



SPECIAL ECONOMIC DEVELOPMENT AUTHORITY MEETING

City Hall—Shared Vision Room, 3989 Central Ave NE
Monday, January 12, 2026
5:30 PM

MINUTES

The meeting was called to order at 5:35 pm by President Spriggs

CALL TO ORDER/ROLL CALL

Members present: Connie Buesgens; Laurel Deneen; Rachel James; Amáda Márquez-Simula (5:37 pm); Justice Spriggs; Marlaine Szurek

Members absent: Lamin Dibba

Staff present: Mitchell Forney, Community Development Director; Aaron Chirpich, City Manager; Sarah LaVoie, Administrative Assistant; Emilie Voight, Community Development Coordinator

Guest speakers: Barrett Corwin, Alatus LLC Director of Development

PLEDGE OF ALLEGIANCE

BUSINESS ITEMS

1. Consideration of 4300 Central Development Assistance Agreement.

Forney reported that over the last several months, the City Council and the Economic Development Authority (EDA) have been working with Alatus to extend the loan terms for the 4300 Central Avenue redevelopment project, transition from temporary to permanent tax increment financing (TIF) bonds, and pledge project-generated TIF revenues to repay the reissued bonds. At tonight's City Council meeting, the Council will review bids and consider approval of the bond sale associated with this effort.

Forney noted that as part of the transition from temporary bonds to permanent TIF bonds, state law requires the City and the developer to enter into a Development Assistance Agreement (DAA). The attached Development Assistance Agreement establishes the framework under which the City's financial assistance is provided and sets clear expectations related to project timing, coordination, and performance. The agreement is intended to work in tandem with the City's existing loan to the developer to mitigate financial risk associated with issuing permanent bonds while continuing to support the redevelopment of this key site.

Forney stated the Development Assistance Agreement outlines the overall project scope, which includes a multi-phase, mixed-use redevelopment of the approximately 12-acre site at 4300 Central Avenue NE. Phase 1 consists of a market-rate/workforce housing apartment development with structured parking. A future Phase 2 may include senior housing and/or commercial uses, depending on market conditions and project feasibility.

Forney explained that the agreement also documents the public assistance being provided, including the issuance of approximately \$7.635 million in permanent TIF bonds (Series 2026A). These bonds will refinance the previously issued temporary TIF bonds and cover the bridge loan used for the acquisition of the property. The agreement requires the developer to repay this loan through private financing, and it establishes clear remedies for the City should the developer fail to meet required financing or construction milestones.

Forney reported that key development deadlines are included in the agreement, such as obtaining necessary approvals and permits, commencing construction of Phase 1, and achieving substantial completion. These benchmarks are critical to ensuring the project continues to move forward in a timely manner and that TIF revenues are generated as anticipated.

Forney stated that to further protect the City's financial interests, the agreement requires the developer to enter into an assessment agreement that establishes a minimum taxable market value for the property. This provision helps safeguard projected TIF revenues that will be used to repay the bonds. The agreement also outlines standard developer obligations, including payment of EDA administrative costs, compliance with zoning, environmental, and permitting requirements, maintenance of insurance, timely payment of property taxes, and construction of the project in accordance with approved plans.

Forney explained that overall, the Development Assistance Agreement serves as the primary risk-management tool for the City and EDA as the project moves forward. It clearly defines roles and responsibilities, establishes enforceable deadlines, and provides the City with the ability to suspend assistance or pursue loan and mortgage remedies if project obligations are not met. This structure allows the City to continue supporting redevelopment of the site while maintaining appropriate fiscal safeguards.

Questions/Comments from Members:

Szurek asked if the structured parking would be underground. Alatus LLC Director of Development Barrett Corwin replied that it is ambiguous because of the elevation change on the site. A portion of the parking structure will be above ground, but from Central Avenue's elevation, it will be below grade two floors and below ground parking.

Szurek mentioned that the Kmart site was presented as market-rate workforce housing with underground parking for the residents. Many of the residents refused to park in the underground parking and now park on the street all year round. She wondered if parking would be included in the rent, or if it would be permissible to park on the street. Mr. Corwin replied that parking would not be included in the rent. Renting a parking stall is an additional \$100-\$150. Szurek pointed out that there could be a building full of people who do not want to pay to park in the parking structure and instead park on the street. Mr. Corwin explained that Alatus would be open to exploring options, and added that it is difficult to include parking spots in the rent due to the market. He noted that the goal is to have all residents park inside the parking structure. Szurek replied that it was a fairy tale because if people do not want to pay for parking, they will find another place to park. She added that there are other areas in the City where people are doing that, and it is

creating issues.

Márquez-Simula mentioned that she thought there were rules that required on-site parking to be provided. Chirpich replied that zoning regulations including parking would apply to the site. He added that it is expected that it would be a Planned Unit Development approach. Márquez-Simula mentioned that people typically do not pay for parking spots that are outside on an open lot. She expressed her understanding that building a parking garage costs more and wondered why the rules are different. She noted that parking is not provided if there is a cost to residents. Chirpich replied that through the lens of zoning, parking is provided even with a cost. Mr. Corwin added that the cost of parking helps with the building costs of the parking structure.

Buesgens asked if the vote was for the bond or if parking was a part of the discussion for the bond. Forney replied that the vote was to approve the bond. He added that review of the project specifics would come back to the EDA for further discussion.

James pointed out that in the agreement for the Planned Unit Development (PUD), it says that they will obtain a PUD. She asked if the agreement would occur before going through the process. Forney replied that it is required that Alatus obtain a PUD for the project; otherwise, the project would not move forward.

James mentioned that the majority of the TIF bond was listed at 2050. She asked for clarification. Forney replied that the permanent financing for the bonds goes to 2050. The term for the loan agreement is only until 2028. At that time, the City would pick up the bonds after the mortgage.

Márquez-Simula asked if the property would stay at the level of affordability and would not change to market-rate. Forney replied that there would be an additional agreement executed between the developer and the City that includes an assessment agreement, which would ensure that the property values stay at a level of the TIF pledge.

Chirpich asked Mr. Corwin to speak about the partner that Alatus is working with and their ownership strategy outlook. Mr. Corwin explained that Alatus would be interested in hearing what the City's preference would be from an affordability standpoint. He added that they are working with a non-profit that typically works with low-income tax credit and federal tax credit housing. There is new legislation that allows them to build workforce housing. Their mandate would be essentially 50%-75% of the building at 80% AMI.

Motion by Buesgens, seconded by Deneen, to waive the reading of Resolution No. 2026-05, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Buesgens, seconded by Deneen, to approve Resolution No. 2026-05, a Resolution of the Columbia Heights Economic Development Authority, approving a Development Assistance Agreement with the City of Columbia Heights and Alatus Columbia Heights II LLC. All ayes of present. MOTION PASSED.

A RESOLUTION OF THE COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY, APPROVING A DEVELOPMENT ASSISTANCE AGREEMENT WITH THE CITY OF COLUMBIA HEIGHTS AND ALATUS COLUMBIA HEIGHTS II LLC.

BE IT RESOLVED, by the Columbia Heights Economic Development Authority (the “EDA”) as follows:

Section 1. Recitals.

1.01. The City of Columbia Heights, Minnesota (the “City”) and the Authority have previously established the Alatus Tax Increment Financing District (the “TIF District”), a redevelopment district within the Downtown Central Business Redevelopment Project in the City, and approved a tax increment financing plan therefor, all in accordance with Minnesota Statutes, Sections 469.174 through 469.1794, as amended.

1.02. Alatus Columbia Heights II LLC, a Delaware limited liability company (the “Developer”), owns certain property located in the TIF District (the “Developer Parcel”), and the City owns certain property also located in the TIF District legally described in EXHIBIT B attached to the Agreement hereinafter defined (the “City Parcel” and together with the Developer Parcel, the “Development Property”). If necessary for the purpose of developing a multi-phased mixed-use development project on the Development Property, currently anticipated to include high-density residential housing, medium-density residential housing, commercial/retail space, and public open space (the “Project”), the City will convey the City Parcel to the Authority, for conveyance by the Authority to the Developer pursuant to an amendment to the Agreement.

1.03. To make the Project financially feasible, the City provided a bridge loan to the Developer of the proceeds of the City’s Taxable General Obligation Temporary Tax Increment Bond, Series 2021A, issued by the City on July 21, 2021 in the original aggregate principal amount of \$5,935,000 (the “Series 2021A Temporary TIF Bond”), which the Developer used to purchase the Developer Parcel and pay costs of demolition and related loan transaction costs. The Series 2021A Temporary TIF Bond was redeemed and prepaid by the City’s Taxable General Obligation Temporary Tax Increment Refunding Bonds, Series 2023A, issued by the City on December 14, 2023, in the original aggregate principal amount of \$6,615,000 (the “Series 2023A Temporary TIF Bond”). The City anticipates issuing its Taxable General Obligation Tax Increment Refunding Bonds, Series 2026A, on or about January 27, 2026, in the original aggregate principal amount of \$7,635,000 (the “Series 2026A TIF Bond”), to redeem and prepay the Series 2023A Temporary TIF Bond.

1.04. The Series 2026A TIF Bond is payable primarily from the tax increments derived from the Development Property and the improvements thereon, as further described in that certain Development Assistance Agreement (the “Agreement”) between the Authority, the City, and the Developer.

1.05. There has been presented to the Board a form of the Agreement, which also includes a form of a Minimum Assessment Agreement (the “Assessment Agreement”) to be executed and delivered by the Developer, the Authority, and the tax assessor for each phase of the Project, including in particular, a multifamily housing development currently anticipated to consist of approximately 275

market-rate and/or workforce apartment housing units and parking to be constructed by the Developer on the Developer Parcel ("Phase 1"), as further described in the Agreement.

1.06. The Authority believes that Phase 1 of the Project is in the best interests of the City and will help alleviate a housing shortage in the City.

Section 2. Agreement.

2.01. The Board hereby approves the Agreement substantially in accordance with the terms set forth in the form presented to the Board, together with any related documents necessary in connection therewith, including the Assessment Agreement, and without limitation all documents, exhibits, certifications or consents referenced in or attached to the Agreement (collectively, the "Development Documents") and hereby authorizes the President and the Executive Director (the "Authorized Officers") to negotiate the final terms thereof and, in their discretion and at such time as they may deem appropriate, to execute the Development Documents on behalf of the Authority, and to carry out, on behalf of the Authority, the Authority's obligations thereunder when all conditions precedent thereto have been satisfied.

2.02. The approval hereby given to the Development Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the Authority and by the Authorized Officers prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the Authority. The execution of any instrument by the Authorized Officers shall be conclusive evidence of the approval of such document in accordance with the terms hereof. This resolution shall not constitute an offer, and the Development Documents shall not be effective until the date of execution thereof as provided herein. In the event of absence or disability of the officers, any of the documents authorized by this resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the City Attorney, may act on their behalf.

2.03. Upon execution and delivery of the Development Documents, the officers and employees of the Authority are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the Authority to implement the Development Documents.

2.04. The Board hereby authorizes staff of the City and the Authority and the City's and the Authority's advisors and legal counsel to proceed with the implementation of this resolution and the Agreement and the Assessment Agreement and to negotiate, draft, and prepare all further plans, resolutions, documents, and contracts necessary for this purpose.

Section 3. Future Amendments. The authority to approve, execute and deliver future amendments to the Development Documents entered into by the Authority and consents required under the Development Documents is hereby delegated to the Authorized Officers, subject to the following conditions: (a) such amendments or consents do not materially adversely affect the interests of the Authority; (b) such amendments or consents do not contravene or violate any policy of the

Authority, and (c) such amendments or consents are acceptable in form and substance to the City Attorney or the counsel retained by the Authority to review such amendments. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this resolution. The execution of any instrument by the Authorized Officers shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof.

Section 4. Effective Date. This resolution shall be effective upon approval. Approved this 12th day of January, 2026, by the Board of Commissioners of the Columbia Heights Economic Development Authority.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 12th of January 2026

Offered by: Connie Buesgens
Seconded by: Laurel Deneen
Roll Call: All ayes of present. MOTION PASSED.

President Justice Spriggs

Attest:

Secretary

ADJOURNMENT

Motion by James, seconded by Márquez-Simula, to adjourn the meeting at 5:58 pm. All ayes. MOTION PASSED.

Respectfully submitted,



Sarah LaVoie, Recording Secretary