



# ECONOMIC DEVELOPMENT AUTHORITY

City Hall—Council Chambers, 3989 Central Ave NE

Monday, November 04, 2024

5:00 PM

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## MINUTES

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

### CALL TO ORDER/ROLL CALL

Members present: Connie Buesgens; Kt Jacobs; Amada Márquez-Simula; Justice Spriggs; Marlaine Szurek; Lamin Dibba

Absent: Rachel James

Staff Present: Mitchell Forney, Community Development Director; Aaron Chirpich, City Manager; Sarah LaVoie, Administrative Assistant; Emilie Voight, Community Development Coordinator; Jared Ackmann, Reuter Walton Developer; Paul Keenan, Vice President of Development at Reuter Walton

### PLEDGE OF ALLEGIANCE

### CONSENT AGENDA

1. Approve the minutes of the regular EDA Meeting of October 07, 2024.
2. Approve financial reports and payment of bills for September 2024 – Resolution No. 2024-26

*Motion by Márquez-Simula, seconded by Dibba, to approve the Consent Agenda as presented. All ayes of present. MOTION PASSED.*

### RESOLUTION NO. 2024-26

### A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FINANCIAL STATEMENTS FOR THE MONTH OF SEPTEMBER 2024 AND THE PAYMENT OF THE BILLS FOR THE MONTH OF SEPTEMBER 2024.

**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 month of September 2024 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 as part of the permanent records of the Columbia Heights Economic Development Authority.

**ORDER OF ECONOMIC DEVELOPMENT AUTHORITY**

Passed this 4th day of November, 2024

Offered by: Amada Marquez-Simula

Seconded by: Lamin Dibba

Roll Call: All ayes of present. MOTION PASSED.

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

**BUSINESS ITEMS**

- 3. Façade Improvement Grant Report for Quincy Raven Commercial located at 4030 Central Ave**  
Voight reported the property owner, Quincy Raven Commercial Properties LLC, operates two businesses at this address: Fixx Coffee and the Central Mix event space and kitchen. They are applying for grant funds to replace the second-story windows on the Central Ave façade. Although the owner is also planning additional façade work including new signage and repairs to the existing canopy, and has included information about this work in the application, the grant funding request is limited to the window portion of these renovations.

Voight explained the owner was able to receive one bid for the windows, amounting to \$12,360, setting them up for a grant amount of \$5,000. Due to the need to complete window replacement prior to the arrival of winter and cold temperatures, the owner has already applied for a permit.

Community Development Staff recommend funding the window replacement project in full as it will benefit both the appearance and functionality of this building in the Central Business District.

Voight noted in 2024, the EDA has approved 8 façade improvement grant applications for a total of \$37,127 approved, with an additional \$5,000 being requested at this meeting. This leaves \$7,873 in Façade Improvement Grant funds for the remainder of the year.

Questions/Comments from Members:

Spriggs asked if leftover funds would roll over to next year. Forney replied that they would roll into the 408 general fund.

*Motion by Spriggs, seconded by Márquez-Simula, to waive the reading of Resolution No. 2024-27, there being ample copies available to the public. All ayes of present. MOTION PASSED.*

*Motion by Spriggs, seconded by Márquez-Simula, to approve Resolution No. 2024-27, a Resolution of the Columbia Heights Economic Development Authority, approving the form and substance of the façade improvement grant agreement, and approving authority staff and officials to take all actions necessary to enter the authority into a façade improvement grant agreement with the owner of Quincy Raven Commercial Properties LLC. All ayes of present. MOTION PASSED.*

**RESOLUTION NO. 2024-27**

**A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FORM AND SUBSTANCE OF THE FAÇADE IMPROVEMENT GRANT AGREEMENT, AND APPROVING AUTHORITY STAFF AND OFFICIALS TO TAKE ALL ACTIONS NECESSARY TO ENTER THE AUTHORITY INTO A FAÇADE IMPROVEMENT GRANT AGREEMENT WITH QUINCY RAVEN COMMERCIAL PROPERTIES LLC**

**WHEREAS**, the City of Columbia Heights (the “City”) and the Columbia Heights Economic Development Authority (the “Authority”) have collaborated to create a certain Façade Improvement 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 property owners and/or tenants for the purposes of revitalizing existing storefronts, increasing business vitality and economic performance, and decreasing criminal activity along Central Avenue Northeast, in the City’s Business districts, pursuant to a Façade Improvement Grant Agreement with various property owners and/or tenants; and

**WHEREAS**, pursuant to the Program, the City is to coordinate a surveillance camera monitoring program by placing surveillance cameras on some of the storefronts that are part of the Program for the purposes of improving public safety in and around the Central Business District; 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 Quincy Raven Commercial Properties LLC.
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 they deem necessary and appropriate to carry out the purpose of the foregoing resolution

**ORDER OF ECONOMIC DEVELOPMENT AUTHORITY**

Passed this 4th day of November, 2024

Offered by: Justice Spriggs  
Seconded by: Amada Marquez-Simula  
Roll Call: All ayes of present. MOTION PASSED.

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

**4. Reuter Walton Development Discussion**

Forney reported in early October Reuter Walton approached City staff regarding possible redevelopment opportunities. After an initial conversation, Reuter Walton found a property that was interested in selling and, met the City’s Comprehensive Plan for redevelopment. The property in question is 3901 University Ave NE. Currently, the property houses offices for a global supplier of mining technology and strategy. The company, ME Elecmetal, has offices and plants in over 40 countries. The business is looking to move its offices from its current location and is looking to sell the building. In general, Reuter Walton wants to get the EDA’s thoughts on the project. The project will require a rezoning, Minnesota Management and Budget bond resolution, and possibly TIF. If the EDA favors the project Reuter Walton’s next step is to apply for bond funding from MMB. The City acts as a conduit for those bonds so Reuter Walton would come back with any edits of the plan and work with the City to establish a bond resolution. Bonds of this type are not an obligation of the City or its taxpayers, but rather an obligation of the developer. Only project revenues of the developer, in this case, rent collected after completion of the project would be pledged for repayment of the bonds. The City has previously issued tax exempt bonds for other various developments, such as the Sullivan Shores townhomes, Crestview senior care facilities, the Legends of Columbia Heights, the COL, and Grand Central Flats. With the issuance of tax-exempt bonds, the City will receive an issuance fee in the amount of 1% of the principal amount issued for the tax

exempt bonds.

Forney noted Reuter Walton is proposing a full redevelopment of the 2.51-acre site to be rebuilt as 108 units of affordable housing. The parcel in question is one of the last remaining properties from the Huset Park redevelopment project and used to serve as the foundry's power source. Within the land use chapter of the City's comprehensive plan, this parcel is designated to be future high-density residential.

Forney stated as developers look to proformas to determine project feasibility so too does the City. A big piece of this monetary discussion is Tax Increment Financing (TIF) assistance. Reuter Walton has not established a request for TIF but, wants to get the EDA's feedback regarding the project with the assumption of some TIF assistance provided. With that being said, the amount of TIF needed does depend on other aspects of the project including what interest rates are at closing and if there are other grant opportunities available to cut down project costs. There is the possibility that if interest rates decrease enough, the project may not need TIF assistance.

Forney explained in summary, the TIF district, if approved, would be able to get \$54,693 in tax increments per year, after the project is complete. As a general practice, the EDA has allowed for a maximum of 15 years in similar districts. The amount of TIF needed depends on the cost of the project and the project's amenities. These numbers are built into the developer's proforma and then reviewed by staff and Ehlers to ensure any TIF meets the But For Test. For example, the project could not occur but for the TIF assistance. The State of Minnesota requires that the base tax rate for TIF calculations be established with the new property classification. Since the property will be converting to 4d the City will receive less money than the current taxes on the parcel, during the life of the TIF district. \$11,142 less per year to be exact. After the TIF district is decertified, the calculations show that the City can expect to receive \$33,320 in taxes per year. Increasing the current revenue on the site by \$19,730 per year. This project has a lot of aspects for the commission to consider. Staff are looking to have an in-depth conversation with the EDA so that we can direct Reuter Walton on any next steps. Staff are supportive of the concept overall and have found Reuter Walton to be a quality development partner on previous projects.

Reuter Walton Representative Jared Ackmann gave a presentation to the EDA. He mentioned that the Vice President of Development at Reuter Walton, Paul Keenan, was also present at the meeting. Reuter Walton is based in Saint Louis Park and is currently on project number 45. Reuter Walton was founded 15 years ago. The project would be south of 40<sup>th</sup> Avenue, and would generally fit under the high-density residential zoning district. The proposed parking is 1.7 stalls per unit. The building would be four stories. The onsite amenities would include a dog run, a playground, a patio, and a grilling area. He explained that the project would be fine-tuned throughout the process.

Mr. Ackmann stated there would be 108 units. He showed the EDA graphics of the underground parking and the first level. He also showed photos of other projects they have done in the Twin Cities. He explained that they would be filing for tax-exempt bonds in order to get low-income housing tax credits, which would be sold in order to bring equity to the project. Because of that, the rent is restrictive on what can be charged. Rent would range from \$643 (one bedroom) to \$1,882 (three bedroom). The proposed rent rates are lower than the newer market-rate projects,

and slightly higher than older, traditional affordable housing rates.

Mr. Ackmann noted that there are 38 single-family homes for sale in Columbia Heights, and are around \$350,000. Buying a house would require a \$70,000 down payment, and it would be about \$2,303 a month. Many people cannot afford to purchase homes. He mentioned that he would be returning to the City Council on December 9<sup>th</sup> for the bond Resolution. The State has large bond allocations in January and July, which means that they would know if they receive the allocation by early January and would be required to close in 180 days. He would return to the City Council in March for the formal City settlement process.

Questions/Comments from Members:

Jacobs asked if all of the parking would be on the property. Mr. Keenan replied that it would be. Jacobs asked if there would be underground parking and if it would be included in the rent. Mr. Keenan replied that it would be included in the rent.

Jacobs stated she would prefer a lower number of years for TIF.

Márquez-Simula mentioned she has only heard good things about the COL and thanked them for their work. She added that it is a great use for the space. She noted page 65 of the Agenda Packet and noted that it says the proposal mentions 31 units that are three bedrooms. Mr. Ackmann replied that in total it would be 36 three bedrooms. Forney added that it lists that on page 50 in the Agenda Packet. Márquez-Simula expressed that it was great that there were a number of large-sized apartments.

Márquez-Simula suggested doing a large indoor play area or not doing one at all since the one at the Loft is small and there are many complaints about it.

Márquez-Simula appreciated the dog run and the playground. She wondered if it the on the west side of the building if a walking path could be included.

Márquez-Simula noted that since the building would be by University Avenue it should have some added art that would be like the Legends. Jacobs added that there was some pushback on the COL's exterior look. Márquez-Simula stated she does not like the style of the Litmore apartments.

Dibba asked if there was an event center included in the plan. Mr. Keenan replied that there would not be an event center included, but there would be a community room for residents only.

Szurek mentioned that if there are going to be more three-bedroom apartments, the play area needs to be larger.

Márquez-Simula asked if there was data on how often the grill space is used at the COL. She suggested if it is not used as much, the play area could take up some of the space from the grill area. Or if the grill area is used a lot, maybe a playground is not necessary. Chirpich stated there is good proximity to Huset Park. Mr. Ackmann replied that he did not know if there was data, but they could ask the site to see how often the grills are used and then fine-tune the space allocation.

Spriggs asked if there was any consideration to make a three-bedroom apartment up to a 30-60% income limit. He noted the rental limits for Anoka County of \$1,938 at 60% for a three-bedroom apartment and mentioned that there is a demand for units below that for other families. Mr. Keenan replied that they are required to set a certain amount of units at 30% and some at the local PHA payment standard.

Jacobs asked if there was a dog run at the COL. Chirpich replied that there was not because it got eliminated due to the driveway. Jacobs asked who was responsible for cleaning the dog run. Mr. Keenan replied that it would be the property management.

Buesgens asked the Staff if anyone else had looked at the property. Forney replied it was an off-market deal. Buesgens asked how Reuter Walton learned about the property. Mr. Keenan replied that a broker reached out to say the property owners were looking to sell. He added that the staff of the current building did not know that the property owners were looking to sell yet.

Buesgens asked what would be done for energy efficiency. Mr. Ackmann replied that most projects they do have the infrastructure to take on solar panels. They have not found solar panels to be economically able to efficiently work with residential buildings. Buesgens asked if solar subscriptions were set up for the building. Mr. Ackmann replied there were not. Buesgens asked why not. Mr. Keenan replied that they had not seen it work yet. Mr. Ackmann noted due to the tax credits, they will be required to meet a number of green standards, such as water conservation, and energy-efficient appliances.

Buesgens asked if there would be a workspace in the building. Mr. Keenan replied that they would provide a conference room area.

Buesgens asked who the rent increases were controlled by. Mr. Keenan replied that they control it, but has to be approved by Minnesota Housing. Buesgens asked what the highest rent increase they have had. Mr. Keenan replied 3%.

Buesgens asked what the vacancy rate was at the COL. Mr. Keenan replied 97%.

Buesgens explained that she appreciates affordable housing. However, it would cause the City to lose \$100,000 in taxes. She added she is having a hard time supporting this because the City has been holding the weight of adding affordable housing throughout the years, while other communities have not which means the City is struggling because of it. She asked if they could wait for it to go on the market to see what other prospects are out there. She explained that the City needs income.

Buesgens asked if there would be an open house.

Mr. Keenan wondered if the City would be able to get a market-rate project on the property. He shared his opinion that there would not be.

Szurek agreed with Buesgens' comments. She asked why there would not be a commercial portion on the lower level and apartments above it. Spriggs noted that there would not be direct access. He added that this project would bring in more taxes than what is currently there. Buesgens replied that she is willing to take the risk to wait and see it on the market.

Márquez-Simula stated it was a great place for affordable housing because the Rainbow site is not affordable housing. She added that it is a small space and wondered how much space there was for the market rate. She mentioned that if it were up to her, she would put market-rate apartments at the Medtronic site.

Jacobs agreed with Buesgens' comments and mentioned she would like to see more market research.

Dibba asked what it would take to look at other options and do research. Forney replied that Reuter Walter would walk away from the project if the option was not open. Another option is to wait and see what could happen, but it would come with a risk. Staff have received a number of calls for the Medtronic site and none of them have been market rate.

Chirpich noted that he did not believe there would be a lot of interest in a straight market rate deal.

Buesgens asked if the building could be six or eight stories. Mr. Keenan replied that they could go up to five without having to switch to concrete.

Márquez-Simula asked if the reason people do not do as many market-rate projects is because they would have to carry the burden of the costs instead of receiving funds from the State. Chirpich replied more or less. Mr. Keenan explained that with market-rate projects, there is no return on profits. He added that the Columbia Heights market would not generate rents high enough to justify the current construction costs and interest rates. He explained as an experienced developer, a market-rate project would not happen. He mentioned that the City should wait on the Medtronic site for a market rate project since it is in a good location.

Dibba asked at what interest rate would the market rate need to be for the developers to break even. Mr. Keenan replied that the deal was to do a 3-4% interest rate, but now interest rates have doubled and construction costs have not gone down.

Spriggs mentioned that parking should be discussed as a Council. He noted that many parking rules are copied and pasted, yet do not fit all situations and can limit developments on how many parking spots and affordability.

Buesgens asked if there was a basement. Forney replied that there was a walkout. Forney explained the reason there needs to be a PUD for the project is for a covered parking space for each one-bedroom apartment, and two covered parking spaces for two-bedroom apartments. Buesgens stated she wanted solar for a covered parking lot.



Márquez-Simula made a plug to put in a diverse amount of trees so that the City Forester could be involved. Chirpich mentioned that the City Forester would be reviewing the trees proposed. Márquez-Simula added that she would like to see native plantings.

Forney asked the developers if they felt like they had enough information from the EDA. Mr. Keenan asked if there was a project that was affordable that the EDA would support. He asked if the EDA would be swayed if they put in solar panels and added other energy-efficient items. Buesgens replied that she understood the reasoning for the project.

Mr. Keenan explained that they would return to the Council in December to ask for approval for a Resolution for bond issuance. Chirpich asked what would be at risk for the City. Mr. Keenan replied that there was no risk to the City. He added that they would make an applicant to the State for the tax-exempt bonds at the end of the year. It will likely be a \$20 million request. Reuter Walton puts in a 2% deposit. If they do not close, then they lose the deposit. He mentioned that they are willing to take a risk. If the EDA's feedback was that affordable housing is not an option then they would not move forward with the project.

Márquez-Simula stated she was in favor of the project. She asked that Councilmember James have a meeting with the developers so that she was up to date on the proposed project.

Jacobs stated she was on the fence about the project and would need more information about the marketing of the property and what is available.

Dibba stated he would like to explore the idea of what is being proposed. Buesgens mentioned she is leaning toward being in favor of the project. She expressed the importance of having energy efficiency in the building. Szurek agreed.

Márquez-Simula asked if there would be electric charging in the parking garage. Mr. Keenan replied that he did not know. Buesgens stated that it should be a part of the housing requirements.

Chirpich reviewed the feedback from the EDA and noted that they desire to elevate the quality of life for residents in the building.

Buesgens noted that it would be nice to have common areas where residents can get to know each other.

Mr. Ackmann mentioned that they would be happy to give any of the EDA members a tour through the COL.

#### **BUSINESS UPDATES**

Forney stated Staff are still in contact with the business off of University Avenue. The first step is to identify the property lines and merge the properties into one. He added that he spoke with Staff about putting native plantings on the EDA lots. Staff agreed to do clover with grass that would still need to be mowed. The clover would be low enough that it would not get mowed and would still be available for the pollinators. He added that they would also include signage.

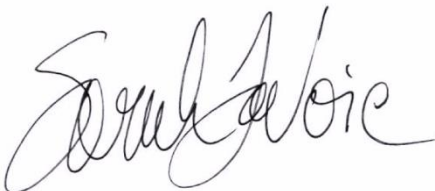
Voight mentioned the Home Energy Squad Program has had some transitions with the administration. The CEE previously served as the project administrator to do the home energy audits. ICF will now be serving Anoka County. The program will continue to run, but will just have a new contact.

Voight stated there is a grant opportunity from the St. Paul Area Association of Realtors called the Key Communities Grant Program. They offer grants of up to \$1,500 for three communities on an annual basis to work with the community to do a wayfinding, homeownership, or place-making project. If the EDA is interested, Staff can prepare an application. Forney added that Staff would send the EDA members an email with the information and a request for feedback on what projects they would like to see.

#### **ADJOURNMENT**

*Motion by Buesgens, seconded by Márquez-Simula, to adjourn the meeting at 6:34 pm. All ayes.  
MOTION PASSED.*

Respectfully submitted,



— Sarah LaVoie, Recording Secretary —