would be \$13 million.

Szurek asked if Reuter Walton would be handling the processing of applications and calculating what the rent would be. Chirpich stated the management company for Reuter Walton will be responsible for checking income eligibility due to the agreements with the City and the type of financing from HUD.

Szurek asked if there will be public spaces for children to play and stated she was concerned about the potential of children playing in the parking lot or street. Chirpich stated there will be a small playground, that also has a common space for picnic tables and grilling, all which is fenced.

Jacobs stated she thought they were making additional space towards the back of the parking lot available next to the SACA property. Chirpich stated there was an area that included a dog

run that had to be changed to a stormwater area. He added that this concern was also voiced by residents during the site plan approval process and the park infrastructure within the vicinity is reasonable; the site plan was approved by the Planning Commission and the Council.

Buesgens stated that there isn't much activity at the playground at the Flats and there isn't children playing outside as much as they used to. She said she isn't concerned about the size of the playgrounds.

Jacobs asked if it would be possible as the project moves forward to see if they could make more space, not necessarily in contract.

Novitsky asked if SACA would have a park and stated that it could potentially be used too. Jacobs added it should be thought about and be good to know what it may look like.

Márquez-Simula said the good thing is the park area will be fenced. Szurek stated the park was not on the plan or the plat so she was unaware of what it would look like.

Szurek opened the public hearing.

No one wished to speak.

Szurek closed the public hearing.

Motion by Buesgens, seconded by Jacobs, to waive the reading of Resolution 2022-13, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Buesgens, seconded by Novitsky, to approve Resolution 2022-13, approving a contract for private redevelopment and authorizing the issuance of, and providing the form, terms, covenants and directions for the issuance of a tax increment revenue note to 42 Central Limited Partnership. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2022-13

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING A CONTRACT FOR PRIVATE REDEVELOPMENT AND AUTHORIZING THE ISSUANCE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF A TAX INCREMENT REVENUE NOTE TO 42 CENTRAL LIMITED PARTNERSHIP

BE IT RESOLVED, by the Economic Development Authority in and for the City of Columbia Heights as follows:

Section 1. Recitals; Approval and Authorization; Award of Sale.

1.01. Recitals.

(a) The Authority and the City of Columbia Heights, Minnesota (the "City") have approved the establishment of the 42nd and Jackson Tax Increment Financing District (the "TIF District"), a housing district within the Downtown Central Business District Redevelopment Project (the "Project"), and

have adopted a tax increment financing plan for the purpose of financing certain improvements within the Project.

(b) To facilitate the redevelopment of certain property within the Project and TIF District, the Authority and 42 Central Limited Partnership, a Minnesota limited partnership (the "Owner"), have negotiated a Contract for Private Redevelopment (the "Agreement") which provides for the construction by the Owner of an affordable rental housing facility on certain property to be acquired by the Owner and certain soil remediation, correction and site preparation work by the Owner on an adjacent parcel, and the issuance by the Authority of a tax increment revenue note (the "Note") to the Owner.

1.02. Approval of Agreement.

(a) The Agreement is hereby in all respects approved, 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 Agreement by such officials shall be conclusive evidence of approval.

(b) Authority staff and officials are authorized to take all actions necessary to perform the Authority's obligations under the Agreement as a whole, including without limitation execution of any documents to which the Authority is a party referenced in or attached to the Agreement, all as described in the Agreement.

1.03. Issuance, Sale, and Terms of the Note.

(a) The Authority hereby authorizes the President and Executive Director to issue the Note in accordance with the Agreement. All capitalized terms in this resolution have the meaning provided in the Agreement unless the context requires otherwise.

(b) The Note shall be issued to the Owner in the maximum aggregate principal amount of \$732,000 in consideration of certain eligible costs incurred by the Owner in connection with construction of the Minimum Improvements under the Agreement. The Note shall be dated the date of delivery thereof, and shall bear interest at the lesser of the rate of 3.85% per annum or the actual rate of the Owner's mortgage financing, from the date of issue to the earlier of maturity or prepayment. The Note will be issued in the principal amount of Public Redevelopment Costs submitted and approved in accordance with Section 3.3 of the Agreement. The Note is secured by Available Tax Increment, as further described in the form of the Note herein. The Authority hereby delegates to the Executive Director the determination of the date on which the Note is to be delivered, in accordance with the Agreement.

Section 2. Form of Note. The Note shall be in substantially the form attached hereto as EXHIBIT A, with the blanks to be properly filled in and the principal amount adjusted as of the date of issue.

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The Note shall be issued as a single typewritten note numbered R-1. The Note shall be issuable only in fully registered form. Principal of and interest on the Note shall be payable by check or draft issued by the Registrar described herein.

3.02. Dates; Interest Payment Dates. Principal of and interest on the Note shall be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date, whether or not such day is a business day.

3.03. Registration. The Authority hereby appoints the City Finance Director to perform the functions of registrar, transfer agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the Authority and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its office a bond register in which the Registrar shall provide for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

(b) Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

(c) Cancellation. The Note surrendered upon any transfer shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the Authority.

(d) Improper or Unauthorized Transfer. When the Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on the Note or separate instrument of transfer is legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(e) Persons Deemed Owners. The Authority and the Registrar may treat the person in whose name the Note is at any time registered in the bond register as the absolute owner of such Note, whether the Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Note and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the Authority upon the Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of the Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to such transfer or exchange.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case the Note shall become mutilated or be lost, stolen, or destroyed, the Registrar shall deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of such mutilated Note or in lieu of and in substitution for the Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that the Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or

indemnity in form, substance, and amount satisfactory to it, in which both the Authority and the Registrar shall be named as obligees. The Note so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the Authority. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Note prior to payment.

3.04. Preparation and Delivery. The Note shall be prepared under the direction of the Executive Director and shall be executed on behalf of the Authority by the signatures of its President and Executive Director. In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. When the Note has been so executed, it shall be delivered by the Executive Director to the Owner thereof in accordance with the Agreement.

Section 4. Security Provisions.

4.01. Pledge. The Authority hereby pledges to the payment of the principal of and interest on the Note all Available Tax Increment as defined in the Note. Available Tax Increment shall be applied to payment of the principal of and interest on the Note in accordance with the terms of the form of Note set forth in EXHIBIT A attached hereto.

4.02. Bond Fund. Until the date the Note is no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the Authority shall maintain a separate and special "Bond Fund" to be used for no purpose other than the payment of the principal of and interest on the Note. The Authority irrevocably agrees to appropriate to the Bond Fund on or before each Payment Date the Available Tax Increment in an amount equal to the Payment then due, or the actual Available Tax Increment, whichever is less. Any Available Tax Increment remaining in the Bond Fund shall be transferred to the Authority's account for the TIF District upon the termination of the Note in accordance with its terms.

Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The officers of the Authority are hereby authorized and directed to prepare and furnish to the Owner of the Note certified copies of all proceedings and records of the Authority, and such other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall be deemed representations of the Authority as to the facts recited therein.

Section 6. Effective Date. This resolution shall be effective upon approval.

Approved this 9th day of May, 2022, by the Board of Commissioners of the Columbia Heights Economic Development Authority.

Passed this 9th day of May, 2022

Offered by: Buesgens

Seconded by: Novitsky

Roll Call: All ayes

President

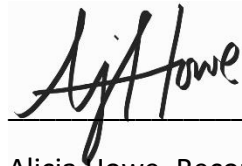
Attest:

Assistant Secretary

ADJOURNMENT

Motion by Jacobs, seconded by Buesgens, to adjourn the meeting at 6:48 pm. All ayes. MOTION PASSED.

Respectfully submitted,



Alicia Howe, Recording Secretary