



ECONOMIC DEVELOPMENT AUTHORITY
Public Safety Building - Training Room, 825 41st Ave
NE
Monday, June 07, 2021
6:00 PM

AGENDA

NOTICE THAT THIS MEETING MAY BE CONDUCTED BY A COMBINATION OF IN PERSON AND ELECTRONIC MEANS

*Following a determination by City Manager Kelli Bourgeois, and emergencies declared by the United States, The State of Minnesota, and the Columbia Heights Mayor & City Council, this meeting may, pursuant to Minn. Stat. § 13D.021, occur by a combination of in-person and electronic means. In all meeting formats, members of the public who wish to attend may do so by attending in-person, by calling 1-312-626-6799 and entering **meeting ID 846 0173 0045**, or by Zoom at <https://us02web.zoom.us/j/84601730045> at the scheduled meeting time. For questions regarding this notice, please contact the City Clerk at (763) 706-3611.*

CALL TO ORDER/ROLL CALL

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

MOTION: Move to approve the Consent Agenda as presented.

- 1. APPROVE EXECUTIVE SESSION MEETING MINUTES OF FEBRUARY 1, 2021, AND REGULAR MEETING MINUTES OF MAY 3, 2021**
- 2. APPROVE FINANCIAL REPORTS AND PAYMENT OF BILLS FOR APRIL 2021 - RESOLUTION 2021-07**

MOTION: Move to approve the Consent Agenda as presented.

BUSINESS ITEMS

- 3. 4300 CENTRAL AVENUE - ESTABLISHMENT OF THE ALATUS TAX INCREMENT FINANCING DISTRICT**

MOTION: Move to waive the reading of Resolution 2021-08, there being ample copies available to the public.

MOTION: Move to adopt Resolution 2021-08, a resolution approving termination of contract for private redevelopment and decertification of Central Value Center tax increment financing district.

MOTION: Move to waive the reading of Resolution 2021-09, there being ample copies available to the public.

MOTION: Move to adopt Resolution 2021-09, a resolution adopting a modification to the downtown CBD revitalization plan for the downtown central business redevelopment project, establishing the Alatus TIF district therein, and adopting a tax increment financing plan therefor.

MOTION: Move to waive the reading of Resolution 2021-10, there being ample copies available to the public.

MOTION: Move to adopt Resolution 2021-10, a resolution authorizing an interfund loan for advance of certain costs in connection with the Alatus TIF district.

4. 4300 CENTRAL AVENUE - TIF PLEDGE FOR GENERAL OBLIGATION TIF REVENUE BONDS

MOTION: Move to waive the reading of Resolution 2021-11, there being ample copies available to the public.

MOTION: Move to adopt Resolution 2021-11, a resolution authorizing execution of a tax increment pledge agreement with the City of Columbia Heights relating to taxable general obligation temporary tax increment bonds, series 2021A, to be issued in the estimated aggregate principle amount of \$6,000,000.

PUBLIC HEARINGS

OTHER BUSINESS

ADJOURNMENT

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.

**ECONOMIC DEVELOPMENT AUTHORITY (EDA)
MINUTES OF THE EXECUTIVE SESSION OF
FEBRUARY 1, 2021**

Item 1.

The Executive Session was convened at 7:25 pm

Members Present: Murzyn, Jacobs, Buesgens(via zoom), Novitsky, Marquez-Simula (via zoom), Herringer, and Szurek.

Staff Present: Kelli Bourgeois (City Manager), Aaron Chirpich (Community Development Director), Mitch Forney (Community Development Coordinator), Joe Kloiber (Finance Director), Jackie Zillmer (Asst Finance Director), Ben Sandell (Communications), and Shelley Hanson and Alicia Apanah (Administrative Assistants-Community Development).

Szurek stated that per MN Statutes 13D.05 we are here to discuss the redevelopment, and/or purchase of 4300 Central Avenue NE. She then turned the meeting over to the Community Development Director, Aaron Chirpich.

BUSINESS ITEMS

1. Redevelopment Update

Chirpich told members the purpose of the meeting was to update them on the redevelopment site known as the HyVee site at 4300 Central Ave NE.

Representatives from Hy-Vee have informed staff that they are not going to follow through building a grocery store on this site after all. Chirpich told members that he had previously asked them to keep the City in the loop if they decided to re-sell the site; however it seems they didn't follow through with this request, as staff was notified that they had received and considered bids from other developers interested in the property.

Staff reached out to Hy-Vee to confirm this information. They said they had an offer they were considering. Chirpich reminded them that the City and its partner, Alatus had previously contacted them and told them that the City wanted to partner with Hy-Vee or to redevelop the site if Hy-Vee wished to divest itself of this property. Therefore, Alatus worked with staff and Ehlers and prepared a Letter of Intent which Hy-Vee has accepted. The offer made was for 4.5 million. Chirpich noted that Hy-Vee purchased the site for 3.85 million. He told members that Alatus also has copies of the existing leases of those still occupying the mall. The Dollar Tree's lease runs to 2024 and Ace Hardware till 2028. Chirpich explained that the City would provide the financing to Alatus for the purchase, but not have title to the property. This would prevent the City from being responsible for relocation expenses. Current legal opinion believes this is the case, however, Chirpich said more research is being done to confirm this.

Chirpich stated that Alatus would plan to redevelop the site with multi-family housing and as much retail/commercial as the market would bear. His hope is to keep Ace Hardware as part of this redevelopment. He explained Alatus has already reached out to various entities about including a grocery store, but nothing is concrete yet. In the meantime, Alatus is preparing a design concept looking at several options.

Chirpich explained to members that we have two options in order to make the purchase happen. We could pay by using the cash on hand or we could borrow the money by using TIF bond financing. He said staff has discussed this with Ehlers and they recommend that the City finance the project. There is much more flexibility by doing this. For example, the City could defer payments for 3 years and capitalize the interest. Interest rates are currently below 1%. He said the actual cost to finance this including interest, administrative fees, and other

soft costs would amount to approximately \$150,000. The City could then keep its existing funds on hand for other projects or emergencies.

Chirpich said that insulating the EDA or City from relocation costs is important. If the EDA wishes to proceed with this, it will take about 60 days to go through the bonding/financing process. The City and Alatus have 150 days to complete the purchase according to the Letter of Intent. He said a TIF District already exists for this site, but the City may have to amend it.

Jacobs asked if we purchased using cash on hand, what funds would be used. Kloiber explained that it would come from several different funds (The General Fund, the 408 account, and several other smaller accounts). He said it is doable but would limit what the City could spend for other projects over the next 3-4 years as it would deplete these funds. Kloiber went on to say the bond option provides more flexibility for the City.

Novitsky is happy about the opportunity to drive the development of this site and thinks the bond option is the best choice.

Szurek asked what Ehlers advised. Chirpich said they recommend the financing option due to the flexibility and low interest rates.

Herringer wondered if keeping Ace Hardware is crucial to the plan. Chirpich stated staff would try to accommodate them as much as possible during the construction process. He said we could start Phase 1 on the empty part of the lot to allow them more time to use up their lease time. Herringer then asked if the piece of land at 47th and Central Ave is part of this deal. Chirpich said not at this time.

Buesgens asked if it would be a PUD. Chirpich stated it would. She is excited about this opportunity and supports the financing option also.

It was the consensus of the rest of the members to pursue this using the financing option.

The Executive Session was adjourned at 7:00 pm.

Respectfully submitted,

Shelley Hanson
Secretary

**MINUTES
CITY OF COLUMBIA HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY (EDA) MEETING
MAY 3, 2021**

The meeting was called to order at 6:00 pm by Chair Szurek.

Members present: Connie Buesgens, Gerry Herringer, Kt Jacobs, Amada Márquez-Simula, John Murzyn Jr, Nick Novitsky, Marlaine Szurek
Members absent: None

Staff Present: Aaron Chirpich (Community Development Director), Kelli Bourgeois (City Manager), Chris Osmundson (Alatus LLC), Ben Sandell (Communications Coordinator) and Alicia Apanah (Administrative Assistant)

CONSENT AGENDA

1. Approve the minutes from the meeting of February 1, 2021.
2. Approve Financial Report and Payment of Bills for January, February, and March 2021 – Resolution No. 2021-05.

*Motion by Jacobs, seconded by Murzyn Jr., to approve the consent agenda as presented. All ayes.
MOTION PASSED.*

RESOLUTION NO. 2021-05

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FINANCIAL STATEMENTS FOR THE MONTHS OF JANUARY, FEBRUARY, AND MARCH 2021, AND THE PAYMENT OF THE BILLS FOR THE MONTHS OF JANUARY, FEBRUARY, AND MARCH 2021

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 January, February, and March 2021 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, financials 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 3rd day of May, 2021

Offered by: Jacobs

Seconded by: Murzyn Jr.

Roll Call: All ayes

President

Attest:

Assistant Secretary

BUSINESS ITEMS

3. Approve Hazardous Material Abatement Contract for 960 40th Avenue NE

Chirpich explained the memo enclosed in the agenda packet is in regard to approving bids for the removal of hazardous material and household items from 960 40th Avenue NE. In December 2020, the EDA purchased the property located at 960 40th Avenue NE. It was the ultimate goal of the EDA to demolish the blighted single-family residential house on the property and prepare the site for redevelopment.

In order to keep the price of demolition down, Community Development staff saw it necessary to bid out the removal of household items and hazardous materials separate from the demolition. The scope of work submitted in the bid request included the removal of asbestos-containing materials, appliances, and accessories containing hazardous materials, alongside with the removal of household items. In response to the request for bids, the EDA received three quotes. The quote submitted by Bergo Environmental Inc. was determined to be the low qualified bid for the abatement work at \$5,212.00. Bergo Environmental Inc. shall furnish the services and necessary equipment to complete all work specified in the scope of work. All work will be performed in accordance with OSHA regulations, Minnesota Department of Health Asbestos Abatement Rules, and other applicable Federal and State regulations. Bergo Environmental Inc. shall insure proper clean up, transport, and disposal of hazardous and asbestos-containing materials and household items.

Bid Spreadsheet

<u>Company</u>	<u>Total</u>
Bergo Environmental Inc.	\$ 5,212.00
Hummingbird Environmental, LLC.	\$ 9,150.00
Asbestos Abatement Associates	\$10,660.00

Staff recommends awarding the low bid for abatement at 960 40th Avenue NE to Bergo Environmental Inc, the lowest bid.

Questions/Comments from Members:

Buesgens asked whether the abatement company would be separating the material in an attempt to avoid dumping all of it into the landfill. Chirpich explained that sorting through material for recycling would add a significant cost to the company so, unfortunately, any household goods would be deposited into the traditional landfill.

Szurek asked if all of the paraphernalia in the building would be removed, and Chirpich confirmed so. She noted that Bergo was the lowest bid by a significant amount and asked whether the company was aware of the volume the work encompassed. Chirpich said Bergo had seen the photos associated with the building and had also toured the site and that Mitch Forney, Community Development Coordinator, had confirmed the required work with Bergo.

Szurek asked whether the City had worked with Bergo previously, and Chirpich said they had not. Szurek then asked whether the City had worked with another bidder, Hummingbird, and Chirpich said they had performed abatement for the property at 1002 40th. She said she hoped the abatement would go well because the difference in quotes is staggering. Chirpich offered reassurance that the signed contract would support the amount and hold Bergo accountable, adding that the hazardous amount for the property in question is not significant.

Motion by Jacobs, seconded by Buesgens, to accept the low bid of Bergo Environmental Inc. for the removal of all hazardous materials and household items located at 960 40th Avenue NE; and, furthermore, to authorize the President and Executive Director to enter into an agreement for the same. All ayes. MOTION PASSED.

**EDA IN AND FOR THE CITY OF COLUMBIA HEIGHTS CONTRACT FOR
REMOVAL OF HOUSEHOLD ITEMS, ASBESTOS, AND OTHER HAZARDOUS
MATERIALS FROM 960 40th AVE NE, COLUMBIA HEIGHTS**

For valuable consideration as set forth below, this Contract dated the ___ day of May, 2021, is made and entered into between the Economic Development Authority in and for the City of Columbia Heights, a public body corporate and political created pursuant to the laws of the State of Minnesota ("EDA") and Bergo Environmental Inc. a Minnesota Limited Liability Company ("Contractor").

1. **CONTRACT DOCUMENTS**

Contractor hereby promises and agrees to perform and comply with all the provisions of this Contract and the Proposal dated February 15, 2021, prepared by Contractor attached hereto as **Exhibit**

for the removal of household items, asbestos-containing materials, and removal of other hazardous materials in preparation for demolition of the residential property located at 960 40th Ave NE, Columbia Heights, Minnesota ("Property"). The survey prepared by Angstrom Analytical, Inc. dated February 15, 2021 ("Survey") identifies certain hazardous materials that shall be removed by Contractor from the Property and is attached hereto as **Exhibit B**. The Contract, Proposal and Survey shall comprise the total agreement of the parties hereto. No oral order, objection, or claim by any party to the other shall affect or modify any of the terms or obligations contained in this Contract.

2. **THE WORK**

The work to be performed by Contractor under this Contract (hereinafter the "Work"), is defined in the Proposal as removal of household items, asbestos-containing materials, and removal of hazardous and solid waste materials identified on the Survey, excluding the fuel tanks, in preparation for demolition of the residence located on the Property. As part of the Work, Contractor agrees to remove all excess material from the Property.

3. **CONTRACT PRICE**

The EDA agrees to pay Contractor the sum of \$5,212.00 in exchange for Contractor furnishing labor and materials for the Work at the Property, payable within 30 days of Contractor's completion of the Work.

Contractor may start work on this project upon its execution of this Contract.

4. **COMPLETION DATE/LIQUIDATED DAMAGES**

Contractor shall complete all Work on or before June 30th, 2021. ("Completion Date"). Due to the difficulty in ascertaining and establishing the actual damages which the EDA would sustain, liquidated damages are specified as follows for failure of Contractor to complete his performance under this Contract by the Completion Date: for every calendar day that the Contract shall remain uncompleted beyond the Completion Date of June 30th 2021, Contractor shall pay the EDA \$50.00 per day as liquidated damages.

5. **INSURANCE**

Before beginning actual work under this Contract, Contractor shall submit to the EDA and obtain the EDA's approval of a certificate of insurance on Standard Form C.I.C.C.-701 or ACORD 25 forms, showing the following insurance coverage, and listing the EDA and City as a loss payee under the policies:

- | | | |
|----|-------------------------------|-------------------|
| a. | General Contractor Liability: | \$1,000,000.00 |
| b. | Workman's Compensation: | Statutory Amounts |

This certificate must provide for the above coverages to be in effect from the date of the Contract until 30 days after the Completion Date, and must provide the insurance coverage will not be canceled by the insurance company without 30 day's written notice to the EDA of intent to cancel. The certificate must further provide that Contractor's insurance coverage is primary coverage notwithstanding any insurance coverage carried by the City or EDA that may apply to injury or damage relating to the maintenance or repair of the City streets or rights-of-way by either the City, EDA or any employee, agent, independent contractor or any other person or entity retained by the City or EDA to perform the services described herein. All insurance is subject to the review and approval of the Columbia Heights City Attorney.

6. **LAWS, REGULATIONS AND SAFETY**

Contractor shall give all notices and comply with all laws, ordinances, rules and regulations applicable to performance under this Contract. Contractor shall provide adequate signs and/or barricades, and will take all necessary precautions for the protection of the Work and the safety of the public.

7. **INDEMNIFICATION**

To the fullest extent permitted by law, Contractor shall indemnify and hold harmless the EDA, its agents and employees from and against all claims, damages, losses and expenses, including but not limited to attorney's fees, arising out of or resulting from the performance of Work, provided that any such claim, damage, loss or expense (1) is attributable to bodily injury, sickness, disease or death, or to injury or to destruction of tangible property (other than the Work itself) including the loss of use resulting therefrom, and (2) is caused in whole or in part by any negligent act or omission of Contractor, any Subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder.

8. **ASSIGNMENT**

Contractor shall not assign or transfer, whether by an assignment or novation or otherwise, any of its rights, duties, benefits, obligations, liabilities or responsibilities without prior written consent of the EDA.

9. **NOTICE**

The address and telephone number of Contractor for purposes of giving notices and any other purpose under this Contract shall be 522 Concord Street North, Suite 400, South St. Paul, MN 55075, 651-457-4699.

The address of the EDA for purposes of giving notices and any other purposes under this Contract shall be 590 40th Avenue NE, Columbia Heights, MN 55421.

IN WITNESS WHEREOF, the parties to this Contract have hereunto set their hands and seals as of the day and year first above written.

**ECONOMIC DEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF COLUMBIA HEIGHTS**

By: _____
Kelli Bourgeois
Its: Executive Director

Bergo Environmental Inc.

By: _____

Its: _____

4. Approve Preliminary Development Agreement with Alatus, LLC for the Redevelopment of 4300 Central Avenue NE

Chirpich said he was excited to be able to share an update regarding the revitalization and/or redevelopment of the site located at 4300 Central Avenue NE, as it has long been a priority of the City. 4300 Central Avenue is currently owned by Hy-Vee, Inc., and the site contains a partially occupied 140,000 square-foot multi-tenant retail center. The site was acquired by Hy-Vee in 2016 and Hy-Vee secured site plan approvals in the same year to rehabilitate the vacant portion of the retail center into a 95,000 square-foot grocery store.

Due to factors unknown to the City, Hy-Vee has decided not to follow through with their plans for a new grocery store on the site and they intend to sell the property. In January 2021, staff was contacted by Alatus LLC to discuss the City's interest in a potential partnership to redevelop the site. Staff expressed support for the idea of redeveloping the site and encouraged Alatus to negotiate with Hy-Vee to reach favorable terms for the purchase of the property. Subsequently, Alatus was able to secure a purchase agreement for the property and create preliminary redevelopment plans for the site. The current Alatus concept plans include the following base elements:

- 400-600 multifamily on the east end of the site along Central Avenue
- 20,000-40,000 square feet of retail/commercial space beneath the multifamily housing
- Grocery store in the retail/commercial space
- Underground parking
- Sustainable design elements, including solar and high efficiency heating and cooling systems
- Substantial public open space, parkland with sustainable design elements
- Single-family housing on the west side of the site to be built on the current City-owned storm water pond (Jackson Pond).

During an executive session on February 1, 2021, the EDA discussed the preliminary Alatus vision for the site and debated acquisition strategies for of the property. It was determined by the EDA that the preferred route would be to have Alatus to acquire the site rather than the EDA. Following this determination, the EDA explored potential public funding options available to the EDA to assist Alatus with the financing necessary to acquire the site. Two primary options were presented by staff: financing with internal funds and borrowing through the issuance of general obligation tax increment financing (TIF) bonds. Both options would require the establishment of a new TIF district for the proposed project. Following discussion on the two options, the EDA directed staff to move forward with the borrowing option and take the steps necessary to create the new TIF district and issue the TIF bonds to fund the acquisition. Under this scenario, the City would issue the debt necessary for Alatus to purchase the property directly from Hy-Vee with the City acting as interim lender to start the project. Alatus would then pay off the City's loan when the project is ready to close with permanent financing. Under the current project schedule, Alatus will close on the purchase of the property in July of 2021 and seek land use approvals in late 2021 or early 2022, with an expected groundbreaking in the spring of 2022 for the first phase of the project.

Since the February 1, EDA meeting, staff has worked with the EDA's redevelopment council and Alatus to create a preliminary development agreement that is ready for approval by the EDA. The primary components of the agreement are as follows:

- Alatus is designated as the sole developer partner for the site during the term of the agreement.
- The agreement termination date is October 31, 2021.
- The concept plans and core elements of the project are established.
- The EDA agrees to explore the use of tax increment financing and TIF bonds to support the project.
- Alatus will reimburse the EDA for predevelopment planning costs incurred, including consultant costs for establishment of the new TIF district.

Ultimately, it is the goal of staff to work as quickly as possible towards a final redevelopment agreement that will allow for the acquisition of the property by Alatus. Due to the complex nature of this project, that goal will take several months to realize, adding that there is a lot of room for refinement and to sit down with the residents of the City to obtain their input. The objective of the preliminary development agreement is to formalize a working relationship and negotiation framework with Alatus. The agreement assures Alatus and the EDA that both parties are committed to working through the due diligence process to achieve a mutually beneficial outcome, and Chirpich also noted that the City is not taking title to the property.

Staff recommends that the EDA adopt Resolution No. 2021-06, approving preliminary development agreement between the Columbia Heights Economic Development Authority and Alatus LLC.

Questions/Comments from Members

Buesgens asked for confirmation that the City owns the reservoir, and Chirpich confirmed so.

Buesgens asked what the property is worth, being a TIF would be established. Chirpich said a value has not been assigned to it but a structure of the transaction would be developed in the redevelopment agreement. Osmundson added that it would be 13 acres in total.

Buesgens then asked, as a long shot, whether it would be possible to turn it into a land trust so that it keeps the property value affordable for housing owners. Osmundson explained that it could be discussed, and the biggest investigated piece will be reconstituting the soil and figuring out how to build back there and reposition the stormwater and retention facilities; and the important piece would be to reestablish the grid, whether they are publicly dedicated back or private drive aisles. He said there a multitude of spectrums to consider depending on the economic levers the parties want to pull. Chirpich added that the biggest unknown is surrounding the lower density housing component. Osmundson said Alatus would like to break its work into phases, moving as fast as possible in the pieces that abut Central, and a land trust would add some more time.

Jacobs asked if the single family units would be owner occupied or rental. Osmundson responded that it has not yet been determined.

Jacobs asked about the expected timeline for work. Osmundson quoted phase one as the whole eastern side of the three components, with work to begin in the first quarter of the 2022; completion of the final phase, the western side, before the end of 2022; and an additional year if a land trust is incorporated.

Jacobs asked if the commercial component includes a grocery store, and Osmundson explained that the 40,000 square-foot space would be for “hybrid” grocer (described as a grocer between suburban and urban types). She then asked how the square footage compares with 95,000 square footage that Rainbow occupied in the space, and Osmundson said it would be half. Jacobs asked whether it would be similar to an expanded Aldi, and Osmundson agreed and said there would not be a “sea of parking” associated with the plan, that the building would be built up and any grocer would be on the same grade as Central, and discussions are in process with about five potential grocers.

Jacobs asked how the drainage issue would be addressed after the removal of the current pond, as there has been a history of flooding in that area. Osmundson explained that an underwater cistern is being considered, ideally a grey water trench would be in place in order to use the water for irrigation, but retention ponds could also be used along with native grasses. There will be less impervious surface than the huge parking area.

Buesgens commented that, regarding the sustainability re-use of the water, she had done a tour with the Mississippi Watershed Management organization south of Surdyk’s, where they have all the plumbing set up, and asked whether the same could be possibly used for the development. Osmundson responded that it could be considered by Engineering. Chirpich said the area suffers from an undersized stormwater pond and there is a regional sanitary sewer issue related to stormwater, creating backups in sewers. Hy-Vee’s projects would not have fixed either of those, he added, and this current project would be an opportunity to redevelop the entire site and solve both problems. Density is part of that equation but 400 to 600 units would be significantly less than 40th and Central site at 1,160 units.

Jacobs said she loved the prospectus, the architectural pieces in varying heights, the community park, incorporating the retail and single family homes but is absolutely against 400 to 600 rental units because rentals are at 50% of all addresses in the City and is an “astronomical” imbalance. Buesgens commented that it would not be a concern for her, as many cannot afford to buy houses.

Herringer asked for clarification, regarding the quoted 400 to 600 units, about what kind of housing is being considered. Osmundson explained that it would most likely be market-rate housing, similar to

40th and Central.

Chirpich notified the Commission that he would be coming back for a TIF and bond conversation with them in June and details can be worked out over the summer and into the fall, with land use entitlement approvals late 2021 or early 2022.

Motion by Buesgens, seconded by Novitsky, to waive the reading of Resolution No. 2021-06, there being ample copies available to the public. All ayes. MOTION PASSED.

Motion by Buesgens, seconded by Novitsky, to adopt Resolution No. 2021-06, a Resolution approving a preliminary development agreement between the Columbia Heights Economic Development Authority and Alatus LLC. All ayes. MOTION PASSED.

**RESOLUTION NO. 2021-06
APPROVING PRELIMINARY DEVELOPMENT AGREEMENT BETWEEN THE
COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY AND ALATUS LLC**

BE IT RESOLVED by the Board of Commissioners of the Columbia Heights Economic Development Authority (“Authority”) as follows:

1. Background.

1.01. Alatus LLC (the “Developer”) desires to acquire certain property (the “Property”) within the City of Columbia Heights (the “City”), including certain property owned by the City (the “City-Owned Parcel”), which Property has been the subject of certain preliminary negotiations with the Authority for purposes of constructing a multi-use development on the Property (the “Development”).

1.02. The Authority and the Developer have determined to enter into a preliminary development agreement (the “PDA”), providing for negotiation of a definitive purchase and development contract that will address (among other things) terms under which the Developer will acquire the City-Owned Parcel and construct the Development on the Property, and the Authority or City may provide certain financial assistance if warranted, including without limitation the issuance of general obligation bonds, to make development by the Developer financially feasible.

1.03. The Board has reviewed the PDA and has determined that it is in the best interests of the Authority to approve and execute the PDA.

2. Approval of PDA.

2.01. The Authority hereby approves the PDA and authorizes and directs the President and Executive Director to execute same in substantially the form on file, subject to modifications that do not alter the substance of the transaction and are approved by the President and Executive Director, provided that execution of the PDA by such officials will be conclusive evidence of their approval.

2.02. Authority officials and consultants are authorized to take any other actions necessary to carry out the Authority’s obligations under the PDA, to bring any necessary loan documents in connection with the issuance of general obligation bonds before the Authority, and to bring a proposed definitive purchase and development contract before the Authority.

Approved this 3rd day of May, 2021, by the Board of Commissioners of the Columbia Heights Economic Development Authority.

President

ATTEST:

Secretary

OTHER BUSINESS

5. Fire Sprinkler Pilot Grant Program Discussion

Chirpich explained that the Community Development staff wished to discuss with the EDA the creation of a pilot grant program to provide assistance to small businesses that need to install fire suppression systems in existing commercial buildings. Due to the City's adoption of the standards outlined in Chapter 1306 of the Minnesota Administrative Rules (building code), many business owners that propose a change in use, expansion, and/or remodel, must meet modern day sprinkler requirements similar to those for new construction. On several occasions, Community Development staff has interacted with customers that are looking to bring new business ideas into Columbia Heights, but their projects stall out due to the high cost of installing fire suppression systems in the City's older commercial buildings.

To combat this situation and stimulate new business growth in the City, staff recommends that the EDA consider investing in a pilot grant program that will help share the cost of the sprinkler system upgrades for commercial buildings. Investing in sprinkler systems not only helps new business ideas enter the community, but it will also pave the way for the next owner/tenant that looks to occupy each space in the future, thereby lowering the frequency of vacant store fronts along the City's commercial corridors.

In researching options for grant program guidelines, staff became aware of a similar program that is operating in Blaine. Staff used the parameters of the Blaine program and experiences gained through the façade improvement grant program to establish the parameters listed below as a basis for discussion with the EDA.

- Eligible applicants must be an owner of a commercial property, a commercial tenant with approval from the property owner(s), or a 501 (c)(3) organization in the City of Columbia Heights located along Central Avenue NE between 37th and 47th Avenue NE., or along 40th Avenue between Central and University Avenues, or along University Avenue between 37th and 53rd Avenue NE.
- Applicants must be in good standing with the City, including but not limited to legally operating with proper licensure and current on property taxes, utility bills, and special assessments.
- Eligible improvements would include interior fire suppression systems, sprinkler monitoring and

water line connections.

- Applicants would be eligible for reimbursement for eligible improvements up to 50% of the total project cost, with a maximum reimbursement of \$15,000.00.
- Applicants would be required to submit two or more competitive proposals from licensed and bonded contractors, proof of final inspection by the Building Official, a copy of the final invoice received from the contractor, and proof of payment to the contractor (i.e., receipt, invoice).

Staff recommends establishing the pilot program by using existing funds from EDA redevelopment Fund 408. This fund currently serves as the revenue source for the Commercial Revitalization activities of the EDA, which includes the façade improvement grant program and the scattered site acquisition of single-family homes that are zoned commercially. Fund 408 is replenished with approximately \$250,000.00 each year by the City’s special HRA levy. To fund the initial pilot program, staff recommends setting aside \$45,000.00 to get through the rest of 2021 and all of 2022. This number represents the unused portion of the façade improvement grant funds from the 2020 budget. In subsequent years, staff and the EDA can determine funding levels based upon the success of the program.

Staff does not recommend any EDA action at this time. If the EDA is amenable to the grant program concept, staff will work to prepare the program application materials and seek formal approval of the program at a later date. Chirpich explained that the greatest need for customers, as staff believes, is fire suppression and the waterline upgrades and provides an opportunity to put these improvements in the buildings even if a new tenant is unsuccessful, that they will be more inviting for a next tenant that would occupy the space and can bring smaller entrepreneurial ideas into the City.

Szurek asked if the City has lost businesses for certain spaces because they could not afford to sprinkle the building when informed they needed to do so. Chirpich confirmed so, that it has killed some projects and a lot of the smaller older buildings are where young entrepreneurial businesses do not have a lot of extra money to make upgrades. The threshold for the upgrade is 2,000 square feet.

Buesgens supports the program because density attracts new businesses, so they have enough people coming into the Central Avenue area.

Jacobs asked if the gym on 40th has moved forward, as she received information this past week that the owner did not get his financing. Chirpich said he was not aware of that same information, that the last time he spoke with him, about a month ago, he needed some help with the sprinkler barrier. Szurek asked where the owner was planning to put his “boutique” gym, and Jacobs said it was the little building directly at the end of Monroe on 40th.

Novitsky said he supports the program, thanked City staff for reaching out to try to get more businesses into the City, and asked whether the program would be something that would prevent the financing from a bank not having a sprinkler system. Chirpich said yes, that it could be a factor.

Novitsky asked whether current businesses will still be able to get grants even without transfer of uses. Chirpich said it is open for discussion, that expansion would be a definite trigger.

Buesgens said a sprinkler system would be investing in a building for future use and believed it could help with business owners’ insurance rates. Chirpich said, long term, all of the improvements chip away

at insurance rating of the City but take a while to show up in savings for business owners.

Jacobs said it is important, even if not expanding, that if business owners want to incorporate that piece of safety, there needs to be a way to accommodate that. Szurek agreed. Novitsky agreed and said especially for businesses that have stayed in the City through the recent “downtime” and would keep the City safe. Buesgens agreed and said safety is huge. Márquez-Simula supports the program and said apartment tenants sometimes live above businesses too, so protecting the businesses and tenants is important, adding that the program shows an investment in the City and would be welcoming to newcomers.

Chirpich summarized their comments, that Commissioners would like to see a formal, refined proposal for the program. Novitsky said it should not be a barrier even if businesses have façade improvements.

Buesgens said she would like to see a landscape grant program in the future, and Chirpich said it could be an add-on to the façade system to consider that.

6. Electronic Packet Discussion

Chirpich asked whether the Commissioners are amenable to using tablets to utilize electronic information for their meetings, rather than using hard copies.

Herringer said he is “old school” and likes to use paper documents, and Szurek said she would also continue to use paper documents so that the distribution would not interfere with what the Planning Commission would be doing, as the EDA meeting falls on the first Monday of the month and the Planning Commission falls on the first Tuesday.

Chirpich asked Commissioners to contact the Community Development staff if they wish to obtain information electronically, that hard copies would continue to be distributed to those who do not.

The next regular EDA meeting is scheduled for Monday, June 7, 2021 at 6:00 pm.

ADJOURNMENT

Motion by Murzyn Jr., seconded by Jacobs, to adjourn the meeting at 6:56 pm. All ayes. MOTION PASSED.

Respectfully submitted,

Alicia Apanah, Recording Secretary

**COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY
CASH DISBURSEMENTS FOR THE MONTH ENDING APRIL 30, 2021**

CHECK#	DATE	VENDOR NAME	AMOUNT	FUND
185042	40121	COMCAST	14.36	201
185050	40121	ECM PUBLISHERS INC	45.00	201
185050	40121	ECM PUBLISHERS INC	56.25	201
185440	42121	MN DEPT OF LABOR & INDUS	4,328.35	201
185440	42121	MN DEPT OF LABOR & INDUS	-173.13	201
185088	40121	NORTHWEST ASSOC CONSULTN	1,452.20	201
185240	41521	PERFECTION HEATING & AC	68.00	201
185164	40821	PREMIUM WATERS INC	3.00	201
185164	40821	PREMIUM WATERS INC	-24.00	201
185164	40821	PREMIUM WATERS INC	25.05	201
185455	42121	PREMIUM WATERS INC	3.00	201
185245	41521	RENAISSANCE FIREWORKS	35.25	201
185552	42921	TIMESAVER OFF SITE SECRE	267.50	201
185214	41521	IMPACT7G INC	5,850.00	202
185042	40121	COMCAST	19.15	204
185059	40121	HIGH PROFILE GROUNDS MAI	465.00	228
185059	40121	HIGH PROFILE GROUNDS MAI	2,835.00	228
185491	42121	XCEL ENERGY (N S P)	1,064.02	228
185136	40821	EHLERS & ASSOCIATES INC	2,092.50	372
185151	40821	KENNEDY & GRAVEN	294.00	376
185183	41521	ANOKA COUNTY PROPERTY RE	1,131.66	408
185183	41521	ANOKA COUNTY PROPERTY RE	1,238.35	408
185024	40121	BARNA GUZY & STEFFEN LTD	89.00	408
185024	40121	BARNA GUZY & STEFFEN LTD	705.00	408
185379	42121	CENTER POINT ENERGY	53.75	408
185136	40821	EHLERS & ASSOCIATES INC	1,215.00	408
185136	40821	EHLERS & ASSOCIATES INC	375.00	408
185397	42121	FIRST AMERICAN TITLE INS	175.00	408
185071	40121	KENNEDY & GRAVEN	80.00	408
185071	40121	KENNEDY & GRAVEN	2,154.10	408
185071	40121	KENNEDY & GRAVEN	7,521.00	408
185103	40121	SHORT ELLIOT HENDRICKSON	6,143.25	408
185548	42921	SHORT ELLIOT HENDRICKSON	1,175.00	408
185179	40821	XCEL ENERGY (N S P)	4.50	408
185491	42121	XCEL ENERGY (N S P)	17.45	408

DESCRIPTION

MONTHLY SERVICE
PHN AFANDINA CAFE 0319
PHN RENASNCE FIRE 0319
1ST QTR 2021 SURCHARGE
LESS RETENTION
NAC PLANNING CONSULTAN
REF PER FEE 4417 3RD S
0321 COOLER
021721 WATER
031721 WATER
COOLER
REF PER FEE 4001 CENTR
PLANNING MINUTES 04062
CELL TOWER FED REVIEW
MONTHLY SERVICE
VAN BUREN RAMP SNOW,IC
VAN BUREN RAMP SNOW,IC
MONTHLY SERVICE
TIF ADMIN
TIF ADMIN
1002 40TH AV 1ST HALF
960 40TH AVE 1ST HALF
CELL TOWER LEASE
3989 CENTRAL SALE
MONTHLY SERVICE
TIF ALATUS HYVEE SITE
REUTER WALTON TIF
ESCROW DISBURSEMENT FE
LOT SALES
NE BUS CENT CLOSING
NE BUS CENT P&R
CELL TOWER
CELL TOWER
MONTHLY SERVICE
MONTHLY SERVICE

	ADOPTED BUDGET	REVISED BUDGET	ANNUAL ACT MTD POSTED BUDGET AND IN PROCESS	ACT YTD POSTED AND IN PROCESS	REMAINING BALANCE	PCT
201	PLANNING & INSPECTIONS					
00	REVENUE					
	LICENSES AND PERMITS					
32110	14,785.00	14,785.00	0.00	0.00	14,785.00	0
32122	300.00	300.00	50.00	350.00	50.00	116
32125	6,500.00	6,500.00	160.00	2,560.00	3,940.00	39
32161	17,500.00	17,500.00	400.00	3,440.00	14,060.00	19
32168	2,400.00	2,400.00	0.00	350.00	2,050.00	14
32178	950.00	950.00	25.00	25.00	925.00	2
32181	5,000.00	5,000.00	4,175.00	6,936.86	1,936.86	138
32188	3,500.00	3,500.00	0.00	80.00	3,420.00	2
32191	4,000.00	4,000.00	0.00	0.00	4,000.00	0
32192	221,435.00	221,435.00	99,376.15	381,409.08	159,974.08	172
32194	20,000.00	20,000.00	3,086.83	8,528.13	11,471.87	42
32195	13,000.00	13,000.00	2,192.68	6,782.68	6,217.32	52
TOTAL:	309,370.00	309,370.00	109,465.66	410,461.75	101,091.75	132
	MISCELLANEOUS					
36260	2,000.00	2,000.00	173.13	173.13	1,826.87	8
36293	0.00	0.00	0.00	6,088.25	6,088.25	9999
TOTAL:	2,000.00	2,000.00	173.13	6,261.38	4,261.38	313
	TRANSFERS & NONREV RECEIPTS					
39203	135,000.00	135,000.00	11,250.00	45,000.00	90,000.00	33
TOTAL:	135,000.00	135,000.00	11,250.00	45,000.00	90,000.00	33
TOTAL:	446,370.00	446,370.00	120,888.79	461,723.13	15,353.13	103
TOTAL:	446,370.00	446,370.00	120,888.79	461,723.13	15,353.13	103

	ADOPTED BUDGET REVISED	ANNUAL ACT MTD POSTED ACT YTD POSTED	REMAINING	PCT
	BUDGET AND IN PROCESS AND IN PROCESS	BUDGET AND IN PROCESS AND IN PROCESS	BALANCE	
204 EDA ADMINISTRATION				
00 REVENUE				
TAXES				
31011 EDA CURRENT AD VALOREM	179,000.00	0.00	179,000.00	0
31014 AREA WIDE TAX	76,500.00	0.00	76,500.00	0
TOTAL: TAXES	255,500.00	0.00	255,500.00	0
CHARGES FOR SERVICES				
34112 ADMINISTRATIVE FEES	0.00	0.00	30.00-	9999
TOTAL: CHARGES FOR SERVICES	0.00	0.00	30.00-	9999
TOTAL: REVENUE	255,500.00	0.00	255,470.00	0
TOTAL: EDA ADMINISTRATION	255,500.00	0.00	255,470.00	0

	ADOPTED BUDGET REVISED	ANNUAL ACT MTD POSTED ACT YTD POSTED	REMAINING	PCT
	BUDGET AND IN PROCESS	BUDGET AND IN PROCESS	BALANCE	
226	SPECIAL PROJECT REVENUE			
00	REVENUE			
34115	SALES - NONTAXABLE	7,350.00	7,350.00	9999
36225	NONDWELLING RENTS	29,308.99	29,308.99	9999
TOTAL:	REVENUE	36,658.99	36,658.99	9999
TOTAL:	SPECIAL PROJECT REVENUE	36,658.99	36,658.99	9999

	ADOPTED BUDGET REVISED	ANNUAL ACT MTD POSTED ACT YTD POSTED	REMAINING	PCT
	BUDGET AND IN PROCESS	BUDGET AND IN PROCESS	BALANCE	
228 DOWNTOWN PARKING				
00 REVENUE				
36225 NONDWELLING RENTS	31,200.00	2,600.00	20,800.00	33
39247 TRANSFER IN-SPECIAL PROJ REV	25,000.00	2,083.33	16,666.68	33
TOTAL: REVENUE	56,200.00	4,683.33	37,466.68	33
TOTAL: DOWNTOWN PARKING	56,200.00	4,683.33	37,466.68	33

	ADOPTED BUDGET REVISED	ANNUAL ACT MTD POSTED ACT YTD POSTED	REMAINING	PCT
	BUDGET AND IN PROCESS AND IN PROCESS	BUDGET AND IN PROCESS AND IN PROCESS	BALANCE	
372 HUSET PARK AREA TIF (T6)				
00 REVENUE				
31010 CURRENT AD VALOREM	192,300.00	0.00	192,300.00	0
36210 INTEREST ON INVESTMENTS	1,000.00	0.00	1,000.00	0
TOTAL: REVENUE	193,300.00	0.00	193,300.00	0
TOTAL: HUSET PARK AREA TIF (T6)	193,300.00	0.00	193,300.00	0

	ADOPTED BUDGET REVISED	ANNUAL ACT MTD POSTED ACT YTD POSTED	REMAINING	PCT
	BUDGET AND IN PROCESS	BUDGET AND IN PROCESS	BALANCE	
408 EDA REDEVELOPMENT PROJECT FD				
00 REVENUE				
31012 HRA CURRENT AD VALOREM	175,000.00	0.00	175,000.00	0
31014 AREA WIDE TAX	75,000.00	0.00	75,000.00	0
36290 OTHER MISC. REVENUE	0.00	325.00	325.00	9999
TOTAL: REVENUE	250,000.00	325.00	249,675.00	0
TOTAL: EDA REDEVELOPMENT PROJECT FD	250,000.00	325.00	249,675.00	0

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FINANCIAL STATEMENTS FOR THE MONTH OF APRIL 2021, AND THE PAYMENT OF THE BILLS FOR THE MONTH OF APRIL, 2021.

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 April 2021 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, financials 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 7th day of June, 2021

Offered by:

Seconded by:

Roll Call:

President

Attest:

Assistant Secretary



AGENDA SECTION	BUSINESS ITEM
MEETING DATE	JUNE 7, 2021

ITEM:	Establishment of the Alatus Tax Increment Financing District	
DEPARTMENT:	Community Development	BY/DATE: Aaron Chirpich – 6/3/2021

BACKGROUND:

Alatus LLC, has requested public financial assistance in the form of tax increment financing (TIF) to facilitate the redevelopment of the property located at 4300 Central Avenue NE. The current redevelopment plans for the site include the following base elements:

- 400-600 multifamily units on the east end of the site along Central Avenue
- 40,000 to 80,000 square feet of retail/commercial space beneath the multifamily housing
- Grocery store as anchor tenant in the commercial space
- Underground parking
- Public open/park space
- Single-family housing on the west side of the site

Before the EDA can move to establish a TIF district for Alatus at 4300 Central Avenue NE, the underlying TIF district that was created for Hy-Vee needs to be decertified and the redevelopment contract with Hy-Vee needs to be terminated. In 2016, the City approved the Central Value Center TIF district to facilitate the development of the proposed Hy-Vee grocery store. The TIF agreement with Hy-Vee was amended in 2018 to allow Hy-Vee more time to start their proposed project. Since that amendment, Hy-Vee has failed to execute on their redevelopment plans for the site and Alatus is under contract to purchase the property and deliver the project outlined above. The Central Value Center TIF district needs to be decertified and a new district created in its place because the parameters of the project have changed significantly, and the newly proposed project by Alatus includes TIF eligible costs that were not part of the proposed Hy-Vee development.

To finalize the plans for the new Alatus TIF district, there are several details still being discussed and reviewed between staff, the EDA’s public financing consultant Ehlers, and Alatus to verify the full extent of TIF assistance needed. The possible uses for which TIF is being considered include; land/building acquisition, public improvements, utilities, and demolition. Within the city of Columbia Heights, the Economic Development Authority is authorized to exercise Tax Increment Financing powers; however the EDA may not exercise any TIF powers without approval of the City Council. Review and approval by the Council is scheduled for a public hearing at the June 14th regular City Council meeting. Since the EDA is authorized to exercise TIF powers, the EDA must make certain findings of fact that are detailed in the TIF plan ahead of the Council’s consideration of the new district. Therefore, the review of the TIF Plan by the EDA is required prior to the Council’s public hearing.

Previously, the EDA and the Council established a redevelopment project designated as the Downtown Central Business District Revitalization Plan. The revitalization plan has encouraged development and redevelopment along Central Avenue; however, modifications to the plan must be made to encompass the potential development being proposed by Alatus. The TIF Plan being reviewed tonight is merely a planning document

that reflects the maximum potential of the proposed TIF district. The plan in no way constitutes the terms, length, or dollar amount of the proposed TIF district. The term, length, and dollar amount will be part of a separate document, called the Contract for Private Redevelopment. If the City Council approves the TIF Plan at the June 14th public hearing, that Contract will be considered by the EDA at a subsequent meeting.

The structure of the proposed TIF district and the general outline of the project being contemplated by Alatus are detailed in the TIF Plan. The project includes the development of 400-600 apartments, 40,000 to 80,000 square feet of retail, and 26 single-family homes. The maximum duration of the TIF District is 26 years, and the estimated maximum annual tax increment is \$1,928,397. Ehlers has completed the TIF Plan on behalf of the City and EDA. A full copy of the plan is attached to this report.

Before the Alatus TIF district is established, the EDA will incur certain administrative costs related to the creation of the district. These costs are eligible to be paid (reimbursed) with tax increments generated by the district. To ensure repayment of these costs, the EDA must approve an interfund loan as part of the project. This interfund loan will allow the EDA to temporarily finance upfront administrative costs with current EDA fund reserves. Ehlers has recommended setting this loan amount at \$25,000.

Before the EDA tonight is consideration of three (3) resolutions. Resolution 2021-08, a resolution approving termination of the redevelopment contract with Hy-Vee and decertifying the Central Value TIF district, Resolution 2021-09, a resolution modifying the downtown revitalization plan, establishing the NE Business Center district, and adopting the TIF plan; and Resolution 2021-10, a resolution authorizing an interfund loan for the EDA to be reimbursed for qualified costs from the TIF District.

RECOMMENDED MOTION(S):

MOTION: Move to waive the reading of Resolution 2021-08, there being ample copies available to the public.

MOTION: Move to adopt Resolution 2021-08, a resolution approving termination of contract for private redevelopment and decertification of Central Value Center tax increment financing district.

MOTION: Move to waive the reading of Resolution 2021-09, there being ample copies available to the public.

MOTION: Move to adopt Resolution 2021-09, a resolution adopting a modification to the downtown CBD revitalization plan for the downtown central business redevelopment project, establishing the Alatus TIF district therein, and adopting a tax increment financing plan therefor.

MOTION: Move to waive the reading of Resolution 2021-10, there being ample copies available to the public.

MOTION: Move to adopt Resolution 2021-10, a resolution authorizing an interfund loan for advance of certain costs in connection with the Alatus TIF district.

ATTACHMENT(S):

1. Resolution 2021-08
2. Resolution 2021-09

-
- 3. Resolution 2021-10
 - 4. Alatus TIF District Plan

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2021-08

**RESOLUTION APPROVING TERMINATION OF CONTRACT FOR PRIVATE
REDEVELOPMENT AND DECERTIFICATION OF CENTRAL VALU CENTER TAX
INCREMENT FINANCING DISTRICT**

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 City of Columbia Heights (the “City”) previously established the Central Valu Center Tax Increment Financing District (the “TIF District”), a redevelopment TIF District, within Downtown Central Business Redevelopment Project in the City and approved a Tax Increment Financing Plan (“TIF Plan”) for the TIF District. The TIF District is administered by the Authority.

1.02. Pursuant to the terms of the Contract for Private Redevelopment between the Authority and Hy-Vee, Inc. (the “Redeveloper”), dated October 24, 2016, as amended by a First Amendment thereto dated as of June 4, 2018 (as so amended, the “Agreement”), the Authority agreed to grant tax increment financing assistance to the Redeveloper in the form of a tax increment revenue note (the “TIF Note”) to reimburse the Redeveloper for certain Public Redevelopment Costs in connection with the construction of certain restaurant, retail, and office improvements (the “Minimum Improvements”) on certain property (the “Redevelopment Property”) within the TIF District. The Agreement provided that payments of principal and interest on the TIF Note would commence upon receipt by the Authority of tax increment from the Minimum Improvements to be constructed on the Redevelopment Property.

1.03. Despite an extension of the required dates of commencement and completion of construction of the Minimum Improvements, the Redeveloper has not commenced construction of the Minimum Improvements as of the date hereof, and has notified the Authority that Redeveloper will not construct the Minimum Improvements and has requested that the parties terminate the Agreement and decertify the TIF District.

1.04. The Authority agrees that decertification of the TIF District and termination of the Agreement are in the best interest of the Authority and City, because such actions will allow the creation of a new redevelopment tax increment financing district encompassing the Property in which a mixed-use housing and retail development is contemplated, thereby increasing housing options for City residents.

Section 2. TIF District Decertified; Agreement Terminated; Filing.

2.01. The Authority hereby approves decertification of the TIF District and termination

of the Agreement.

2.02. Authority staff is authorized and directed to transmit a copy of this Resolution to the Manager of Property Records and Taxation, as County Auditor, of Anoka County (the “County Auditor”) with instructions to decertify the TIF District as of the date hereof, it being the intent of the City and Authority that any tax increment derived from the TIF District and collected after the date hereof should be redistributed by the County Auditor to the taxing jurisdictions within the TIF District as described below.

2.03. The TIF District has not generated any tax increment as of the date hereof, but if any tax increment derived from the TIF District is generated and received by the Authority after the date hereof, Authority staff is directed to return such tax increment to the County Auditor for distribution to the taxing jurisdictions within the TIF District.

Adopted by the Board of Commissioners of the Columbia Heights Economic Development Authority this 7th day of June, 2021.

President

ATTEST:

Executive Director

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2021-09

**RESOLUTION ADOPTING A MODIFICATION TO THE
DOWNTOWN CBD REVITALIZATION PLAN FOR THE
DOWNTOWN CENTRAL BUSINESS REDEVELOPMENT
PROJECT, ESTABLISHING THE ALATUS TIF DISTRICT
THEREIN, AND ADOPTING A TAX INCREMENT FINANCING
PLAN THEREFOR**

BE IT RESOLVED by the Board of Commissioners (the “Board”) of the Columbia Heights Economic Development Authority (the “Authority”) as follows:

Section 1. Recitals.

1.01. The City of Columbia Heights, Minnesota (the “City”) and the Authority have previously approved a Downtown CBD Revitalization Plan (the “Revitalization Plan”) for the Downtown Central Business Redevelopment Project (the “Redevelopment Project”) within the City, pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and Minnesota Statutes, Sections 469.090 through 469.1081, as amended.

1.02. The City and the Authority have determined to modify the Revitalization Plan for the Redevelopment Project and approve a tax increment financing plan (the “TIF Plan”) for the Alatus TIF District (the “TIF District”), a redevelopment district, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), all as described in a plan document presented to the Board on the date hereof.

1.03. Pursuant to Section 469.175, subdivision 2a of the TIF Act, notice of the proposed TIF District was presented to the commissioner of Anoka County, Minnesota (the “County”) representing the area to be included in the TIF District at least thirty (30) days before the publication of the notice of public hearing.

1.04. Pursuant to Section 469.175, subdivision 2 of the TIF Act, the proposed TIF Plan and the estimates of the fiscal and economic implications of the TIF Plan were presented to the Board of Education of the Columbia Heights Public Schools and to the Board of Commissioners of the County at least thirty (30) days before the date of the public hearing.

1.05. On June 14, 2021, the City Council of the City will conduct a duly noticed public hearing on the adoption of the modified Revitalization Plan and the TIF Plan.

Section 2. Approvals; Further Actions.

2.01. The modified Revitalization Plan is hereby approved in substantially the form now on file with the Board, subject to approval thereof by the City Council.

2.02. The creation of the TIF District and the TIF Plan therefor are hereby approved, subject to approval thereof by the City Council.

2.03. The Board hereby transmits the modified Revitalization Plan and the TIF Plan to the City Council and recommends that the City Council approve the modified Revitalization Plan, the creation of the TIF District, and the TIF Plan.

2.04. Upon approval of the TIF Plan by the City Council, Authority staff are hereby authorized and directed to file a request for certification of the TIF District with the Manager of Property Records and Taxation, as County Auditor, of the County (the “County Auditor”) and to file a copy of the TIF Plan with the Minnesota Commissioner of Revenue and the Office of the State Auditor as required by the TIF Act.

2.05. Upon approval of the TIF Plan by the City Council, the County Auditor is requested to certify the original net tax capacity of the TIF District, as described in the TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased. Authority staff are hereby authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the County Auditor may specify, together with a list of all properties within the TIF District for which building permits have been issued during the eighteen (18) months immediately preceding the adoption of this resolution.

2.06. Authority staff, consultants, and legal counsel are authorized to take all actions necessary to implement the modified Revitalization Plan and the TIF Plan and to negotiate, draft, prepare and present to the Board for its consideration all further plans, resolutions, documents, and contracts necessary for this purpose. Approval of the modified Revitalization Plan and the TIF Plan does not constitute approval of any project or a development agreement with any developer.

Approved this 7th day of June, 2021, by the Board of Commissioners of the Columbia Heights Economic Development Authority.

President

ATTEST:

Secretary

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2021-10

**RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR
ADVANCE OF CERTAIN COSTS IN CONNECTION WITH THE
ALATUS TIF DISTRICT**

BE IT RESOLVED by the Board of Commissioners (the “Board”) of the Columbia Heights Economic Development Authority (the “Authority”) as follows:

Section 1. Recitals.

1.01. On the date hereof, the Authority approved, contingent upon the approval by the City of Columbia Heights, Minnesota (the “City”), the establishment of the Alatus TIF District (the “TIF District”), a redevelopment district within the Downtown Central Business Redevelopment Project (the “Redevelopment Project”), pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, Minnesota Statutes, Sections 469.090 through 469.1081, as amended, and Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), and adopted a modification to the Downtown CBD Revitalization Plan (the “Revitalization Plan”) and a Tax Increment Financing Plan for the purpose of financing certain improvements within the Redevelopment Project (the “TIF Plan”). On June 14, 2021, the City Council of the City will conduct a public hearing on the modification to the Revitalization Plan and the TIF Plan.

1.02. The Authority may incur certain costs related to the TIF District, which costs may be financed on a temporary basis from legally available funds of the Authority or the City.

1.03. Under Section 469.178, subdivision 7 of the TIF Act, the Authority is authorized to advance or loan money from any fund from which such advances may be legally made in order to finance expenditures that are eligible to be paid with tax increments under the TIF Act.

1.04. The Authority expects to incur costs related to administrative costs of the TIF District (the “Qualified Costs”) using Authority or City funds legally authorized for such purpose, and to reimburse such funds from tax increments from the TIF District when received.

1.05. The Authority intends to designate such advances as an interfund loan in accordance with the terms of this resolution and the TIF Act.

Section 2. Interfund Loan.

2.01. The Authority hereby authorizes the advance of up to \$25,000 in legally available Authority or City funds, including but not limited to the Economic Development Fund, to pay the Qualified Costs, together with interest at the rate of 4% per annum (the “Interfund Loan”). Interest shall accrue on the principal amount of each advance from the date of such advance. The interest rate is no more than the greatest of the rate specified under Minnesota Statutes, Section 270C.40 and Section 549.09, both in effect for calendar year 2021, and will not be adjusted.

2.02. Principal and interest (the “Payments”) on the Interfund Loan shall be paid semiannually on each August 1 and February 1 (each a “Payment Date”), commencing on the first Payment Date on which the Authority receives Available Tax Increment (defined below), or on any other dates determined by the Executive Director, through the date of last receipt of tax increment from the TIF District.

2.03. Payments on the Interfund Loan will be made solely from Available Tax Increment, defined as tax increment from the TIF District received by the Authority from Anoka County, Minnesota in the six-month period before any Payment Date. Payments shall be applied first to accrued interest, and then to unpaid principal. Payments on the Interfund Loan may be subordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on a parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

2.04. The principal sum and all accrued interest payable under this Interfund Loan are prepayable in whole or in part at any time by the Authority without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

2.05. This resolution is evidence of an internal borrowing by the Authority in accordance with Section 469.178, subdivision 7 of the TIF Act, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. The Interfund Loan shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority and the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of Available Tax Increment. The Authority shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.

2.06. The Authority may at any time make a determination to forgive the outstanding principal amount and accrued interest on the Interfund Loan to the extent permissible under law.

2.07. The Authority may from time to time amend the terms of this resolution to the extent permitted by law, including without limitation amendment to the payment schedule and the interest rate; provided that the interest rate may not be increased above the maximum specified in Section 469.178, subdivision 7 of the TIF Act.

Section 3. Effective Date. This resolution is effective upon the date of its approval.

Approved this 7th day of June, 2021, by the Board of Commissioners of the Columbia Heights Economic Development Authority.

President

ATTEST:

Secretary

**MODIFICATION TO THE DEVELOPMENT
PROGRAM**
Downtown Central Business Redevelopment Project

- AND -

TAX INCREMENT FINANCING PLAN
Establishment of the Alatus TIF District
(a redevelopment district)

Columbia Heights Economic Development Authority
City of Columbia Heights, Anoka County, Minnesota

Public Hearing: June 14, 2021

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Modification to the Development Program for Downtown Central Business Redevelopment Project

Foreword

The following text represents a Modification to the Development Program for Downtown Central Business Redevelopment Project. This modification represents a continuation of the goals and objectives set forth in the Development Program for Downtown Central Business Redevelopment Project. Generally, the substantive changes include the establishment of the Alatus TIF District.

For further information, a review of the Development Program for Downtown Central Business Redevelopment Project, is recommended. It is available from the Community Development Director at the City of Columbia Heights. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Downtown Central Business Redevelopment Project.

Tax Increment Financing Plan for the Alatus TIF District

Foreword

The Columbia Heights Economic Development Authority (the "EDA") and the City of Columbia Heights (the "City"), staff and consultants have prepared the following information to expedite the Establishment of the Alatus TIF District (the "District"), a redevelopment tax increment financing district, located in Downtown Central Business Redevelopment Project.

Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the EDA has certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.090 - 469.1082*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Downtown Central Business Redevelopment Project.

Statement of Objectives

The District currently consists of two parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the redevelopment of the site into approximately 300 market rate apartments, 120 senior apartments, 26 single-family homes and 80,000 sq/ft of retail in the City. The EDA anticipates entering into an agreement with Alatus and development is anticipated to begin in 2024. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Downtown Central Business Redevelopment Project.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Downtown Central Business Redevelopment Project and the District.

Development Program Overview

Pursuant to the Development Program and authorizing state statutes, the EDA and City are authorized to undertake the following activities in the District:

1. Property to be Acquired - The City currently owns one parcel of property within the District. The remaining property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.

3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the EDA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The EDA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Description of Property in the District and Property to be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
35-30-24-11-0083	4300 Central Ave	HyVee
35-30-24-11-0084	N/A	City

Please also see the map in Appendix A for further information on the location of the District.

The City currently owns one parcel of the property to be included in the District. The EDA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the EDA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The EDA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Classification of the District

The EDA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)*.

- The District is a redevelopment district consisting of two parcels.
- An inventory shows that parcels consisting of more than 70 percent of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50 percent of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the EDA (a total of 26 years of tax increment). The EDA elects to receive the first tax increment in 2024, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2049, or when the TIF Plan is satisfied. The EDA and City reserve the right to decertify the District prior to the legally required date.

Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2020 for taxes payable 2021.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2022) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the EDA.

The original local tax rate for the District will be the local tax rate for taxes payable 2021, assuming the request for certification is made before June 30, 2021. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Downtown Central Business Redevelopment Project, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The EDA requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2024. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Project estimated Tax Capacity upon completion	3,875,001	
Original estimated Net Tax Capacity	60,441	
Fiscal Disparities	<u>224,810</u>	
Estimated Captured Tax Capacity	3,589,750	
Original Local Tax Rate	<u>134.4230%</u>	Pay 2021
Estimated Annual Tax Increment	\$4,825,450	
Percent Retained by the City	100%	

Note: Tax capacity includes a 4.00% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$374,938.

Pursuant to *M.S., Section 469.177, Subd. 4*, the EDA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed and determined that no building permits were issued during the 18 months immediately preceding approval of the TIF Plan by the City that would increase the value of the property.

Sources of Revenue/Bonds to be Issued

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES		
Tax Increment		\$ 77,508,078
Interest		<u>7,750,808</u>
TOTAL		\$ 85,258,886

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA and City reserve the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by bonds, pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the EDA or City to incur debt. The EDA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the EDA or City.

The EDA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$66,428,728. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Uses of Funds

Currently under consideration for the District is a proposal to facilitate the redevelopment of the site into approximately 300 market rate apartments, 120 senior apartments, 26 single-family homes and 80,000 sq/ft of retail. The EDA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described.

The EDA and City have studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	\$ 6,000,000
Site Improvements/Preparation	3,000,000
Utilities	750,000
Other Qualifying Improvements	48,927,920
Administrative Costs (up to 10%)	7,750,808
PROJECT COSTS TOTAL	\$ 66,428,728
Interest	18,830,158
PROJECT AND INTEREST COSTS TOTAL	\$ 85,258,886

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25 percent of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of Downtown Central Business Redevelopment Project, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in this TIF Plan.

Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the EDA may elect one of two methods to calculate fiscal disparities.

The EDA will choose to calculate fiscal disparities by clause b (inside).

Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the EDA and City have determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2020/Pay 2021 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Anoka County	387,071,102	3,589,750	0.9274%
Columbia Heights	15,106,032	3,589,750	23.7637%
ISD No. 13	21,040,982	3,589,750	17.0608%

Impact on Tax Rates				
Entity	Pay 2021 Extension Rate	Percent of Total	CTC	Potential Taxes
Anoka County	31.0860%	23.13%	3,589,750	\$ 1,115,910
Columbia Heights	69.1830%	51.47%	3,589,750	2,483,497
ISD No. 13	28.7710%	21.40%	3,589,750	1,032,807
Other	5.3830%	4.00%	3,589,750	193,236
	134.4230%	100.00%		\$ 4,825,450

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2021 rate. The total net capacity for the entities listed above are based on Pay 2021 figures. The District will be certified under the Pay 2021 rates.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$77,508,078;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development will require upgrades to the sanitary sewer system, which costs will be paid by the development. Any new roads or sidewalks will be required to be constructed by the developer and if any are public roads they will be constructed to City standards and deeded over to the City upon completion. It is anticipated that the current infrastructure for storm sewer and water will be able to handle the additional volume generated from the proposed development. In the event it is determined that it isn't, the developer will be required to upgrade the system at their cost as part of the redevelopment.

There is no probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$16,589,311;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$17,924,136;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects; and (2) EDA/City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the city council resolution approving the establishment of the TIF District and Appendix C.

- (ii) A comparative analysis of estimated market value both with and without establishment of the TIF District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

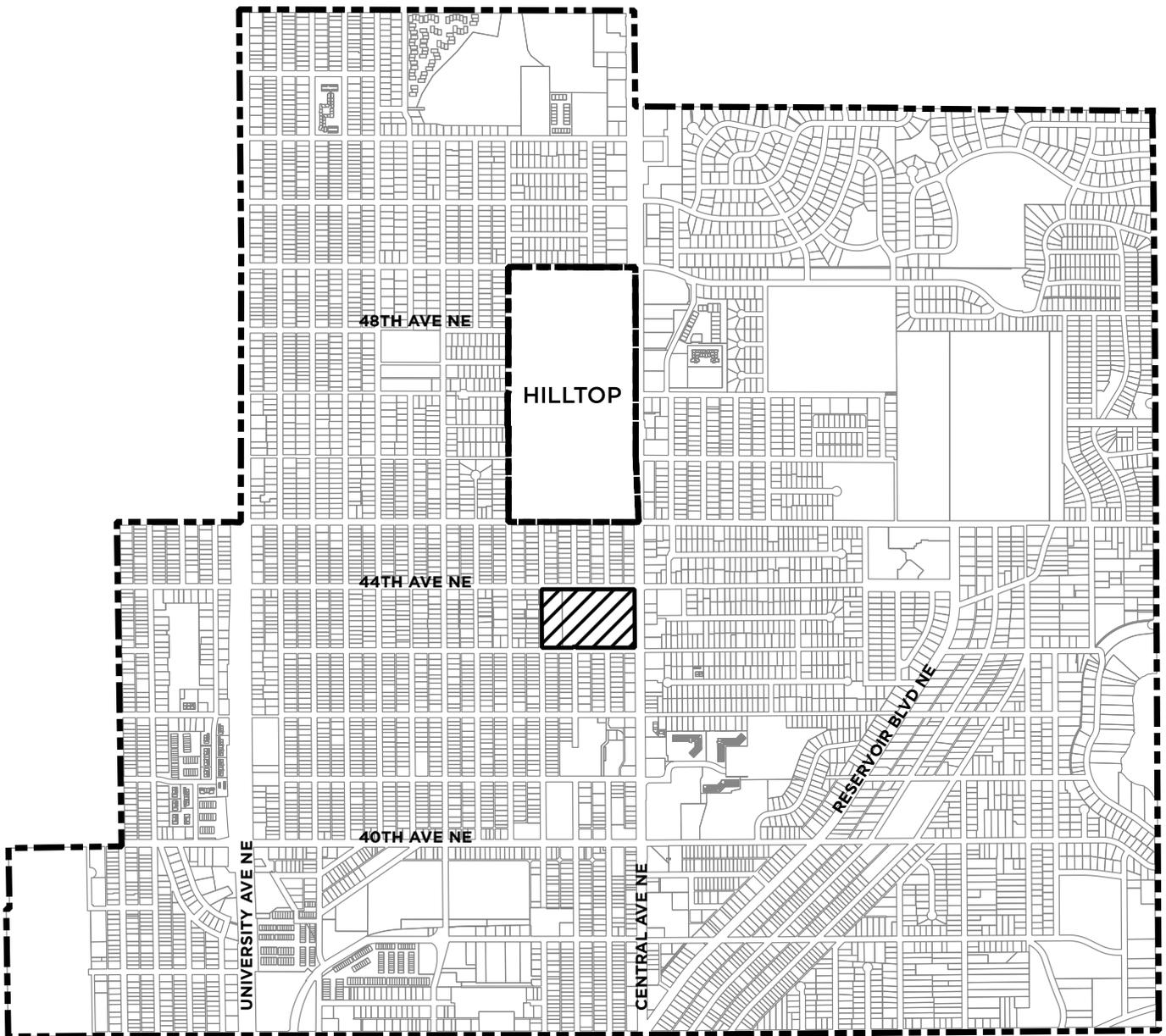
Administration of the District

Administration of the District will be handled by the Community Development Director.

Appendix A: Map of Downtown Central Business Redevelopment Project and the TIF District

Downtown Central Business District (CBD) Redevelopment Project

City of Columbia Heights
Anoka County, Minnesota



Legend

-  Alatus TIF District
-  Municipal Boundaries
-  Parcels



Appendix B: Estimated Cash Flow for the District

Alatus Redevelopment

City of Columbia Heights, MN

420 Apartments, 80,000 Sq/Ft Retail and 26 Single-Family Homes



ASSUMPTIONS AND RATES

DistrictType:	Redevelopment	
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	2022	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	4.00%	
Interest Rate:	2.00%	
Present Value Date:	1-Aug-23	
First Period Ending	1-Feb-24	
Tax Year District was Certified:	Pay 2021	
Cashflow Assumes First Tax Increment For Development:	2024	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2049	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)	
Incremental or Total Fiscal Disparities	Incremental	
Fiscal Disparities Contribution Ratio	31.0253%	Pay 2021
Fiscal Disparities Metro-Wide Tax Rate	139.5040%	Pay 2021
Maximum/Frozen Local Tax Rate:	134.423%	Pay 2021
Current Local Tax Rate: (Use lesser of Current or Max.)	134.423%	Pay 2021
State-wide Tax Rate (Comm./Ind. only used for total taxes)	35.9780%	Pay 2021
Market Value Tax Rate (Used for total taxes)	0.12803%	Pay 2021

Tax Rates		
Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First \$150,000		1.50%
Over \$150,000		2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First \$174,000		0.75%
Over \$174,000		0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First \$500,000		1.00%
Over \$500,000		1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
1	35-30-24-11-0083	HyVee	4300 Central Ave	0	0	3,058,000	100%	3,058,000	Pay 2021	C/I Pref.	60,410	C/I Pref.	60,410	1
2	35-30-24-11-0084	City	N/A	3,100	0	3,100	100%	3,100	Pay 2021	Exempt	-	Hmstd. Res.	31	2
				3,100	0	3,061,100		3,061,100			60,410		60,441	

Note:

1. Base values are for pay 2021 based upon review of County website on 4-14-21.
2. Located in SD #13, Mississippi WS and UTA 140131

Alatus Redevelopment
City of Columbia Heights, MN
420 Apartments, 80,000 Sq/Ft Retail and 26 Single-Family Homes



PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2022	Percentage Completed 2023	Percentage Completed 2024	Percentage Completed 2025	First Year Full Taxes Payable
1	Apt	225,000	225,000	300	67,500,000	Rental	843,750	2,813	25%	75%	100%	100%	2026
1	Retail	200	200	40,000	8,000,000	C/I Pref.	159,250	4	25%	75%	100%	100%	2026
1	Sr. Apt	225,000	225,000	120	27,000,000	Rental	337,500	2,813	25%	75%	100%	100%	2026
1	Retail	200	200	40,000	8,000,000	C/I Pref.	159,250	4	25%	75%	100%	100%	2026
2	SF Homes	300,000	289,760	26	7,533,760	Hmstd. Res.	75,338	2,898	0%	0%	50%	100%	2027
TOTAL					118,033,760		1,575,088						
Subtotal Residential				446	102,033,760		1,256,588						
Subtotal Commercial/Ind.				80,000	16,000,000		318,500						

Note:
 1. Market values are based upon estimates.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apt	843,750	0	843,750	1,134,194	0	0	86,420	1,220,614	4,068.71
Retail	159,250	49,408	109,842	147,653	68,926	56,755	10,242	283,577	7.09
Sr. Apt	337,500	0	337,500	453,678	0	0	34,568	488,246	4,068.71
Retail	159,250	49,408	109,842	147,653	68,926	56,755	10,242	283,577	7.09
SF Homes	75,338	0	75,338	101,271	0	0	9,645	110,917	4,266.02
TOTAL	1,575,088	98,816	1,476,272	1,984,449	137,852	113,511	151,119	2,386,930	

Note:
 1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	2,386,930
less State-wide Taxes	(113,511)
less Fiscal Disp. Adj.	(137,852)
less Market Value Taxes	(151,119)
less Base Value Taxes	(56,053)
Annual Gross TIF	1,928,397

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	3,061,100
New Market Value - Est.	118,033,760
Difference	114,972,660
Present Value of Tax Increment	56,790,125
Difference	58,182,535
Value likely to occur without Tax Increment is less than:	58,182,535

Item 3.



Alatus Redevelopment
City of Columbia Heights, MN

420 Apartments, 80,000 Sq/Ft Retail and 26 Single-Family Homes

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	374,938	(60,441)	(5,962)	308,535	134.423%	414,742	207,371	(747)	(20,662)	185,962	182,298	0.5	2024	02/01/24
100%	1,124,813	(60,441)	(52,519)	1,011,853	134.423%	1,360,163	680,081	(2,448)	(67,763)	609,870	948,864	1.5	2025	08/01/25
100%	1,537,419	(60,441)	(80,073)	1,396,905	134.423%	1,877,761	938,881	(3,380)	(93,550)	841,951	2,322,289	2.5	2026	08/01/26
100%	1,635,078	(60,441)	(84,026)	1,490,611	134.423%	2,003,724	1,001,862	(3,607)	(99,826)	898,430	3,107,592	3.5	2027	08/01/27
100%	1,700,481	(60,441)	(88,137)	1,551,903	134.423%	2,086,115	1,043,057	(3,755)	(103,930)	935,372	5,605,527	4.5	2028	08/01/28
100%	1,768,500	(60,441)	(92,412)	1,615,647	134.423%	2,171,801	1,085,901	(3,909)	(108,199)	973,792	7,308,114	5.5	2029	08/01/29
100%	1,839,240	(60,441)	(96,858)	1,681,941	134.423%	2,260,916	1,130,458	(4,070)	(112,639)	1,013,749	9,045,673	6.5	2030	08/01/30
100%	1,912,810	(60,441)	(101,482)	1,750,887	134.423%	2,353,594	1,176,797	(4,236)	(117,256)	1,055,305	10,818,852	7.5	2031	08/01/31
100%	1,989,322	(60,441)	(106,291)	1,822,590	134.423%	2,449,980	1,224,990	(4,410)	(122,058)	1,098,522	12,628,311	8.5	2032	08/01/32
100%	2,068,895	(60,441)	(111,292)	1,897,162	134.423%	2,550,222	1,275,111	(4,590)	(127,052)	1,143,468	14,474,725	9.5	2033	08/01/33
100%	2,151,651	(60,441)	(116,494)	1,974,716	134.423%	2,654,473	1,327,236	(4,778)	(132,246)	1,190,212	16,358,782	10.5	2034	08/01/34
100%	2,237,717	(60,441)	(121,903)	2,055,373	134.423%	2,762,894	1,381,447	(4,973)	(137,647)	1,238,826	18,281,184	11.5	2035	08/01/35
100%	2,327,225	(60,441)	(127,529)	2,139,255	134.423%	2,875,651	1,437,826	(5,176)	(143,265)	1,289,385	20,242,648	12.5	2036	08/01/36
100%	2,420,314	(60,441)	(133,380)	2,226,494	134.423%	2,992,920	1,496,460	(5,387)	(149,107)	1,341,965	21,228,259	13.5	2037	08/01/37
100%	2,517,127	(60,441)	(139,465)	2,317,221	134.423%	3,114,878	1,557,439	(5,607)	(155,183)	1,396,649	22,243,906	14.5	2038	08/01/38
100%	2,617,812	(60,441)	(145,793)	2,411,578	134.423%	3,241,716	1,620,858	(5,835)	(161,502)	1,453,520	23,249,497	15.5	2039	08/01/39
100%	2,722,524	(60,441)	(152,374)	2,509,709	134.423%	3,373,626	1,686,813	(6,073)	(168,074)	1,512,667	24,285,703	16.5	2040	08/01/40
100%	2,831,425	(60,441)	(159,219)	2,611,765	134.423%	3,510,814	1,755,407	(6,319)	(174,909)	1,574,179	25,311,649	17	2041	08/01/41
100%	2,944,682	(60,441)	(166,337)	2,717,904	134.423%	3,653,488	1,826,744	(6,576)	(182,017)	1,638,151	26,368,801	17.5	2042	08/01/42
100%	3,062,470	(60,441)	(173,741)	2,828,288	134.423%	3,801,870	1,826,744	(6,576)	(182,017)	1,638,151	27,415,485	18	2043	08/01/43
100%	3,184,968	(60,441)	(181,440)	2,943,088	134.423%	3,956,187	1,900,935	(6,843)	(189,409)	1,704,682	28,493,976	18.5	2044	08/01/44
100%	3,312,367	(60,441)	(189,447)	3,062,479	134.423%	4,116,676	1,978,093	(7,121)	(197,097)	1,773,875	29,561,789	19	2045	08/01/45
100%	3,444,862	(60,441)	(197,775)	3,186,646	134.423%	4,283,585	2,058,338	(7,410)	(205,093)	1,845,835	30,662,022	20	2046	08/01/46
100%	3,582,656	(60,441)	(206,435)	3,315,780	134.423%	4,457,171	2,141,793	(7,710)	(213,408)	1,920,674	31,751,361	20.5	2047	08/01/47
100%	3,725,963	(60,441)	(215,443)	3,450,079	134.423%	4,637,700	2,228,585	(8,023)	(222,056)	1,998,506	32,873,746	21	2048	08/01/48
100%	3,875,001	(60,441)	(224,810)	3,589,750	134.423%	4,825,450	2,318,850	(8,348)	(231,050)	2,079,452	33,985,018	21.5	2049	08/01/49
							2,412,725	(8,686)	(240,404)	2,163,635	35,129,973	22	2050	08/01/50
							2,412,725	(8,686)	(240,404)	2,163,635	50,927,112	22.5	2051	08/01/51
							2,412,725	(8,686)	(240,404)	2,163,635	52,091,747	23	2052	08/01/52
							2,412,725	(8,686)	(240,404)	2,163,635	53,255,382	23.5	2053	08/01/53
							2,412,725	(8,686)	(240,404)	2,163,635	54,419,017	24	2054	08/01/54
							2,412,725	(8,686)	(240,404)	2,163,635	55,582,652	24.5	2055	08/01/55
							2,412,725	(8,686)	(240,404)	2,163,635	56,746,287	25	2056	08/01/56
							2,412,725	(8,686)	(240,404)	2,163,635	57,909,922	25.5	2057	08/01/57
							2,412,725	(8,686)	(240,404)	2,163,635	59,073,557	26	2058	08/01/58
							2,412,725	(8,686)	(240,404)	2,163,635	60,237,192	26.5	2059	08/01/59
							2,412,725	(8,686)	(240,404)	2,163,635	61,400,827	27	2060	08/01/60
							2,412,725	(8,686)	(240,404)	2,163,635	62,564,462	27.5	2061	08/01/61
							2,412,725	(8,686)	(240,404)	2,163,635	63,728,097	28	2062	08/01/62
							2,412,725	(8,686)	(240,404)	2,163,635	64,891,732	28.5	2063	08/01/63
							2,412,725	(8,686)	(240,404)	2,163,635	66,055,367	29	2064	08/01/64
							2,412,725	(8,686)	(240,404)	2,163,635	67,219,002	29.5	2065	08/01/65
							2,412,725	(8,686)	(240,404)	2,163,635	68,382,637	30	2066	08/01/66
							2,412,725	(8,686)	(240,404)	2,163,635	69,546,272	30.5	2067	08/01/67
							2,412,725	(8,686)	(240,404)	2,163,635	70,709,907	31	2068	08/01/68
							2,412,725	(8,686)	(240,404)	2,163,635	71,873,542	31.5	2069	08/01/69
							2,412,725	(8,686)	(240,404)	2,163,635	73,037,177	32	2070	08/01/70
							2,412,725	(8,686)	(240,404)	2,163,635	74,200,812	32.5	2071	08/01/71
							2,412,725	(8,686)	(240,404)	2,163,635	75,364,447	33	2072	08/01/72
							2,412,725	(8,686)	(240,404)	2,163,635	76,528,082	33.5	2073	08/01/73
							2,412,725	(8,686)	(240,404)	2,163,635	77,691,717	34	2074	08/01/74
							2,412,725	(8,686)	(240,404)	2,163,635	78,855,352	34.5	2075	08/01/75
							2,412,725	(8,686)	(240,404)	2,163,635	80,018,987	35	2076	08/01/76
							2,412,725	(8,686)	(240,404)	2,163,635	81,182,622	35.5	2077	08/01/77
							2,412,725	(8,686)	(240,404)	2,163,635	82,346,257	36	2078	08/01/78
							2,412,725	(8,686)	(240,404)	2,163,635	83,509,892	36.5	2079	08/01/79
							2,412,725	(8,686)	(240,404)	2,163,635	84,673,527	37	2080	08/01/80
							2,412,725	(8,686)	(240,404)	2,163,635	85,837,162	37.5	2081	08/01/81
							2,412,725	(8,686)	(240,404)	2,163,635	87,000,797	38	2082	08/01/82
							2,412,725	(8,686)	(240,404)	2,163,635	88,164,432	38.5	2083	08/01/83
							2,412,725	(8,686)	(240,404)	2,163,635	89,328,067	39	2084	08/01/84
							2,412,725	(8,686)	(240,404)	2,163,635	90,491,702	39.5	2085	08/01/85
							2,412,725	(8,686)	(240,404)	2,163,635	91,655,337	40	2086	08/01/86
							2,412,725	(8,686)	(240,404)	2,163,635	92,818,972	40.5	2087	08/01/87
							2,412,725	(8,686)	(240,404)	2,163,635	93,982,607	41	2088	08/01/88
							2,412,725	(8,686)	(240,404)	2,163,635	95,146,242	41.5	2089	08/01/89
							2,412,725	(8,686)	(240,404)	2,163,635	96,309,877	42	2090	08/01/90
							2,412,725	(8,686)	(240,404)	2,163,635	97,473,512	42.5	2091	08/01/91
							2,412,725	(8,686)	(240,404)	2,163,635	98,637,147	43	2092	08/01/92
							2,412,725	(8,686)	(240,404)	2,163,635	99,800,782	43.5	2093	08/01/93
							2,412,725	(8,686)	(240,404)	2,163,635	100,964,417	44	2094	08/01/94
							2,412,725	(8,686)	(240,404)	2,163,635	102,128,052	44.5	2095	

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for the Alatus TIF District (the “District”), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that the Alatus TIF District is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

The District consists of two parcels and vacant right-of-way, with plans to redevelop the area to facilitate the redevelopment of the site into approximately 300 market rate apartments, 120 senior apartments, 26 single-family homes and 80,000 sq/ft of retail. Parcels consisting of 70 percent of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the Alatus TIF District permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels currently occupied by a substandard building, the costs of environmental remediation and demolition, replacement costs of a regional storm water pond, the cost of financing the proposed improvements, and that there was a previous TIF District established for this site due to the need from a proposed development for TIF assistance, this project is feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a TIF application as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan: This finding is justified on the grounds that the cost of acquisition, demolition, environmental remediation, site and public improvements and utilities add to the total redevelopment cost. Historically, these costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
 - b. If the proposed development occurs, the total increase in market value will be \$114,973,660.
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$56,790,125.
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$58,183,535 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for the Alatus TIF District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Downtown Central Business Redevelopment Project by private enterprise.*

The project to be assisted by the District will result in increased availability of safe and decent life-cycle housing in the City, increased employment in the City and the State of Minnesota, the redevelopment of substandard properties, increased tax base of the State and add a high-quality development to the City.

Appendix D: Redevelopment Qualifications for the District

To be added to prior to the public hearing



AGENDA SECTION	BUSINESS ITEM
MEETING DATE	JUNE 7, 2021

ITEM:	4300 Central Avenue – TIF Pledge for General Obligation TIF Revenue Bonds	
DEPARTMENT:	Community Development	BY/DATE: Aaron Chirpich – 6/4/2021

BACKGROUND:

Alatus LLC, has requested that the City assist in the acquisition of 4300 Central Avenue NE by providing the funding necessary to purchase the property from Hy-Vee, and provide the funding for predevelopment costs related to environmental testing, and demolition of the existing buildings. The total amount requested by Alatus is \$6,000,000. The proposed uses of the funding are as follows:

- Land Acquisition - \$4,500,000
- Property Taxes (3 years) - \$395,957
- Closing Costs - \$105,200
- City Fees - \$50,000
- Demolition - \$671,686
- Environmental Testing and Reports - \$42,156
- Geotechnical Testing and Reports – 35,000

During an executive session on February 1, 2021, the EDA discussed the Alatus project proposal and explored potential public funding options available to the EDA and City. Two primary options were presented by staff; financing with internal funds, and borrowing through the issuance of general obligation tax increment financing (TIF) bonds. Following discussion on the two options, the EDA directed staff to move forward with the borrowing option and take the necessary steps to issue the TIF bonds to fund the acquisition and pre-development costs. Under this scenario, the City would issue the debt necessary for Alatus to purchase the property directly from Hy-Vee with the City acting as interim lender. Alatus would then pay off the City’s loan when the project is ready to close with permanent financing.

Since the February 1, 2021 meeting, staff has worked with the City’s public finance consultant, Ehlers, and the City’s bond counsel, Kennedy and Graven to prepare for the bond sale and debt issuance. The bond sale by the City Council is scheduled for July 12, 2021. Although the City has the authority to issue general obligation TIF bonds, the EDA administers TIF districts for the City, and therefore the County remits increment generated from TIF districts directly to the EDA. Because the general obligation bonds being issued are tax increment bonds, the City will be pledging tax increment for the payment of the bonds. Therefore, the EDA is being asked by the City to pledge increment to the City from the newly created Alatus TIF district, so the City can use the increment to pay debt service on the bonds. The formal way to create this arrangement is through a TIF Pledge Agreement. Kennedy and Graven have prepared the attached pledge agreement for review and approval by the EDA.

RECOMMENDED MOTION(S):

MOTION: Move to waive the reading of Resolution 2021-11, there being ample copies available to the public.

MOTION: Move to adopt Resolution 2021-11, a resolution authorizing execution of a tax increment pledge agreement with the City of Columbia Heights relating to taxable general obligation temporary tax increment bonds, series 2021A, to be issued in the estimated aggregate principle amount of \$6,000,000.

ATTACHMENT(S):

1. Resolution 2021-11
2. TIF Pledge Agreement

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2021-11

RESOLUTION AUTHORIZING EXECUTION OF A TAX INCREMENT PLEDGE AGREEMENT WITH THE CITY OF COLUMBIA HEIGHTS RELATING TO TAXABLE GENERAL OBLIGATION TEMPORARY TAX INCREMENT BONDS, SERIES 2021A, TO BE ISSUED IN THE ESTIMATED AGGREGATE PRINCIPAL AMOUNT OF \$6,000,000

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

Section 1. Recitals.

1.01. On the date hereof, the Board approved the establishment of the Alatus TIF District (the "TIF District"), a redevelopment district within Downtown Central Business Redevelopment Project (the "Redevelopment Project") within the City, contingent upon the approval by the City Council of the City (the "City Council") on June 14, 2021, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"), and adopted a tax increment financing plan for the TIF District.

1.02. Pursuant to the authority conferred by Section 469.178 of the TIF Act and Minnesota Statutes, Chapter 475, as amended, and a resolution to be adopted by the City Council on July 12, 2021, the City will issue its Taxable General Obligation Temporary Tax Increment Bonds, Series 2021A (the "Bonds"), in the estimated aggregate principal amount of \$6,000,000, to pay all or a portion of the public redevelopment costs incurred or to be incurred within the Redevelopment Project as identified in the TIF Plan, including but not limited to a bridge loan to be provided to Alatus LLC, a Minnesota limited liability company, for land acquisition costs, costs of demolition, and costs associated with reports, and Alatus LLC has agreed to pay the City's financing and other related costs related to issuing the Bonds and making the loan.

1.03. There has been presented to the Board a Tax Increment Pledge Agreement (the "Pledge Agreement") between the Authority and the City relating to the payment of principal and interest on the Bonds and providing for the pledge of tax increment revenues generated from the TIF District to secure the payment of principal of, premium, if any, and interest on the Bonds.

Section 2. Approval.

1. The Board hereby approves the pledge to the City of tax increment revenues attributable to the TIF District for the payment of principal of, premium, if any, and interest on the Bonds.

2. The President and Executive Director of the Authority are hereby authorized to execute and deliver the Pledge Agreement substantially in the form on file with the Board, providing for the pledge of tax increment derived from property in the TIF District for the payment of the principal of, premium, if any, and interest on the Bonds.

3. This resolution shall be effective as of the date hereof.

Approved this 7th day of June, 2021, by the Board of Commissioners of the Columbia Heights Economic Development Authority.

President

ATTEST:

Secretary

TAX INCREMENT PLEDGE AGREEMENT

between

CITY OF COLUMBIA HEIGHTS, MINNESOTA

and

COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

THIS TAX INCREMENT PLEDGE AGREEMENT is made and entered into on or as of the ____ day of July, 2021 (the “Agreement”), between the City of Columbia Heights, Minnesota (the “City”), and the Columbia Heights Economic Development Authority (the “Authority”).

RECITALS

WHEREAS, the City has established and the Authority administers the Alatus TIF District (the “TIF District”), a redevelopment district within the Downtown Central Business Redevelopment Project (the “Redevelopment Project”), pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), and the Authority and the City have approved a tax increment financing plan for the TIF District (the “TIF Plan”); and

WHEREAS, pursuant to the authority conferred by Section 469.178 of the TIF Act and Minnesota Statutes, Chapter 475, as amended, and a resolution to be adopted by the City Council of the City on July 12, 2021 (the “Bond Resolution”), the City will issue its Taxable General Obligation Temporary Tax Increment Bonds, Series 2021A (the “Bonds”), in the original aggregate principal amount of \$6,000,000, to pay all or a portion of the public redevelopment costs incurred or to be incurred within the Redevelopment Project as identified in the TIF Plan, including but not limited to a bridge loan to be provided to Alatus LLC, a Minnesota limited liability company, for land acquisition costs (the “Project Costs”); and

WHEREAS, pursuant to a resolution adopted by the Board of Commissioners of the Authority (the “Board”) on June 7, 2021, the Authority has agreed to pledge tax increment revenues attributable to the TIF District to the City to secure the payment of principal of, premium, if any, and interest on the Bonds; and

WHEREAS, pursuant to Section 469.178, subdivision 2 of the TIF Act, any agreement to pledge tax increment revenues must be made by written agreement by and between the Authority and the City and must be filed with the Manager of Property Records and Taxation, as County Auditor (the “County Auditor”), of Anoka County, Minnesota (the “County”).

NOW, THEREFORE, the City and the Authority mutually agree to the following:

- (1) The City will issue the Bonds in accordance with the Bond Resolution.
- (2) The proceeds from the sale of the Bonds will be used to finance the Project Costs.
- (3) The Authority hereby pledges ninety percent (90%) of the tax increment revenues generated by the property in the TIF District and received by the Authority (the “Pledged Tax Increments”) to the payment of principal of and interest on the Bonds, subject to the terms of this Agreement. At least three (3) business days prior to each debt service

payment date for the Bonds, there shall be transferred from the account of the TIF District to the Debt Service Fund maintained by the City for the payment of the Bonds, an amount of Available Tax Increment (as defined below), which when taken together with taxes levied for such purposes in accordance with the Bond Resolution, if any, and amounts to be deposited in the Debt Service Fund for the Bonds, is equal to the principal of and interest on the Bonds to become due on the subject payment date. Any Available Tax Increment in excess of one hundred five percent (105%) of the principal and interest due with respect to the Bonds on any payment date may be retained by the Authority in the account for the TIF District and applied to any costs of the Project in accordance with law, including the payment of principal of and interest on any interfund loans (the "Interfund Loans").

- (4) Without regard to anything in this Agreement to the contrary, Available Tax Increment may be pledged (at the Authority's option on a parity, superior or subordinate basis) to pay principal of and interest on the Bonds and any other obligations issued by the City, the Authority, including the payment of principal of and interest on the Interfund Loans, or any other public body to finance public redevelopment costs paid or incurred by the Authority in the Project or any other pledge permitted by law. The Authority reserves the right to release all or any portion of Available Tax Increment from the pledge under this Agreement (including without limitation the release of Available Tax Increment from any specific parcel within the TIF District) to the extent permitted by law, provided that in no event may the Authority reduce the pledge such that Available Tax Increment is reasonably expected to pay less than twenty percent (20%) of principal of and interest on the Bonds.
- (5) For purposes of this Agreement, "Available Tax Increment" means, on each February 1 and August 1 (the "Payment Dates") during the term of the Bonds, ninety percent (90%) of the tax increment attributable to the property in the TIF District which is paid to the Authority by the County in the six (6) months preceding the Payment Date.
- (6) This Agreement supplements any prior agreements between the City and the Authority with respect to pledges of Available Tax Increment.
- (7) An executed copy of this Agreement shall be filed with the County Auditor pursuant to Section 469.178, subdivision 2 of the TIF Act.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the City and the Authority have caused this Tax Increment Pledge Agreement to be duly executed on their behalf as of the date and year first written above.

CITY OF COLUMBIA HEIGHTS, MINNESOTA

By _____
Its Mayor

By _____
Its City Manager

Execution page of the Authority to the Tax Increment Pledge Agreement, dated as of the date and year first written above.

**COLUMBIA HEIGHTS ECONOMIC
DEVELOPMENT AUTHORITY**

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA
COUNTY OF ANOKA

CERTIFICATE OF MANAGER OF
PROPERTY RECORDS AND
TAXATION AS TO TAX INCREMENT
PLEDGE AGREEMENT

I, the undersigned Manager of Property Records and Taxation of Anoka County, Minnesota, hereby certify that a Tax Increment Pledge Agreement, dated July ____, 2021, between the City of Columbia Heights, Minnesota (the “City”) and the Columbia Heights Economic Development Authority, relating to the City’s Taxable General Obligation Temporary Tax Increment Bonds, Series 2021A, in the original aggregate principal amount of \$_____, has been filed in my office.

WITNESS my hand and official seal this ____ day of _____, 2021.

**MANAGER OF PROPERTY RECORDS
AND TAXATION,
ANOKA COUNTY, MINNESOTA**

By _____

Its _____

(SEAL)