



**ECONOMIC DEVELOPMENT AUTHORITY**

<b>AGENDA SECTION</b>	<b>BUSINESS ITEMS</b>
<b>MEETING DATE</b>	<b>11/10/2025</b>

<b>ITEM:</b>	<b>4300 Central Avenue – TIF Pledge for General Obligation TIF Revenue Bonds Amended.</b>		
<b>DEPARTMENT:</b>	Community Development	<b>BY/DATE:</b>	CD Director, 11/03/2025
<p><b>CORE CITY STRATEGIES:</b> <i>(please indicate areas that apply by adding an “X” in front of the selected text below)</i></p> <p> <input type="checkbox"/> Community that Grows with Purpose and Equity      <input type="checkbox"/> Engaged, Effective and Forward-Thinking  <input type="checkbox"/> High Quality Public Spaces                                      <input checked="" type="checkbox"/> Resilient and Prosperous Economy  <input type="checkbox"/> Safe, Accessible and Built for Everyone                      <input type="checkbox"/> Inclusive and Connected Community         </p>			

**BACKGROUND:**

During the summer of 2021, the City received word that Hy-Vee was interested in selling the property located at 4300 Central Avenue NE. The City moved to gain control over the site by working with Alatus, who agreed to purchase the property. In order to support the developer, the City provided funding in the form of a loan for the purchase and predevelopment costs related to the project. Alatus requested a total loan of \$6,000,000, which covered the following items:

- Land Acquisition – \$4,500,000
- Closing Costs – \$105,200
- City Fees – \$50,000
- Demolition – \$671,686
- Environmental Testing and Reports – \$42,156
- Geotechnical Testing and Reports – \$35,000

Rather than providing a direct loan, the City funded the project using borrowed funds from general obligation tax increment financing (TIF) bonds. Under this structure, the City issued the debt necessary for Alatus to purchase the property directly from Hy-Vee, with the City acting as the interim lender. Alatus is expected to repay the City’s loan when the project closes with permanent financing.

In 2023, as the original bonds approached maturity, the City reissued a new set of temporary general obligation TIF bonds to pay off the original bond series and extend the loan timeline. This reissuance provided additional time for Alatus to complete predevelopment activities and pursue permanent financing for the project. The current bond cycle, issued in 2023, is now set to mature in February 2026.

As the City approaches this upcoming maturity date, Alatus has not yet secured permanent financing and continues to work with the City on project planning. The overall scope of the project remains under discussion and is anticipated to be reviewed by the City Council at its December work session. Given the continued predevelopment status, staff are bringing forward the issuance of a new set of permanent general obligation

TIF bonds to pay off the 2023 bonds and again extend the loan term to allow additional time for project development and financing.

The new bonds will remain temporary, similar to the previous issuances, and all bond funds from each series will be repaid at the time of closing on the project's first phase.

Because the general obligation bonds are tax increment bonds, the City will again pledge tax increment to pay the debt service. The EDA administers the City's TIF districts and receives the increment from the County. Therefore, the City is requesting that the EDA pledge increment from the Alatus TIF district to the City for debt service payments on the new bonds. The formal mechanism for this arrangement is an amended TIF Pledge Agreement. The EDA's counsel has prepared the attached amendment and resolution for the EDA's review and approval.

Looking ahead, the City Council will consider the amended and restated loan documents at one of its meetings in November. Following that, the Council is expected to set the bond sale at its December meeting, with final bond approval anticipated at the first Council meeting in January 2026.

**STAFF RECOMMENDATION:**

Staff recommends approval of the attached resolution and amended TIF Pledge Agreement between the City of Columbia Heights and the Columbia Heights Economic Development Authority to support the reissuance of general obligation TIF bonds related to the Alatus project at 4300 Central Avenue NE.

**RECOMMENDED MOTION(S):**

MOTION: Move to waive the reading of Resolution 2025-28, there being ample copies available to the public.

MOTION: Move to adopt Resolution 2025-28, a resolution authorizing execution of a second amended and restated tax increment pledge agreement with the City of Columbia Heights relating to taxable general obligation tax increment refunding bonds, series 2026a.

**ATTACHMENT(S)**

- 1. EDA Resolution 2025-28**
- 2. TIF Pledge Agreement Amended**