



**City of North St. Paul  
Economic Development Authority  
Regular Meeting Agenda**

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**March 22, 2022  
3:00 PM**

The **March 22, 2022** Economic Development Authority meeting will be conducted at 3:00 p.m. The meeting location is the Sandberg Room at City Hall, located at 2400 Margaret St., North St. Paul.

Members of the public are permitted to attend the meeting in person, however, it is encouraged to view the meeting remotely. Instructions can be found below.

**March 22, 2022 Zoom meeting can be accessed via:** <https://tinyurl.com/NSPEconDevAuth>

**(from a PC, Mac, tablet, iPhone or Android device)  
or by phone at US: +1 929 205 6099 or +1 301 715 8592**

**Participants joining the meeting by phone please use the following passcode:  
86929140679**

The Economic Development Authority Zoom meeting will be 'open to the public to listen in but will be muted from contributing at all times with the exception of a Public Hearing and open to the public forum.

**Please join the meeting early to test your audio and video settings. If you join via a device and your audio is not working, you may need to use the dial-in phone number option in order to be heard.**

**I. Call to Order**

**II. Pledge of Allegiance**

**III. Roll Call**

Robert Dew, Chair  
Kevin Fuller, Vice Chair  
Don Jensen, Treasurer  
Tom Schifsky  
Archie Vickerman  
Terry Furlong, Mayor/Council Representative  
Tim Cole, Council Representative  
Brett Garry, Business Association Representative

STAFF

John Stark, Executive Director

Lisa Ritchie, EDA Admin. Assistant

**IV. Adopt Agenda**

**V. Meeting Open to the Public**

*This Open Forum is an opportunity for persons to address the Economic Development Authority on items not on the agenda. A completed public comment form should be presented to the staff liaison prior to the meeting. Comments will be limited to 3 minutes per person. While the Authority may ask clarifying questions of the speaker, no formal action by the Authority or discussion will be held on these items.*

**VI. Authority Business & Action Items**

A. Selection of a preferred development proposal for the Lillie Building site

**VII. Executive Director Report**

**VIII. Treasurer's Report**

**IX. Chair Report**

**X. Mayor Report**

**XI. Reports from EDA Members**

**XII. Reports from Staff**

**XIII. Adjournment**

**The next regularly scheduled Economic Development Authority meeting is April 12, 2022**



### To

Executive Director and Authority Members

### Date

March 22, 2022

### Agenda Placement # VI.A

Authority Business & Action Items

### Subject

Selection of a preferred development proposal for the Lillie Building site

### Background/Facts

Since December 2021, the EDA has been involved in efforts to play a role in the eventual redevelopment of the properties located at 2509, 2515 & 2517 7<sup>th</sup> Avenue E. (the Lillie Building properties). Since that time, there have also been two developers that have expressed an interest in a large-scale redevelopment of the site. The first of those developers is John Peccia and the other team is Jim LaValle and Basir Tareen. Staff reviewed the two proposals with the EDA at the March 8 EDA meeting and, later that evening, both developers presented their proposals to a joint Workshop that included the City Council and the Chairs and Vice-Chairs of the EDA and Planning Commission. At the meeting, some very good questions were asked and there was more refinement made to the proposals. Both developers indicated that they would need some degree of public financing assistance in order for their proposal to be financially feasible. The overall reaction to both proposals was positive. At the end of the meeting, I shared that the EDA would ultimately choose to forward with a developer to explore the availability of public financing assistance.

This table gives a very brief summary of the details of each proposal:

|                           | LaValle/Tareen                                                                                                                 | Piccia                                                  |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| Construction              | 100% new                                                                                                                       | 50% Rehab/50% new                                       |
| Estimated Market Value    | \$25-30 million                                                                                                                | \$1.85 million<br>construction cost; \$6<br>million? MV |
| Stories                   | 4-5                                                                                                                            | 2                                                       |
| Residential Units         | 65-88                                                                                                                          | 12 - 20                                                 |
| Commercial Area (sq. ft.) | 2,350                                                                                                                          | 12 - 16,000                                             |
| Assistance Sought         | 3rd party grants for<br>environmental plus TIF<br>for unfunded<br>environmental and to<br>bring pro-forma to<br>reasonable ROI | Environmental<br>abatement & utility<br>relocation      |

Since that time, there have been further discussions with both developers. I have also

endeavored to seek input from other developers and other communities as to the capacity and capability of each of the developers. I have also sought the input of the EDA's development consultant (Port Consulting).

Both Port Consulting and I share the recommendation that the EDA move forward with the team of LaValle and Tareen. The primary reasons are:

- A resulting market value that is estimated to be four times greater;
- The addition of more residents in the downtown area to provide vitality and increase patronage at downtown businesses;
- A development team with a great deal of experience in projects of this size.

This recommended proposal anticipates a demolition of the building. In the unlikely event that the result of environmental investigations conclude that demolition and site excavation are infeasible, then a reuse of the existing building may be reconsidered at a later time (and Mr. Peechia may be sought for resubmittal of his proposal).

If the EDA chooses to move forward with a particular developer at this time, I would recommend that we draft a "Preliminary Development Agreement" and negotiate the terms of that agreement with the developer. This Preliminary Agreement would establish some expectations at this early point in the process, including commitments by the EDA to:

- Work exclusively with this developer on public participation in the development;
- Conduct a preliminary analysis of the Tax Increment Financing (TIF) that could potentially be generated by the development;
- Provide the results of any "due diligence" items that have been completed;
- Provide information in the City's/EDA's possession about the property.

And commitments by the developer to:

- Either take assignment of the EDA's Purchase Agreement (PA) for the property or negotiate their own independent PA within a prescribed time period;
- Directly pay for, or reimburse the EDA for, costs associated with preparing the Preliminary Agreement, preparing TIF estimates, and providing "due diligence" results.

## Recommended Action

Designate the development team of Jim LaValle and Basir Tareen as the preferred developer for the Lillie Building property and direct staff to:

1. Either work toward assigning the EDA's potential Purchase Agreement (PA) to this development team or abandon negotiations of that PA in order for the developer to negotiate their own independent PA, and;

2. Work with Port Consulting and/or legal counsel on the drafting of a “Preliminary Development Agreement” for consideration by the EDA at a later meeting.
3. 3.Direct staff to request that the City Council establish an Interfund Loan in the amount of \$200,000 for the expenditure of funds on TIF Eligible Expenses to be repaid by later TIF proceeds.

## Attachments

None

Respectfully submitted,  
John Stark, City Manager