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

April 12, 2022
3:00 PM

The April 12, 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.

April 12, 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. Approval of Minutes

A. Approval of the February 8th and March 8th Meeting Minutes. (Note: The meeting minutes from the March 22nd meeting will be included in the May 10th packet.)

VI. 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.

VII. Authority Business & Action Items

A. Consideration of "Business Points" for Memorandum of Understanding with Jim LaValle and Basir Tareem related to the prospective redevelopment of the Lillie Building property.

B. Illustrations for development of 2579 7th Avenue

VIII. Executive Director Report

IX. Treasurer's Report

X. Chair Report

XI. Mayor Report

XII. Reports from EDA Members

A. Report on the March 24 City Council/Commission Chair Retreat.

XIII. Reports from Staff

A. Entertaining at least one additional proposal for 2395 Margaret Street North.

B. Information on the Richfield Displaced Business Grant

XIV. Adjournment

The next regularly scheduled Economic Development Authority meeting is May 10, 2022

February 8, 2022
3:00 PM

I. Call to Order

Robert Dew called the meeting to order at 3:00 PM.

Pledge of Allegiance

II. Roll Call

Robert Dew, Chair - Here
Kevin Fuller, Vice Chair – Absent (notified)
Don Jensen, Treasurer – Here (Arrived at 3:11 PM)
Tom Schifsky - Here
Archie Vickerman – Absent (notified)
Terry Furlong, Mayor/Council Representative - Here
Tim Cole, Council Representative - Here
John Stark, Executive Director - Here
Brett Garry, Business Association Representative – Here

STAFF
Lisa Ritchie, EDA Admin. Assistant

Attending via ZOOM

Attendee: Port Authority Representative Tonya Bauer

Note: Terry Furlong inquired about excused/unexcused absences and asked if we make note of that? Robert Dew responded that he has not seen a document that applies to the EDA in that regard. If there isn't anything in the By-laws that reference that…Terry had previously mention there is a city policy (?) that applies commissions and other things and Robert doesn't know if that is applicable to the EDA or not. John stated that he believes it does apply to the EDA. The city code states that the city council will conduct an annual review of commission members attendance records. The policy talks about excused/unexcused absences but doesn't go into great detail to explain it. We've talked about defining it, at a minimum, if forewarning is given, that absence is excused. If someone does not show up without forewarning, that is unexcused. Robert asked for staff to look into this to verify if it does apply to the EDA. Bring information to the next meeting. Robert added that whether or not it is technically needed, we would follow the guidelines. John Stark stated staff would come back with a recommendation on an attendance policy.

III. Adopt Agenda

Robert requested moving Election of Officers to the last item of business. Terry Furlong made a motion to adopt the agenda with proposed change and it was seconded by Tom Schifsky. Motion carried to adopt the agenda with all present voting AYE. Motion carried.

IV. Approval of Minutes

A. Meeting Minutes from February 8, 2022

Tim Cole made a motion to approve the February 8, 2022 meeting minutes which was seconded by Tom Schifsky the with all present voting aye. February 8, 2022 Minutes approved.

V. Meeting Open to the Public

Note: This is a courtesy extended to persons wishing to address the committee who are not on the agenda. A completed public comment form should be presented to the Arts and Culture Commission Committee Secretary prior to the meeting; presentationswill be limited to 3 minutes. This session will be limited to 15 minutes.

Panelist from the St. Paul Port Authority – Tonya Bauer (via ZOOM)

VI. Public Hearings

None

VII. Commission Business, Action Items & Recommendations

B. Status of Letter of Intent to purchase 2515 – 2517 7th Ave East

Summary:

Tanya Bauer from the St. Paul Port Authority was present via Zoom to present the status of the Letter of Intent to purchase 2515 – 2517 7th Ave East. John Stark stated: "At the December 20th EDA meeting the Board directed staff in conjunction with the St. Paul Port Authority to present a letter of intent. The action on the Letter of Intent was further refined at the January 11th meeting to reflect a revision of the properties to be included in that offer. Tonya has been working with Mr. Schwartz (the sales agent of the property). Mr. Schwartz proposed several revisions to the letter of intent, which was attached in the meeting packet. John stated the requested revisions aren't ideal, but thinks it is something the EDA can live with. If the EDA is agreeable to the terms of the LOI, the next step is for staff (John Stark, Tonya Bauer and the city's legal counsel) to negotiate a purchase agreement with the property owner.

Tonya presented the proposed changes. Primarily regarding the Payment Process. Larger sum up front at closing, shorter payoff period, and 5% interest rate – seller financing. The finding was 5% was high but through negotiations, 3 % could be acceptable to the sellers. Tonya stated that within the LOI, the sellers noted Personal Property, which is a concern of Tonya's as our representative. We need to make sure we have proper due diligence to ensure the proper disposal costs are considered as part of the due diligence. The due diligence does allow for renegotiation, modification to the sale price based on the outcome of due diligence. The purchase agreement is indeed "assignable" that is another area we want to make sure that follows through. In addition, ensure the EDA indemnification when it comes to the uniformity of the location as there are current tenants residing in one the properties. Overall, there have not been any significate changes to the LOI that was presented to and approved by the EDA last month.

Robert stated he thinks all of that looks fine, the question he has is understanding that it is normal to extend due diligence if needed, however, sticking to the intent of having 90 days to do our work, if we executed the purchase agreement, are we prepared to do that due diligence. Tonya concurred. She will go back to try to negotiate but there is not a consulting contract in place with the EDA with regard to the redevelopment. This would be working closely with staff to gear up the correct team that can do the due diligence in an expedient manner.

John stated, the short answer is, NO. We don't have anyone lined up to do a phase one, and John himself is spread thin. John would like to look into working with the Port Authority to see what they can do on our behalf.

Robert added that he has no issue in engaging the Port Authority to assist or help drive the due diligence. We originally proposed 120 days for due diligence, but the sellers countered to 90 days.

John stated he would like set bench marks. Proposing we keep the 120-day due diligence and report progress. If we don't meet these steps by such and such a date, they can get out of the contract.

Tonya confirmed they can propose as such but added they came back hard on the shortened due diligence but she believes they are committed to working with the city as a buyer. If the message can be conveyed with the right message, they may consider it.

Per Robert, what may be helpful, is if the seller can share what they already have, such as a Phase 1 that could have possibly done a year ago.

Don Jensen stated he doesn't think that has been done but confirmed the 60/40 is more important than the 90 days. As the 60/40 gets them even, mortgage paid, brokerage fees paid, etc.

Robert stated in the only other item in the LOI that is a concern for him is they rejected participation in removing the personal property. This would have given them the opportunity to cap. If we find $250K removal costs it will be reflected on the final sale price of the property.

Tonya noted it was part of their conversations and is considered part of the due diligence period. She also noted, within the purchase agreement, it is required to deliver any environmental documentation they may have.

Per John, his main concern is the removal of personal property piece of the contract and wonders what a reasonable dollar amount would be for us to walk away from the deal.

Robert is fine with the way the LOI is worded and the costs. Regarding the timing, John stated there are 2 clocks that start clicking; one for the due diligence and the other is finding a developer. There a couple of developers that have expressed interest. The EDA will need to narrow that down quickly. Robert inquired with Tonya whether the Port has staffing to be able to assist with due diligence.

Tonya replied, a proposal would need to be put together for this. They would not be working with an in-house team. They would put together a project team. They are full capacity right now in many different realms but she is sure they can work to assist with the due diligence as well as the development. She will work with the Ports Senior VP of development to put a proposal and project team together.

Robert asked staff to verify that we have a plan on that, which isn't 4 months out before anything is signed. Tonya indicated June 30th was the originally proposed closing date. If the EDA becomes property owner before June 30th, that means the property would become tax exempt for the payable tax year the following year. Which could be added value to potential developers.

John spoke of the developer interest in the site. There were already 2 parties interested in the property when John started working for the city which he has had (along with the Port Authority folks) multiple conversations. Both are still interested. One seems ready to take concrete steps to move forward. One of John's fear is that the EDA gets on board with one of the developers and down the road we may hear different thoughts from the Planning Commission or City Council.He prefers to have a joint workshop with a select few from the EDA, Planning and Council to vet the 2 proposals. Based on timing, it would need to be a "Special Meeting" in February, hoping to move forward with the project after the meeting.

Robert doesn't want to lose sight of the end goal which is to gain control of the building and is fine with holding off a bit (4-6 months) to get the right deal if needed. Per Robert the next step is to have staff proceed with finalizing a purchase agreement and get a proposal from the Port Authority to ensure we have the ability to conduct the due diligence.

Regarding the due diligence period, John stated that Tonya should communicate to the sellers, there are pro's and con's with working with a public entity. Pro is it is public information that is obtainable and we are a reputable body. The downside is the EDA only meets once a month and we are a little short staffed, so hopefully if Tonya can convince them that there are enough positives in dealing with the government entity, that dealing with another 30 days is worth it.

Tonya agreed and said she expressed and believes Tony does understand the nuances and the bureaucratic process we have to go through. Robert restated the recommended action as: Staff is recommending we adopt a motion directing staff and legal council to draft and negotiate a purchase agreement reflective of the terms contained in the revised letter of intent contingent on EDA ratification at a later meeting date.

Terry inquired about the letter of intent. John indicated the letter of intent is a stepping stone and the EDA feels comfortable with where the letter of intent is now and we can move forward with the purchase agreement.

John added it may be possible to delegate authority to approve the purchase agreement to the EDA Chair and Executive Director to help expedite the process if needed. We would need to check with legal.

Robert made a motion to direct staff and legal counsel to draft and negotiate a purchase agreement reflective of the terms contained in the revised letter of intent contingent on EDA ratification at a later meeting date and if permissible, authorize the EDA Chair and Executive Director to execute the purchase agreement without full ratification of the EDA.

The motion was moved by Terry Furlong and seconded by Tim Cole. There was no further discussion. Don Jensen abstained from voting. All others present (4 members) voting "AYE". Motion carried.

Robert added subcategory to this agenda item:

The original intent was we would have a development partner at closing. If we don't have a development partner, we don't have $850K to cover the cost, where will we get that money?

John stated he walked into this process after the letter of intent had already been drafted. Therefore, he assumed the money was there.

Per Tim Cole, we only need 60% up front. Robert agreed and added that would pretty much wipe out the EDA account.

Tonya added there has been conversations at the Port as they serve us and look at this property, they want to make sure there is an exist strategy in place. There have been conversations with the two proposals. One of the developers is eager to invest in our city and has proposed an outright purchase of the property directly. They have been holding off because they want to partner with the city on the project.

John said it should be a question asked of each developer at the special meeting, "How will you get us (the city) out of this?" This question may determine which of the developers will be chosen.

Terry Furlong inquired about the potential GAP in funding and how that would be handled?

Robert stated the need to address each issue as it arises. He didn't want to shut anyone down for raising concerns but recognizes there will be unknown issues along the way and isn't something we can problem solve all in advance and there isn't a lot of value in trying to do so.

Robert stated, staff has direction for the motion. A side note, he asked staff to think about the money and address it at the next meeting. In terms of the earnest money, that is not a concern so we are prepared to go to the next item on the agenda unless anyone has further discussion.

C. Direct staff to seek a Housing Market Study for the Downtown Area

Summary:

John gave a quick run-down of the status. He is still trying to figure out what his purchasing authority is and per the finance director, is pretty limited. Based on what he heard in the last meeting, he felt he had enough information to move forward but because of his limited purchasing authority, he is bringing back to the EDA to make a formal action. The EDA mentioned looking for a generalized housing study that included specific housing types whether they are general occupancy, rental, senior rental with varying degrees of services and occupied attached housing (ie: condominiums and townhomes) - what the market is for these types of housing. John had contacted Mary from Maxfield who has been providing these services the longest in the area. They would be doing the study for the community as a whole rather than location specific. Maxfield has some expertise in commercial market analysis but they are not the experts therefore recommends asking them just to touch on the commercial market without going into great detail.

As John has spoken with potential developers around town, he inquired it they planned to do a site-specific market analysis? The reply was that they would if we proceed we would. John proposed cost sharing on the generalized market study. All developers agreed if it made sense for both parties, they will do that.

John stated that if the EDA wants to get a proposal from Maxfield, he will bring it back next month for action.

Robert suspected the proposal would run approximately $10K to $15K. Adding if the EDA wanted to they could make a motion to approve up to $15K or less, if it is more than that, it should come back to the EDA for review. Robert added the analysis should include the new development Oakdale by Imation. He would also like to find out what the Port Authority's plans are for the Hillcrest area.

Robert Dew made a motion to direct staff to seek a generalized, non-site-specific market analysis proposal from at least one firm that can give us a detailed analysis on housing supply and demand, and a more generalized analysis on commercial retail demand within the city. If an acceptable proposal comes in at $15K or less, the Executive Director can execute the proposal on behalf of the EDA without bringing it back for full review. Don Jensen moved the motion and it was seconded by Terry Furlong. Motion carried as stated above with all present voting AYE. Motion carried.

D. Direct staff to seek "Engagement Letters" for Legal Services related to Tax Increment Financing and Bonding.

Summary:

John previously spoke with Soren Mattick (city attorney) and found Campbell Knutson the legal firm that the EDA and city uses does not work on tax increment financing and bonding. We have utilized Taft Stettinius & Hollister, LLP. For legal advice on these issues in the past. John recommends seeking engagement letters from Taft Stettunius & Hollister, LLP as well as Kennedy and Graven who specializes in this line of work. We would get excellent service from either firm.

Robert asked if the engagement letters required retainers?

John doesn't think they would. The letters would tell their hourly rate would be. John stated he will bring the same recommendation to the City Council to keep consistency.

Robert made a motion to direct staff to seek engagement letters from the firms Taft Stettunius & Hollister, LLP as well as Kennedy and Graven for representation of the EDA in terms of Tax Increment Financing and Bonding. Terry Furlong moved the motion and was seconded by Don Jensen. Motion carried as stated above with all present voting AYE. Motion carried.

E. Annual Election of Officers

Summary:

Per Robert Dew, the EDA By-Laws require an annual election of officers of the EDA. It only requires election of the Chair and Vice-Chair. The Treasurer and Secretary positions are appointed by the authority. Tonight, we are missing 2 members but we have a quorum and can still do the election or if we want to wait until next month when all parties are present, we can do that as well.

Terry encouraged (if willing) Robert Dew remain Chair and Kevin Fuller as Vice-Chair.

Robert is happy to continue for at least 12 more months and he had previously spoken with Kevin Fuller who is also willing.

Terry Furlong made a motion to re-elect Robert Dew as Chair of the EDA for 2022. Tim Cole moved it and it was seconded by Tom Schifsky. Motion carried as stated above with all present voting AYE. Motion carried.

Terry Furlong moved to re-elect Kevin Fuller as Vice-Chair of the EDA for 2022. it and it was seconded by Don Jensen. Motion carried as stated above with all present voting AYE. Motion carried.

John stated the State Statue and the EDA By-Laws differ on the length of the term of the commissioners but we haven't had enough time yet to process that. Next January, we will come back with a recommendation for a revision to the By-Law.

VIII. Executive Director Report

Summary:

John had a conversation with the developers from JB Vang about the site across the street. John conveyed to them the concerns about architecture. We discussed at length, commercial space there. The desire from the EDA is to have more commercial space than they currently show. They are nervous about the demand for commerical space. John worries that we would be cannibalizing 7th Street with the commercial space in the new location. Whatever commercial goes into the new location, reduces the demand on 7th street. They may not be able to get the type of leases that businesses on 7th may be able to get, therefore, the development would need to subsidize. Personally, John would like to see the commercial space on 7th Street.

Robert stated his point was well taken and what we are doing with the Redevelopment Master Plan address some of this. His overall concern is the EDA needs to try to keep established businesses and new residents here.

Terry added, the Lillie building may also add some additional services that we currently don't have.

Robert just wants to make sure the EDA is thinking about this.

Questions John asked of the EDA: 1) How hard do they want him to keep pushing on the retail space? Per Robert, he recommends using his best judgement. None is not the right answer but Robert is not married to it. He does feel they will be able to find a good use for that space. John stated it is two-fold, the demand and also the fact that commercial space is more parking intensive. 2) Does the EDA want John to court other developers or just continue with JB Vang? Robert stated it is not unreasonable to make it know that we have some parcels that are available for development. If there is interest, we want to talk to them.

IX. Treasurer Report

Summary:

Don stated he met with the finance director to get a few questions answered. He learned the $49K in land is at 2498 7th (FKA: Rite-Price Gas Station) acquired on 10/17/12, $ 4800 in the Miscellaneous account, $3600 of it was utilities related to the Sentinel Building. $8600 in refunded/reimbursement accounts Reimbursement in utility expenses. $10,000 in transfer to

other funds. HRA, EDA and the enterprise funds all transfer to the general levy. The finance director is still looking into how the funds are arrived at.
Per Robert, the 12/31/21 Financial will be included in the report to Council.

X. Chair Report

Summary:

Robert did not attend the last meeting but Don did. Don stated we worked on generalizing some of the areas we got specific about the Oak Hill area and some properties between Margaret and McKnight. Hwy 120 was also briefly discussed but was tabled until after the upcoming meeting with Oakdale, surrounding areas and MN Dot.
Per Robert, he sent out the annual report to the EDA and received some comments back. Robert entertained a motion to make the minor corrections suggested on the annual report, finalize it and forward to the city manager so it can go to council. Terry Furlong seconded the motion. All present voting AYE. Motion passed as stated above.
Robert reviewed the Insurance and there seems to be a number ot things listed in the policy that Robert feels we don’t need and are paying for. John will consult with someone who knows insurance.
Robert inquired about Errors & Omissions coverage or Directors & Officers coverage?
Lisa will ask Jenny to report back to John with information regarding this coverage.

XI. Mayor Report

Summary:

RT has signed a contract thru the end of 2022 to continue to rent the Community Center. Terry will look for direction from the City Manager on how to proceed going forward because the Council decided to keep the facility. We have time now to get a committee together to research options.
Robert stated he feels the city should put the community center in the hands of the EDA. John said it depends on what the function of the building is. If it is to garner rent, it makes sense for the EDA to take it over. If the function is to provide recreational services, it is a city function.

XII. EDA Members Report

None

XIII. Staff Report

None

XIV. Adjournment

Robert made a motion to adjourn the meeting. Tom Cole moved it and Tom Schifsky seconded the

City of North St. Paul
Economic Development
Authority
Regular Meeting Minutes

March 8, 2022
3:00 PM
https://us02web.zoom.us/rec/share/eoSdxDrzmJQBSjL_45Za8o0OTdInn6UN4cjPAL936K_QVCr7RExRd6CkZZpHXNmQ.YSEGxvghVZMVWR06?startTime=1646772870000

I. Call to Order

Robert Dew Called the meeting to order at 3:00 PM

II. Roll Call

Robert Dew, Chair - Here
Kevin Fuller, Vice Chair - Absent
Don Jensen, Treasurer - Here
Tom Schifsky - Here
Archie Vickerman - Here
Terry Furlong, Mayor/Council Representative - Here
Tim Cole, Council Representative - Here
Brian Frandle, Executive Director - Here
Brett Garry, Business Association Representative – Absent

STAFF
Lisa Ritchie, EDA Admin. Assistant

A. Attending via ZOOM

None

III. Adopt Agenda

Archie Vickerman made a motion to adopt the agenda and it was seconded by Tom Schifsky.

Motion carried to adopt the agenda with all present voting AYE. Motion carried.

IV. Approval of Minutes

B. Meeting Minutes from 11/30/2021
Minutes not attached in packet. Tabled for next meeting.

V. Meeting Open to the Public

Note: This is a courtesy extended to persons wishing to address the committee who are not on the agenda. A completed public comment form should be presented to the Arts and Culture Commission Committee Secretary prior to the meeting; presentationswill be limited to 3 minutes. This session will be limited to 15 minutes.

Attendee: None

VI. Commission Business, Action Items & Recommendations

C. Consideration of a proposal from Port Consulting for conducting Due Diligence on behalf of the EDA associated with a pending Purchase Agreement related to 2509, 2515 & 2517 7th Avenue E

Summary:

John Stark stated due to the city's staff being spread thin, the decision was made to contract with the Port Authority execute the due diligence of all of the things a developer would look at when considering the development of a property. The Port Consulting would manage the project but contract the work with an environmental and engineering firms. They obtained 3 bids and ultimately chose to work with WSB. The total of all associated costs for this project, including Port Consulting fees, WSB fees and the building assessment fees art approximately $67,970.

Robert Dew doesn't think the building assessment is necessary as it will be a complete demolition. John stated one of the proposals that is being considered does include a rehab of a portion of the building so the assessment would be necessary. Robert inquired about how much we could take on without assuming all of the costs? He thinks it stated it makes sense to have a follow-up discussion and get this moving forward. Robert then stated there is another thing to know before a decision can be made on this action item. In a previous meeting it was agreed to convert the Letter of Intent into a purchase agreement. The Port consulted with our attorney and was stated there were two issues of concern. John stated it is privileged information so didn't get into details but added one of the things that were brought up would "at best" slow the purchase process down and at worst, would required the EDA to do things differently. There is joint workshop planned in a few hours with the City Council, Chair and Vice Chairs of the EDA and Planning Commissions to discuss the proposals. One of the things that may come out of that workshop is that the EDA is told to keep doing what they are doing, purchase the property first, find a developer second or the other possible outcome of the meeting could be to recommend one of the developers work directly with the owners of the property which would remove the EDA from the purchasing process. In this case, it would need the EDA wouldn't need to do the due diligence, the developer would. Per Robert, It is the EDA's goal in this project have to control over what goes in down there. If the EDA is able to advise one of the two potential developers to work with the owner directly, the goal would have been met. Kevin Fuller stated he would like the EDA to spend some money to find out if there are any hazardous materials in the building which could bog the process down if we just advised one of the developers to move forward. Terry stated they had talked to the owners previously and advised them to do the due diligence but they didn't take any action.

John stated that in his conversations with the Port Authority, they would recommend doing the phase 1 and would strongly recommend a phase 2 and because of the way was used. Adding, so therefore I would advocate for doing both the phase 1 and phase 2 the thing that the building of the way it was used would require the phase 2 would lead to a phase 2 so therefore I would advocate doing the phase 1 and phase 2 secondly my final is if we did this to diligence the developer would eventually if they were needing public assistance with compass of the development agreement and we have these reports and we done that they essentially would've had it done anyways and they would reimburse us for those.

Per Kevin Fuller we might find a better candidate in the process to put building in the spot if we do this due diligence.

Per Robert Dew, speaking of the phase 2, the only agreement that John and I suggested was the hazardous material

Where is phase 2 does get into more destructive and that would bias a little time to sort through the stuff. The hazardous material assessment does not get into nondestructive testing. If determined in the building a little bit Robert agrees it would have to be done by someone.

John stated he did speak with the folks at WSB and they are willing to take it in parts and pieces.

The way John hears it is the EDA is moving towards a motion and meeting the way we wanted to do it is to direct staff to do a phase 1 and the expenses and gives them authority to staff to pull the trigger on phase 2 at the EDA's discretion as appropriate.

The reason John says this is because the seller has expressed some frustration with the speed that things are moving. John has told them that the decision-makers only meets once a month which slows things down. Kevin Fuller stated he didn't think they had any serious offers because of the due diligence required which could very quickly become extremely expensive John thinks the seller has refrained from marketing because of the process. Kevin Fuller said a developer can't really go in there and make an offer without knowing what's underneath it and what's in it.

Tim Cole stated that after looking at the WSB proposal and estimates being on that little bit on the high side would making it motion lock us into the proposal or would it give us the opportunity to seek additional estimates.

Per Robert Dew it was his intention to direct staff to negotiate.

Don Jensen stated that he is not certain that the asbestos is the only hazardous waste in the building. There was discussion on the printing process using lead which at some point in time most likely leached into the cement or even the ground.

Robert Dew stated, it's just identifying the materials so the proper steps may be taken to clean it up.

Robert made motion to direct staff to negotiate with the port on a reduced quote proposal that would include the phase 1 environmental site assessment and the asbestos assessment. Not to exceed $20,000. Archie moved it and Tom the seconded the motion. Terry Furlong asked if this needs to be approved by the seller. Per John it does not with the letter of intent but it would with the purchase agreement. John doesn't believe we have the authority and total purchase agreement is executed. Terry cautioned that without knowing what is going to happen tonight we need to make sure the steps are taken in the right order. Robert concurred that any of the steps that the motion stated could not be started before the purchase agreement is signed. And even if we are the party moving forward with the purchase agreement not only can we expect the motion to stall the purchase agreement and he doesn't think we should wait another month so that we could do is set a special meeting to further discuss and take further action. Kevin Fuller inquired if there was something they could do now to put a proposal together based on tonight's result?

If something happens tonight that would allow us to move forward that we would have to have a special meeting with the proposal a proposal together like that. . Robert stated they could, and restated the motion as: to direct staff to negotiate the balance of the proposed work to include the phase 2 and other assorted tasks at the discretion of the Executive Director up to $30,000. Moved by Kevin Fuller and seconded by Archie Vickerman all in favor voted aye and Don Jensen abstained.

Robert made another motion related to the letter of intent to approve a direct staff to negotiate a purchase agreement and executed as long as it's generally aligned with the letter of intent and the terms of the purchase agreement with the approval of the city attorney.

Motion: Authorize staff to negotiate a purchase agreement on the properties in accordance with the LOI. And with the approval of the city attorney. Moved by councilmember Cole and seconded by Archie Vickerman.

All in favor voted aye, no one objected, Don Jensen abstained.

D. Redevelopment Master Plan Update

Summary:

Robert Dew stated, the overall goal of the committee is to get the redevelopment master plan in line with the current 2040 comp plan.

Reviewing each of the areas the committee is looking at. Robert stated good progress is being made. There was discussion again about properties that are of concern, creating a footprint of properties that may have a higher better use in the future. It does not mean that any properties or existing businesses are being pushed out. We are not trying to take control of their properties just getting a long-term plan, the committee is on track for timing and hopes to present something to the public in June for review. There has been discussion about green space downtown and how it can be incorporated. Incorporating roundabouts into the streets plan is being discussed but nothing is definite yet, it is still in the works.

Robert is confident that good things are coming out of this as the committee members are members of the EDA counsel and the planning commission. It is bringing everyone in alignment with the long-term plan.

E. Improvement to City owned vacant lot on 7th Ave between Sidewinders and Tattoo Shop

Summary:
Robert Dew stated, Something that came out of the redevelopment master plan review was the need for green space downtown. The property is currently earmarked for potential development in the interim it has potential to be green space. Per Robert the RMP review committee asked him to take back to the EDA is the idea to do something similar to what was done to the old City Hall site in the interim until it was sold. This is a good opportunity to create some connection between 7th Ave and Seppala. This is proposed to be temporary and not permanent. Per Don Jensen this is the largest space available for gathering during the car show or other events. Per Robert, we are talking about cleaning the space of and getting some green space. There was some discussion of the possibility of this area becoming a parklet. Robert school for the EDA is to approve the space and get some design estimates. Kevin Fuller suggestion was that if we are going to implement design standards we need to get the word out to all on seventh Avenue so they don't take their own initiative and adjuster buying. If we are going to do something in the city with property, we should wait until the guidelines are set so that can be communicated to all. Terry stated he thinks the ordinance only pertains to the bars downtown at this point as it was implemented to accommodate customers outside during COVID.

Motion: Robert Dew made a motion to direct staff to get a proposal for three designs that would incorporate some green space and parking for a temporary space within a $3500 budget. Motion moved by Archie Vickerman and Tim Cole seconded the motion. All in favor voting aye. Motion passed.

VII. Old Business

Summary:

Don Jensen inquired about the status of Mac's Diner. Robert due asked staff to bring an update on the status to the next meeting.

Tim Cole inquired about the status of the Ground Round and surrounding properties. Per Robert Dew, he had asked the Port to get a proposal to do some investigation to see if the EDA can get their hands on it. He thinks that fell off the agenda somewhere and would like to get the ball rolling on this again.

VIII. Executive Director Report

Summary:

- Update on the Development Concepts related to 2509, 2515 & 2517 7th Avenue E
  John passed out the development proposals that will be presented to at the joint workshop this evening. The purpose of the meeting is to get the other bodies involved. The EDA reviewed the proposals. John explained at high level the differences between the two proposals. Tom Schifsky pointed out The Sentinel is 4 stories where as one of the proposals is 5 stories. John assured there is a height restriction the developer would need to follow. John stated as far as the proposals go, one seems undersized and the other seems oversized.
- Update on the Housing Needs Assessment for the Downtown Area
  Per the EDA's request, John got a bit from Maxfield's to do a Housing Needs Assessment which came in at the exact dollar amount approved by the EDA so John signed the contract and the study has started.
  John would like to start a running list of available properties and asked for the EDA's input.
  He informed the EDA that he will be asking for a Community Development Director position. Understanding the EDA is in need of support as well and he intends a percent of the new hires budget/time will be allocated to the EDA.

IX. Treasurer Report

Summary: Nothing

X. Chair Report

Summary:

Nothing more to report but a request for the EDA to keep their eyes/ears open for a potential person to come on board with the EDA. John suggested considering gender or some other sort of diversity for the position.

XI. Mayor Report

Summary:

Tomorrow he will be doing a State of the City. He will introduce new hires and also give an update of the city.

XII. EDA Members Report

Summary:

Tom Schifsky inquired about a video that had been created about 4 or 5 years ago.
Robert stated he thought it is on the city website. Lisa stated she will follow up and ask for it to be posted if it isn't.

XIII. Staff Report

Summary:

Lisa informed the EDA there were a few (4-5) people who attended throughout the meeting via Zoom.

XIV. Adjournment

Tim Cole made a motion to adjourn. moved it and Archie Vickerman seconded the motion with all present voting aye. Meeting adjourned at 3:34 PM.

NORTH ST. PAUL
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Agenda Information Memorandum

To	Date
Executive Director and Authority Members	April 12, 2022

Agenda Placement # VII.A

Authority Business & Action Items

Subject

Consideration of "Business Points" for Memorandum of Understanding with Jim LaValle and Basir Tareem related to the prospective redevelopment of the Lillie Building property.

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 7th Avenue E. (the Lillie Building properties). At a Special Meeting of the EDA on March 22, 2022, the Board adopted a Motion to select the team of Jim LaValle and Basir Tareem as the "preferred developer", to cease negotiations for the purchase of the property in order for the developer to negotiate directly with the property owner and to direct staff to draft a "Preliminary Agreement" with the development team.
Since that time, the development team has negotiated a contingent Purchase Agreement with the property owner and has indicated their eagerness to move forward with their development proposal. EDA staff and staff from Port Consulting also met and decided that a "Memorandum of Understanding" (MOU) may contain the same terms and have all the benefits of a "Preliminary Development Agreement, " but would be a more simple and straightforward document. EDA and Port Consulting Staff have drafted a set of "business points" that would serve as the basis for this MOU and have shared them with the Development Team in order to determine whether they would be amenable to the proposed terms. These business points are as follows:

North St. Paul EDA would agree to:

- Work exclusively with this developer on public participation in the development for a period of 8 months
- Work with our financial analysts (Baker Tilley) to 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 a copy of the Housing Market Study (once complete)
- Provide information in the City’s/EDA’s possession relating to the property

The Development Team would agree to:

- As of April 6, 2022, it has entered into a contingent Purchase Agreement for the development property
- Provide the EDA or its consultants with a Pro-Forma and a Sources and Uses Statement for the development proposal
- Directly pay for, or reimburse the EDA for, all legal and consulting costs associated with preparing the Preliminary Agreement/MOU and a Development Agreement, preparing TIF estimates and providing any available "due diligence" results
- Reimburse the EDA for $______ in costs already incurred by Port Consulting in assisting the EDA in relation to this project
- Host a community meeting to garner input on building design and further refine its architectural plans and renderings

Both parties would jointly resolve to:

- Draft and enter into a Development Agreement by December 3, 2022 that clearly identifies:
    1. The scope of the project
    2. General building plans
    3. Permit submission schedule
    4. Construction schedule
    5. Amount, type and timing of public financial assistance
    6. Park dedication plans

EDA Commissioners may have other issues that they would like to see included as business points.

Recommended Action

If there is EDA Board agreement on these business points, staff is recommending that the Board adopt a Resolution (attached) empowering the Chair and Executive Director to execute a Memorandum of Understanding containing these terms as well as any nonsubstantive language common to such documents.

Attachments

None

Respectfully submitted,
John Stark, City Manager

NORTH ST. PAUL
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Agenda Information Memorandum

To	Date
Executive Director and Authority Members	April 12, 2022

Agenda Placement # VII.B

Authority Business & Action Items

Subject

Illustrations for development of 2579 7th Avenue

Background/Facts

- **Concept A**: This concept removed the access from 7th creating a safer space for pedestrians on the 7th Ave. sidewalk. By doing this, you also gain two additional on street parking areas. There is a parking lot located on the north side with access off Seppala shown as one-way flow for up to 14 stalls. The parallel parking could be used for food trucks or other larger event vehicles. This concept creates the largest green space (125'x75' or 9,375 s.f.) adjacent to the 7th Ave. sidewalk. Additional sidewalk areas, benches, plaza, etc. could be added to the green space but for now the 'green' areas are non-vehicle areas for flexible pedestrian use.
-
- **Concept B**: Slightly different version of Concept A with the key difference being a larger parking area for up to 20 vehicles instead of 14. It is a two-way flow parking lot though the green space is reduced by about 15' in depth (125'x60' or 7,500 s.f.).
-
- **Concept C**: Vehicle access is maintained both off 7th and Seppala by protecting existing driveway aprons. I have shown two opposing one-way lanes with angle parking. This option provides parking for up to 20 vehicles though you loose the 2 additional stalls in the street by keeping the drive aprons. The green space is oriented north and south with access to parking stalls and the sidewalk on 7th. The green space is smallest in this concept (50'x125' or 6,250 s.f.). With this concept keeping the drive aprons off 7th , you will still have come crossing traffic conflicts between pedestrians and vehicles along the sidewalk on 7th.

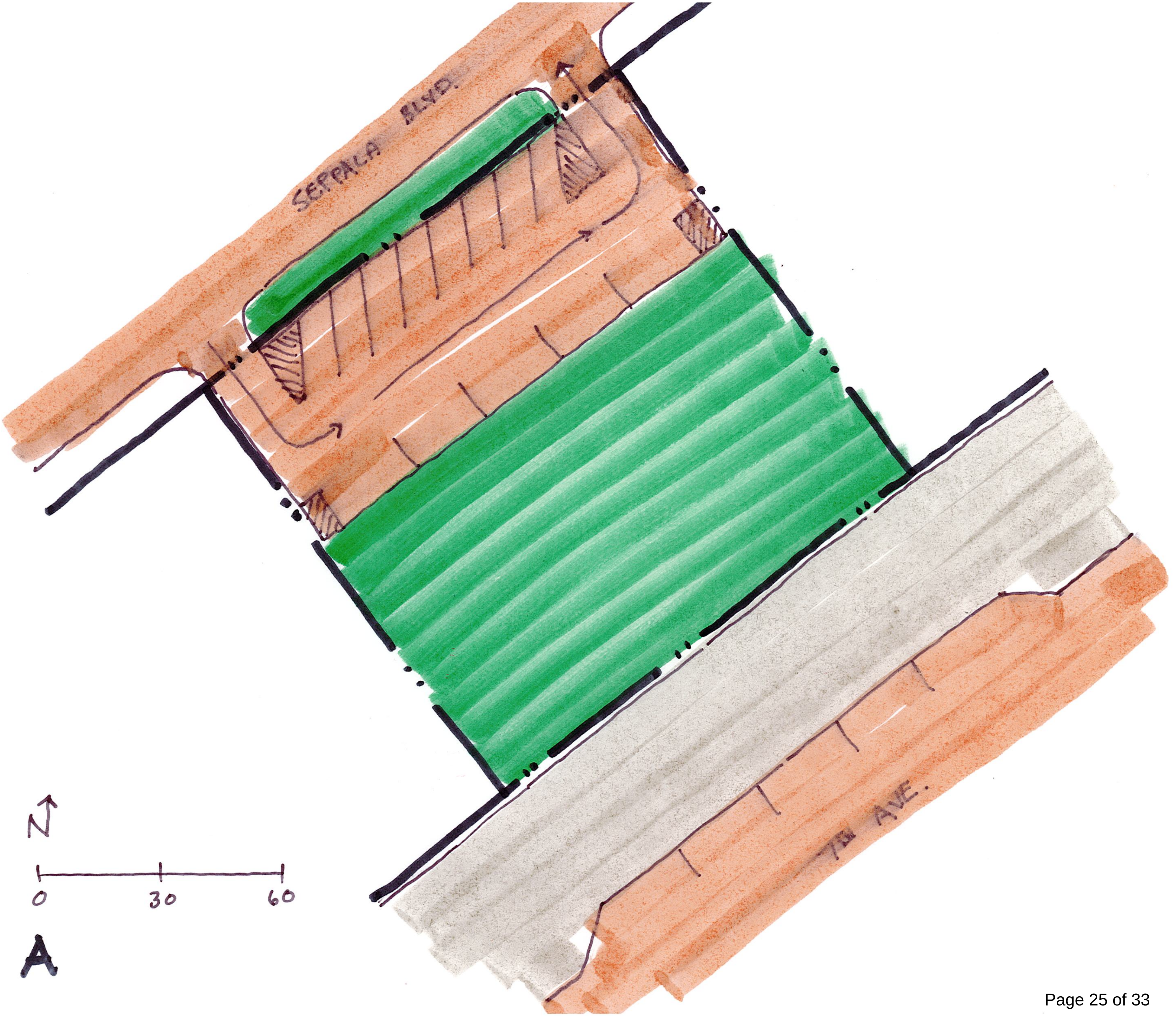
Recommended Action

Choose one of the three options and provide directions for desired changes, if any.

Attachments

1. 2579 Parcel Concepts

Respectfully submitted,
Lisa Ritchie, Administrative Assistant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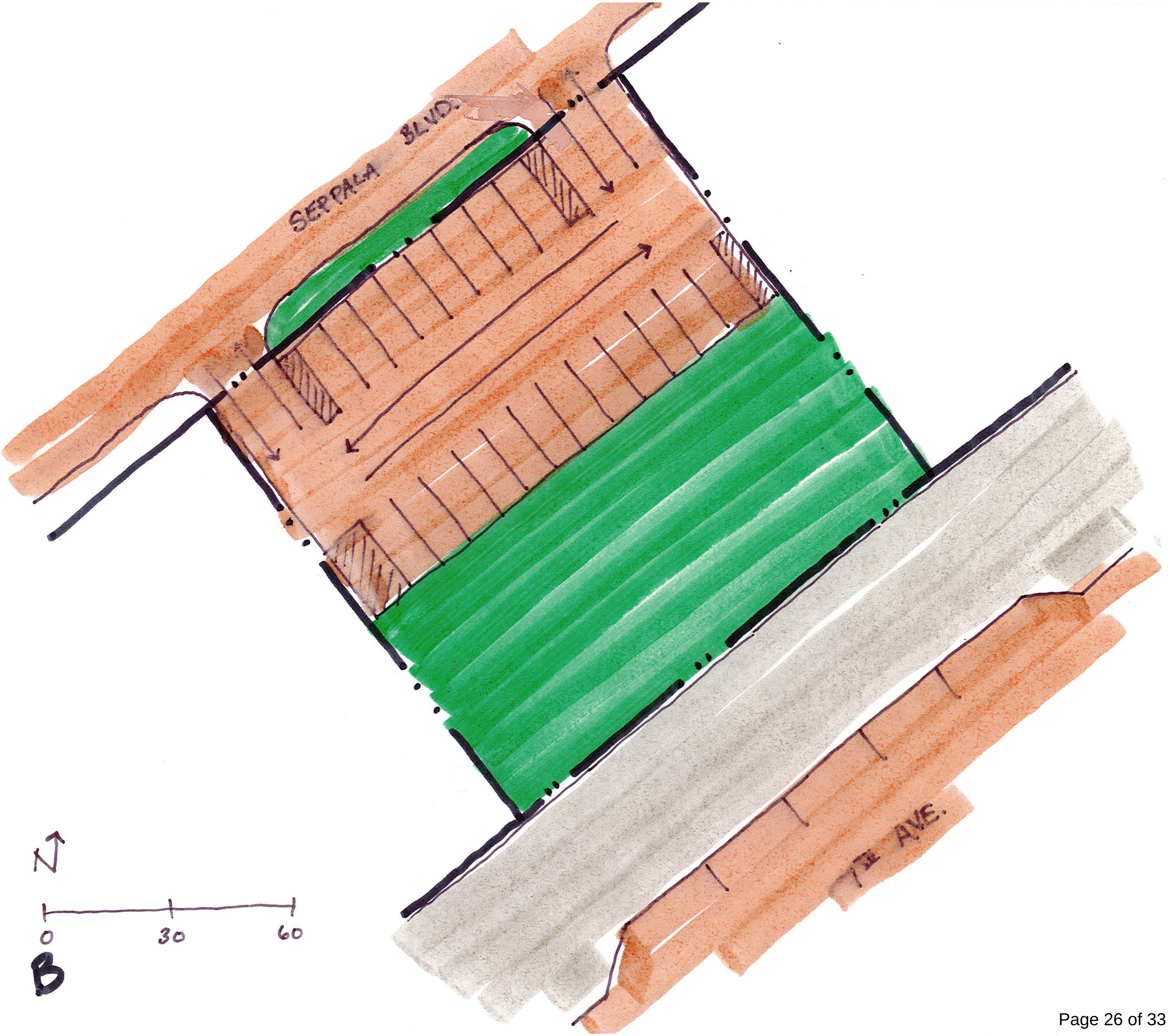

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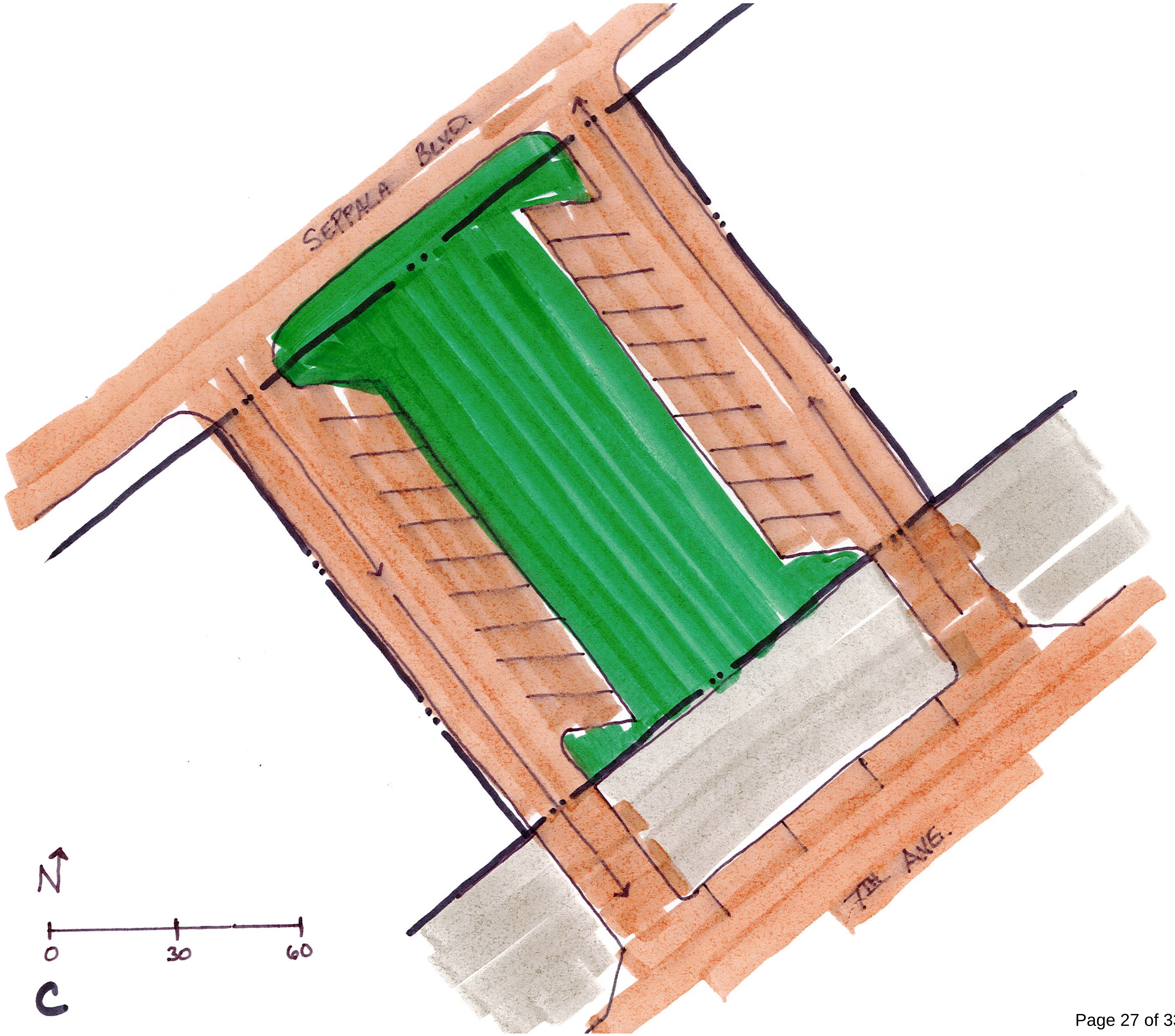
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NORTH ST. PAUL
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Agenda Information Memorandum

To	Date
Executive Director and Authority Members	April 12, 2022

Agenda Placement # XIII.A

Reports from Staff

Subject

Entertaining at least one additional proposal for 2395 Margaret Street North.

Background/Facts

At the January 5, 2022 EDA Meeting developers from the development company JB Vang presented a proposal for the development of the EDA owned property at 2395 Margaret St. N. with a four-story 69-unit apartment complex with 2,000 sq. ft. of commercial space. That development team continues to express interest in developing the site. Since that time, other developers have inquired about potential redevelopment sites in North St. Paul and at least one has expressed an interest in this particular site. In accordance with "best practices," staff is recommending that the EDA consider at least one competing proposal before selecting a preferred alternative.

Recommended Action

No action is necessary.

Attachments

None

Respectfully submitted,

North St. Paul
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Agenda Information Memorandum

To	Date
Executive Director and Authority Members	April 12, 2022

Agenda Placement # XIII.B

Reports from Staff

Subject

Information on the Richfield Displaced Business Grant

Background/Facts

At the March 22 Special EDA Meeting, two businesses that are currently operating in the Lillie Building attended the meeting to share their concern that they might be displaced without sufficient funds to relocate. Executive Director Stark shared his opinion that every project is different and some projects may trigger the requirement to meet the Federal Uniform Relocation Act while others do not; this is usually a determination made by attorneys.

In the event, however, that a City is not legally obligated to provide relocation assistance to displaced businesses, they may do so voluntarily. While I was the Executive Director of the Richfield EDA and HRA, those bodies approved a program called the Displaced Business Grant. I am attaching the Staff Memo recommending creation of that grant in Richfield for consideration by the EDA Board of whether they would like to consider a similar program in North St. Paul. Two issues that you might want to consider are: 1) whether the funds should be restricted to businesses that relocate within North St. Paul's border, and 2) the maximum amount that each business could receive (the amount in the Richfield program was driven as much by budget constraints as anything else).

Recommended Action

Attachments

1. 12-21-2020 EDA DisplacedBusinessGrant-StaffReport

Respectfully submitted,

AGENDA SECTION:	RESOLUTIONS
AGENDA ITEM #	2.

STAFF REPORT NO. 18
ECONOMIC DEVELOPMENT AUTHORITY MEETING
12/21/2020

REPORT PREPARED BY:	John Stark, Executive Director
OTHER DEPARTMENT REVIEW:	
EXECUTIVE DIRECTOR REVIEW:	John Stark, Executive Director 12/16/2020

ITEM FOR COUNCIL CONSIDERATION:

Consideration of a resolution implementing a Displaced Business Grant.

EXECUTIVE SUMMARY:

On March 16, 2020, the Richfield Economic Development Authority (EDA) discussed the creation of a Displaced Business Grant. At that meeting EDA Commissioners agreed that they wanted to ensure that funding is made available to businesses that are displaced as a result of redevelopment projects that receive funding from the City of Richfield, the Richfield Housing and Redevelopment Authority (HRA) or the Richfield EDA. In some cases, that funding will be provided by the developer as formal "Relocation Benefits" as proscribed by the Uniform Relocation Act (URA). In some cases, however, the timing and nature of a developers actions to purchase a property and redevelop it does not legally obligate the developer to provide any such relocation benefits. In these instances, the EDA's Displaced Business Grant would offer some degree of assistance.

The implementation of creating the Displaced Business Grant was ceased in late March when it became evident that the most pressing need for EDA business assistance was related to the COVID pandemic. At this time, however, there is a potential that businesses could be displaced by redevelopment in the coming months and staff believes it is important to have this Displaced Business Grant program in place so that affected businesses could be made aware of available funding before beginning their search for a replacement location.

Other than the per business funding, staff is continuing to recommend the same guidelines that were proposed by staff, and generally agreed upon by the EDA, in March. The recommended funding, however, has been slightly increased (from a maximum of $3,000 per business to a maximum of $3,600 per business). The recommended guidelines are as follows:

Eligibility

- Businesses must be required to move due to the approval of a redevelopment project that is receiving at least $100,000 in funding from the Richfield HRA or EDA pursuant to a Development Agreement executed by the developer and either the EDA or HRA (not a Preliminary Development Agreement);
- In order to receive funding, the business must have been in place at least three months prior to signing of Development Agreement (and 1 year prior in order to receive full funding);
- The business must relocate within Richfield's corporate boundary;
- The business must be open for business within six months of displacement from former location.
- The business must provide a valid lease (or other similar documentation) from the property from which it is being displaced.

- The business must provide an Employer Identification Number (EIN) assigned by the U.S. Department of Revenue.

Funding

- Up to $3,600 in total grant funding comprised of:
- Up-front payment for 1 year of increased lease rate (based on documentation of most recent lease rate from location of displacement and a signed copy of lease with replacement location); and/or,
- Reimbursement for actual moving costs, fixture installation and/or signage costs (copies of paid invoices required);
- If the business has received Relocation Assistance under the Uniform Relocation and Real Property Acquisition Act, it cannot receive assistance under this grant program for the same costs paid with relocation assistance;
- Businesses in place for less than 1 year (but more than 3 months) could receive 8.33% of the above payments for each month they were open to the public at the subject property prior to the HRA's formal approval of the Development Agreement.
- Grant recipients are responsible for determining the tax liability, if any, of receiving this grant.

RECOMMENDED ACTION:

By motion: Approve a resolution implementing a Displaced Business Grant.

BASIS OF RECOMMENDATION:

A. **HISTORICAL CONTEXT**
- The Richfield EDA was founded in January 2018.
- Since its inception the EDA has been budgeting funds for Business Development activities.
- The EDA supported the concept of a Displaced Business Grant for Richfield businesses at its October 21, 2019 work session and, at its March 16, 2020 meeting directed staff to formalize grant guidelines and procedures for EDA consideration at a future meeting (originally intended to occur in April).
- At the April 20, 2020 Meeting the EDA decided to pause other Business Development activities to focus on providing funding to businesses impacted by COVID-19.

B. **POLICIES (resolutions, ordinances, regulations, statutes, etc):**
- The proposed grant program is an appropriate activity for an EDA as defined in Minnesota State Statutes.

C. **CRITICAL TIMING ISSUES:**

N/A

D. **FINANCIAL IMPACT:**
- As proposed the Displaced Business Grant could cost up to $40,000 related to the acquisition of a building with 11 commercial tenants.
- The EDA's 2021 budget includes $40,000 for the Displaced Business Grant.

E. **LEGAL CONSIDERATION:**
- Julie Eddington, the EDA's legal counsel from Kennedy and Graven, has reviewed the proposed program guidelines.

ALTERNATIVE RECOMMENDATION(S):

- Provide staff with amended program guidelines or funding amounts to analyze prior to formal EDA consideration at a later date.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

	Description	Type
🗋	Resolution	Resolution Letter

RICHFIELD ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. ______

RESOLUTION IMPLEMENTING A DISPLACED BUSINESS GRANT PROGRAM

WHEREAS, pursuant to a resolution adopted by the City Council of the City of Richfield, Minnesota (the "City"), the City established the Richfield Economic Development Authority (the "City") to promote and to provide incentives for economic development in the City; and

WHEREAS, the Authority has determined a need to provide financial assistance to businesses located within the City that are displaced due to redevelopment projects that receive funding from the City, the Authority, or the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota; and

WHEREAS, the Authority proposes to create the Displaced Business Grant Program (the "Grant Program") to assist area businesses with the expenses incurred and specifically caused by displacement or relocation resulting from redevelopment projects; and

WHEREAS, the Grant Program is expected to be funded in an amount of up to $40,000; and

WHEREAS, guidelines for the Grant Program are on file with the Executive Director and have been presented before the Board of Commissioners of the Authority; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Richfield Economic Development Authority as follows:

1. The implementation of the Grant Program by the Authority is hereby approved.

2. This resolution shall be in full force and effect as of the date hereof.

Adopted by the Richfield Economic Development Authority this 21st day of December, 2020.

____
Mary B. Supple, President

____
John Stark, Executive Director