



ECONOMIC DEVELOPMENT AUTHORITY
Public Safety Building—Training Room, 825 41st Ave
NE
Monday, January 03, 2022
6:00 PM

MINUTES

CALL TO ORDER/ROLL CALL

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

Members present: Connie Buesgens (via Zoom); Gerry Herringer; Kt Jacobs; John Murzyn, Jr; Nick Novitsky; Amada Márquez-Simula; Marlaine Szurek .

Staff Present: Kelli Bourgeois, City Manager; Aaron Chirpich, Community Development Director; Sara Ion, City Clerk; Ben Sandell, Communications Coordinator.

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

- 1. Approve Regular Meeting Minutes of November 1, 2021.**
- 2. Approve Financial Reports and Payment of Bills of October and November 2021.**
Treasurer Herringer noted that he liked the old format of the financial reports better.

Motion by Jacobs, seconded by Murzyn, to approve the Consent Agenda as presented. All Ayes. Motion Passed.

RESOLUTION NO. 2022-01

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FINANCIAL STATEMENTS FOR THE MONTHS OF OCTOBER AND NOVEMBER 2021, AND THE PAYMENT OF THE BILLS FOR THE MONTHS OF OCTOBER AND NOVEMBER 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 October, and November 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 January, 2022

Offered by:

Seconded by:

Roll Call:

President

Attest:

Assistant Secretary

BUSINESS ITEMS

3. Election of Economic Development Authority Officers.

Chirpich requested nominations for Officers. Each year the EDA is required to elect its Officers at the first meeting of the year. He asked to take nominations for President first, and noted that per EDA Bylaws the City Manager serves as the Executive Director, Community Development Director Serves as Deputy Director, the Finance Director serves as the Assistant Treasurer and Administrative Assistant to Community Development will serve as the Secretary.

Jacobs nominated Szurek for President of the Economic Development Authority. There were no other nominations. Ayes- All ayes.

Novitsky nominated Buesgens for Vice President of the Economic Development Authority. There were no other nominations. Ayes- All ayes.

Novitsky nominated Herringer for Treasurer of the Economic Development Authority. There were no other nominations. Ayes- All ayes.

4. Designate Official Depositories of the Economic Development Authority.

Chirpich reviewed the depositories used for the EDA's funds and investments. General banking transactions are completed via Northeast Bank and there is an additional accounts held at Wells Fargo for additional specialized services. As per EDA standards, these accounts are held under the name of the City and the recommendation is designate these accounts as the official depositories as they meet the needs of the EDA.

Motion by Márquez-Simula , seconded by Murzyn to waive the reading of Resolution 2022-02, there being ample copies available to the public. All Ayes. MOTION PASSED.

Motion by Jacobs, seconded by Novitsky to adopt Resolution 2022-02, a resolution designating official depositories, for the Columbia Heights Economic Development Authority. All Ayes. MOTION PASSED.

RESOLUTION NO. 2022-02

A RESOLUTION OF THE COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY DESIGNATING OFFICIAL DEPOSITORIES

Now, therefore, in accordance with the bylaws and regulations of the Columbia Heights Economic Development Authority (the Authority), the Board of Commissioners of the Authority makes the following:

ORDER OF BOARD

IT IS HEREBY RESOLVED, that Northeast Bank and Wells Fargo Bank of Minnesota, N.A., are hereby designated as depositories for the Authority's funds.

IT IS FURTHER RESOLVED, that the funds of the Authority can be held in accounts at these depositories under the name and federal identification number of the City of Columbia Heights, Minnesota (the City), together with the funds of the City, provided that separate fund accounting records are maintained for the respective Authority and City shares of such accounts in a manner consistent with generally accepted accounting and auditing standards.

IT IS FURTHER RESOLVED, that the responsibility for countersigning orders and checks drawn against funds of the Authority, assigned in the Authority's bylaws to the Authority President, is hereby delegated to the City Mayor.

IT IS FURTHER RESOLVED, that checks, drafts, or other withdrawal orders issued against the funds of the Authority on deposit with these depositories under the City's name shall be signed by the following:

City Mayor

City Manager

City Finance Director

and that said banks are hereby fully authorized to pay and charge said accounts for any such checks, drafts, or other withdrawal orders issued by the City on behalf of the Authority.

IT IS FURTHER RESOLVED, that Northeast Bank and Wells Fargo Bank of Minnesota, N.A., are hereby requested, authorized and directed to honor checks, drafts or other orders for the payment of money drawn in the City's name on behalf of the Authority, including those drawn to the individual order of any person or persons whose name or names appear thereon as signer or signers thereof, when bearing or purporting to bear the facsimile signatures of the following:

City Mayor

City Manager

City Finance Director

and that Northeast Bank and Wells Fargo Bank of Minnesota, N.A., shall be entitled to honor and to charge the Authority, or the City on behalf of the Authority, for all such checks, drafts or other orders, regardless of by whom or by what means the facsimile signature or signatures thereon may have been affixed thereto, if such facsimile signature or signatures resemble the facsimile specimens duly certified to or filed with the Banks by the City Finance Director or other officer of the Authority or City.

IT IS FURTHER RESOLVED, that the City Finance Director or their designee shall be authorized to make electronic funds transfers in lieu of issuing paper checks, subject to the controls required by Minnesota Statutes and by the City of Columbia Heights' financial policies.

IT IS FURTHER RESOLVED, that all transactions, if any, relating to deposits, withdrawals, re-discounts and borrowings by or on behalf of the Authority with said depositories, made directly by the Authority or by the City on the behalf of the Authority, prior to the adoption of this resolution be, and the same hereby are, in all things ratified, approved and confirmed.

IT IS FURTHER RESOLVED, that any bank designated above as a depository, may be used as a depository for investment purposes, so long as the investments comply with authorized investments as set forth in Minnesota Statutes.

IT IS FURTHER RESOLVED, that any brokerage firm with offices in the State of Minnesota may be used as a depository for investment purposes so long as the investments comply with the authorized investments as set forth in Minnesota Statutes.

IT IS FURTHER RESOLVED, that the funds of the Authority can be held in accounts at such brokerage firms under the name and federal identification number of the City, together with the funds of the City, provided that separate fund accounting records are maintained for the respective Authority and City shares of such accounts in a manner consistent with generally accepted accounting and auditing standards.

BE IT FURTHER RESOLVED, that any and all resolutions heretofore adopted by the Board of Commissioners of the Authority with regard to depositories or brokerage firms are superseded by this resolution.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 3rd day of January, 2022

Offered by:
Seconded by:
Roll Call:

President

Attest:

Secretary

5. Resolution of Support for Tax Increment Financing.

Chirpich reviewed the information related to the Public Safety campus out-lot. In May 2021, the EDA received an application for financial assistance from Reuter Walton Development requesting a total of \$1.8 million of public assistance to construct a 62-unit affordable housing complex on the City's vacant development site located behind the Public Safety campus. Reuter Walton specifically requested Tax Increment Financing (TIF) in the amount of \$1,498,000 and a local grant of \$300,000. The project is proposed to start in the spring of 2022 with an anticipated project cost of approximately \$20 million. Reuter Walton and the City are also partnering with Southern Anoka Community Assistance (SACA) to develop a new food shelf on the same development site. The City's public financing consultant, Ehlers has reviewed the proposed project; specifically the budget and pro forma for the apartments based on industry standards for construction, land acquisition, and project costs. Based on their review, Ehlers has determined that the requested financial assistance is more than what is necessary for the project to be financially feasible. Ehlers has concluded that the project would require no more than \$680,000 in TIF assistance payable over a 15 year term. A copy of the memo detailing the Ehlers analysis was included in the packet of documents for the EDA.

Reuter Walton has asked that the EDA pass a resolution showing support for the use of TIF on the proposed project, as a resolution of support will assist them in their pursuit of additional funding for the project from the State of Minnesota and their private investment partners. A resolution of support in no way obligates the EDA or City to provide any TIF assistance to the project. Authorization of TIF for the project is solely within the discretion of the City Council after satisfaction of all conditions required pursuant to State law.

In September of 2021, the City Council authorized staff to prepare an application for the Metropolitan Council's 2021 Livable Communities Demonstration Account (LCDA) grant funding program to support the project. The City prepared an application on behalf of Reuter Walton and SACA. Eligible uses of the grant funds include; storm water management, public realm improvements, renewable energy systems, and site acquisition and preparation. SACA and Reuter Walton requested a combined total of \$1,232,000 in LCDA funding to support the joint project venture. On December 27, 2021, the City was informed by the Met Council that the City and the project have been awarded the full amount of grant funding requested. This is great news, but it is unclear how this new infusion of grant funding will affect the need for TIF assistance. Staff is coordinating with Ehlers to review a revised pro forma for the Reuter Walton portion of the project that takes into consideration the new funding source.

There is also an application by Reuter Walton to the MN Department of Management and Budget for additional bond funding for the primary financing for the affordable housing project. If they do receive these funds there will be a recalibration of the TIF.

Passing the resolution will convey the City's willingness to provide assistance if warranted. Ultimately, further review of the project pro forma may conclude that zero assistance is required.

Márquez-Simula stated congratulations and that this was great news.

Chirpich stated that City Planner Minerva Hark undertook this effort and he greatly appreciated all of her hard work.

Jacobs inquired on when ground would be broken.

Chirpich stated that if all the moving pieces can come together, early spring 2022 and there would be a one year timeline for completion. SACA is still working on their portions of the planning and grant applications.

Szurek inquired where SACA is getting their funding and if they will be applying for grant money or TIF funds. She is worried that SACA will not receive the funding needed and will not have a place to operate out of.

Chirpich stated that this grant is allowing Reuter Walton to take on the storm water responsibilities, and SACA will not have to worry about that component. The City cannot control a lot of the variables, and there is the potential for redevelopment if SACA is not able to get the funding needed.

Novitsky stated that the apartment building can move forward without there being an impact to SACA. SACA does have several years remaining on their current lease if something does not align for this project.

Bourgeois confirmed that the SACA lease does run through May of 2029.

Motion by Novitsky, seconded by Márquez-Simula to waive the reading of Resolution 2022-03, there being ample copies available to the public. All Ayes. Roll Call Vote, all Ayes. MOTION PASSED.

Motion by Novitsky, seconded by Márquez-Simula to adopt Resolution 2022-03, a resolution of the Columbia Heights Economic Development Authority supporting use of tax increment financing for a rental housing development project. All Ayes. Roll Call Vote, all Ayes. MOTION PASSED.

RESOLUTION No. 2022-03

SUPPORTING USE OF TAX INCREMENT FINANCING FOR A RENTAL HOUSING DEVELOPMENT PROJECT

WHEREAS, the Columbia Heights Economic Development Authority (the “EDA”) was created pursuant to Minnesota Statutes, Sections 469.090 to 469.1081 (the “EDA Act”), and is authorized pursuant to Minnesota Statutes, Sections 469.174 to 469.1794 (the “TIF Act”) to use tax increment financing to carry out the public purposes described herein; and

WHEREAS, the EDA has received a request to provide financial assistance to Reuter Walton Development, LLC, a Minnesota limited liability company, or an affiliated entity (the “Developer”) for an approximately 62-unit multifamily workforce rental housing apartment building (the “Project”) to be located on approximately 1.6 acres of land at the intersection of 42nd Avenue NE and Jackson Street NE in Columbia Heights, Minnesota; and

WHEREAS, in connection with its application to Minnesota Management and Budget for tax-exempt bonds for the Project, the Developer has requested that the EDA indicate its support of the use of financial assistance for the Project.

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

The EDA supports the use of tax increment financing for the Project in the amount of up to \$680,000, payable over approximately 15 years; provided, however, that authorization of tax increment financing for the Project is solely within the discretion of the City Council after satisfaction of all conditions required pursuant to the EDA Act and the TIF Act, including without limitation (i) a public hearing; and (ii) a determination that tax increment financing assistance is necessary for the Project, including verification of development financing need that substantiates that but for the use of tax increment financing, the Developer would be unable to proceed with the Project.

Adopted by the Board of Commissioners of the Columbia Heights Economic Development Authority
this 3rd day of January, 2022

President

ATTEST:

Executive Director

OTHER BUSINESS

Herringer thanked the City Staff, Fire Department and Public Works for the Christmas Parade and Santa Visiting via Fire Truck.

Márquez-Simula inquired if the commission had the opportunity to view the tour of the new City Hall building. A link will be sent to the Commissioners.

ADJOURNMENT

Motion by Murzyn, seconded by Jacobs, to adjourn the meeting at 6:38 pm. Roll call vote, all Ayes.
MOTION PASSED.

Respectfully submitted,



Alicia Howe, Recording Secretary