

**MINUTES
CITY OF COLUMBIA HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY (EDA) MEETING
March 7, 2022**

The meeting was called to order at 6:05 pm by Chair Szurek.

Members present: Connie Buesgens; Gerry Herringer; Kt Jacobs; John Murzyn, Jr; Nick Novitsky; Amada Márquez Simula (via Zoom, *arrived at 6:11 pm*); Marlaine Szurek

Staff Present: Kelli Bourgeois, City Manager; Aaron Chirpich, Community Development Director; Minerva Hark, City Planner; Sara Ion, City Clerk; Ben Sandell, Communications Coordinator; Alicia Howe, Administrative Assistant; Keith Dahl, Ehlers (via Zoom)

Also Present: Rachel James (via Zoom)

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

1. Approve the minutes of the regular EDA Meeting of January 3, 2022.
2. Approve financial reports and payment of bills for December 2021 and January 2022 – Resolution No. 2022-04.

Herringer asked for clarification on the accounts payable to JL Theis Inc. for block and retaining wall. Chirpich stated this was related to the new cell tower at the library, the scope of the project was expanded to add additional retaining wall after the contract was made.

Herringer then asked about the municipal ramp cleaning payable to SPS Inc. Chirpich stated this was an expensive full ramp cleaning where cleaning had not been completed for years; future ongoing maintenance will need to be planned to avoid this level of cleaning.

Novitsky noted that it was noticeably cleaner.

Herringer asked how long the City would be required to clean the ramp. Chirpich explained that the ramp is municipally owned and the primary contract owner with the City, Fairview Health Services, has closed and the contract will expire in September 2022. He stated that the new occupant of the building would potentially have a similar agreement with the City and Alatus may also need overflow. He added that this ramp is meant to be free to use for all other businesses as they helped pay to construct the ramp.

Motion by Jacobs, seconded by Novitsky, to approve the Consent Agenda as presented. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2022-04

**A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA,
APPROVING THE FINANCIAL STATEMENTS FOR THE MONTHS OF DECEMBER 2021 AND JANUARY**

2022, AND THE PAYMENT OF THE BILLS FOR THE MONTHS OF DECEMBER 2021 AND JANUARY 2022.

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 December 2021, and January 2022 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 7th day of March, 2022

Offered by: Jacobs
Seconded by: Novitsky
Roll Call: All ayes of present.

President

Attest:

Assistant Secretary

BUSINESS ITEMS

3. Establishment of the 42nd and Jackson Tax Increment Financing District

Chirpich reported that Reuter Walton Development has requested public financial assistance in the form of tax increment financing (TIF) to facilitate the redevelopment of the City's vacant development site located north of and contiguous with the Public Safety campus. Reuter Walton has received approval from the City to construct a 62-unit affordable apartment community on the property.

Before the EDA can move to establish a TIF district for the Reuter Walton project, the EDA must amend the TIF Plan and district boundaries of TIF district No.9. TIF district No. 9 was created in 2000 to facilitate the development of the Columbia Court Townhomes and Crestview Senior Living projects that are located just to the south, and east of the City's vacant development site. At the time of the creation of TIF district No. 9, the City's Public Safety site, including the vacant portion being redeveloped by Reuter Walton, was included in the district boundaries. When TIF district No.9 was established, the City did not have plans to build the Public Safety campus on the site. Therefore, it was included in the district as a future private redevelopment site. Before creating a new TIF district for Reuter Walton, the Public Safety parcel, which currently includes the vacant development site, needs to be removed from TIF district No. 9.

To finalize the plans for the new Reuter Walton TIF district, there are several details still being discussed and reviewed between staff, the EDA's public financing consultant Ehlers, and Reuter Walton to verify the full extent of TIF assistance needed. The possible uses for which TIF is being considered include; land acquisition, site preparation, affordable housing, and utility related work. Within the City of Columbia Heights, the Economic Development Authority is authorized to exercise Tax Increment Financing powers; however the EDA may not exercise any TIF powers without approval of the City Council. Review and approval by the Council is scheduled for a public hearing at the March 14th regular City Council meeting. Since the EDA is authorized to exercise TIF powers, the EDA must make certain findings of fact that are detailed in the attached TIF plan ahead of the Council's consideration of the new district.

Previously, the EDA and Council established a redevelopment project designated as the Downtown Central Business District Revitalization Plan. The revitalization plan has encouraged development and redevelopment throughout the City; however, modifications to the plan must be made to encompass the potential development being proposed by Reuter Walton. The TIF Plan attached to this report is merely a planning document that reflects the maximum potential of the proposed TIF district. The plan in no way constitutes the terms, length, or dollar amount of the proposed TIF district. The term, length, and dollar amount will be part of a separate document, called the Contract for Private Redevelopment. If the City Council approves the TIF Plan at their March 14th public hearing, that contract will be considered by the EDA at a subsequent meeting.

The structure of the proposed TIF district and the general outline of the project being contemplated by Reuter Walton are detailed in the TIF Plan. The project is comprised of a 62-unit

income based affordable housing 42 Item 3. Page 2 complex. The maximum duration of the TIF district is 26 years, and the estimated annual tax increment is \$71,868. Ehlers has completed the TIF Plan on behalf of the City and EDA, and a full copy of the plan is attached to this report.

Before the 42nd and Jackson TIF district is established, the EDA will incur certain administrative costs related to the creation of the district. These costs are eligible to be paid (reimbursed) with tax increments generated by the district. To ensure repayment of these costs, the EDA must approve an interfund loan as part of the project. This interfund loan will allow the EDA to temporarily finance upfront administrative costs with current EDA fund reserves. Ehlers has recommended setting this loan amount at \$50,000.

Before the EDA there are three (3) resolutions for consideration. Resolution 2022-05, a resolution approving the removal of a parcel from TIF District No. 9, Resolution 2022-06, a resolution modifying the downtown revitalization plan, establishing the 42nd and Jackson TIF district, and adopting the TIF plan; and Resolution 2022-07, a resolution authorizing an interfund loan for the EDA to be reimbursed for qualified costs from the TIF District.

Questions/Comments from Members:

Szurek stated she felt they were making a decision about the project without having seen the site plan to know the details. Chirpich stated that from a land use perspective that it has been approved by the Planning Commission and the site plan only goes before the Planning Commission and the Council, not the EDA.

Szurek added that they are being asked to go into a TIF sight-unseen, and it's a lot of money. Chirpich stated that the TIF is related to just the housing. Szurek asked if SACA is asking for money as well. Chirpich said not from the TIF.

Novitsky stated that SACA is still working on their funding as of last week. He added that the project looks good, and Reuter Walton has made concessions to accommodate SACA and make residents in the area as happy as they can be.

Szurek asked if residents were contacted. Buesgens stated that there were two public meetings, residents spoke to Council and the Planning Commission, and there were several studies conducted.

Jacobs noted that a project overview should be brought before the EDA in the future, so they don't feel like they are going into these decisions blind. Szurek replied that is how she feels without being able to visualize the project.

Murzyn Jr. asked if the EDA could receive the plans at the same time as the Council when it relates to TIF districts. Chirpich agreed that this would be a good idea.

Staff pulled up the plans for the EDA Commissioners to view.

Dahl clarified to the EDA that tonight, they are not approving any financial assistance to Reuter Walton, they are approving the TIF plan, or district, to send to the Council to hold the public hearing; this doesn't guarantee financial assistance. He added that the contract will come back to the EDA for approval, and more detailed site plans can be shared at that time.

Chirpich stated that SACA will be bringing forth plans for land use approval in the summer.

Szurek stated she had a better sense now of what is being discussed. She then asked if they are doing underground parking. Hark replied they are doing underground and at-surface parking; there will be no charge for the underground parking, it will be paid by the builder.

Chirpich stated that underground parking is a good topic for TIF and explained that because they cannot charge for parking, they don't have as much revenue to pay their financing, and they need more assistance.

Szurek said that if there was a charge for parking, they would park elsewhere which would have an impact on the neighborhood, similar to the "Kmart site". Chirpich stated that the Council was adamant, based on this example, that they wouldn't be able to charge for parking. He added that they extended the time period for Planning Commission approval by 30 days to work through concerns and consider traffic impacts.

Motion by Buesgens, seconded by Murzyn Jr., to waive the reading of Resolution No. 2022-05, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Buesgens, seconded by Jacobs, to approve Resolution No. 2022-05, a Resolution of the Columbia Heights Economic Development Authority, approving the removal of a parcel from tax increment financing district NO.9 within the downtown central business district redevelopment project. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2022-05

A RESOLUTION OF THE COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY, APPROVING THE REMOVAL OF A PARCEL FROM TAX INCREMENT FINANCING DISTRICT NO. 9 WITHIN THE DOWNTOWN CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT

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

Section 1. Recitals.

1.01. The City Council of the City of Columbia Heights, Minnesota (the "City") and the Board previously approved a tax increment financing plan (the "TIF Plan") for Tax Increment Financing District No. 9 (the "TIF District"), a redevelopment district within the Downtown Central Business District Redevelopment Project in the City, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act").

1.02. The parcel identified by property identification number 35-30-24-14-0151 and legally described in EXHIBIT A attached hereto (the "Parcel") was included in the TIF District.

1.03. The City and the Authority propose to amend the TIF Plan to remove the Parcel from the TIF District, thereby reducing the size thereof.

1.04. The current net tax capacity of the Parcel to be eliminated from the TIF District equals or exceeds the net tax capacity of the Parcel in the TIF District's original tax capacity, as determined under Section 469.177, subdivision 1, clause (e) of the TIF Act. Therefore, this amendment to the TIF Plan is accomplished pursuant to Section 469.175, subdivision 4, clause (e)(2)(A) of the TIF Act, by action of the City without the need for public hearing and other notice and processing which would otherwise apply to substantial amendments to tax increment financing districts.

Section 2. Approvals; Further Actions.

2.01. The TIF Plan for the TIF District is hereby amended to remove the Parcel.

2.02. Authority staff and consultants are authorized and directed to notify the Manager of Property Records and Taxation, as County Auditor, of Anoka County, Minnesota of the removal of the Parcel pursuant to Section 469.175, subdivision 4, clause (e) of the TIF Act, and to file the amendment to the TIF Plan with the Commissioner of Revenue and the State Auditor pursuant to Section 469.175, subdivision 4a of the TIF Act.

2.03. This resolution shall be in full force and effect upon the approval by the City Council of the City of the removal of the Parcel from the TIF District. 44 Item 3. 2 CL205-11-781108.v1

Approved this 7th day of March, 2022, by the Board of Commissioners of the Columbia Heights Economic Development Authority.

Order of Economic Development Authority

Passed this 7th day of March, 2022

Offered by: Buesgens
Seconded by: Jacobs
Roll Call: All ayes of present.

President

Attest:

Assistant Secretary

Motion by Jacobs, seconded by Novitsky, to waive the reading of Resolution No. 2022-06, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Jacobs, seconded by Novitsky, to approve Resolution No. 2022-06, a Resolution of the Columbia Heights Economic Development Authority, adopting a modification to the downtown central business district revitalization plan for the downtown central business redevelopment project, establishing the 42nd and Jackson tax increment financing district therein, and adopting a tax increment financing plan therefor. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2022-06

A RESOLUTION OF THE COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY, ADOPTING A MODIFICATION TO THE DOWNTOWN CENTRAL BUSINESS DISTRICT REVITALIZATION PLAN FOR THE DOWNTOWN CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT, ESTABLISHING THE 42ND AND JACKSON TAX INCREMENT FINANCING DISTRICT THEREIN, AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR

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 approved a Downtown Central Business District Revitalization Plan (the “Revitalization Plan”) for the Downtown Central Business District Redevelopment Project (the “Redevelopment Project”) within the City, pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and Minnesota Statutes, Sections 469.090 through 469.1082, as amended.

1.02. The City and the Authority have determined to modify the Revitalization Plan for the Redevelopment Project and approve a Tax Increment Financing Plan (the “TIF Plan”) for the 42nd and Jackson Tax Increment Financing District (the “TIF District”), a housing district, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), all as described in a plan document presented to the Board on the date hereof.

1.03. Pursuant to Section 469.175, subdivision 2a of the TIF Act, notice of the proposed TIF District was presented to the commissioner of Anoka County, Minnesota (the “County”) representing part of the area to be included in the TIF District at least thirty (30) days before the publication of the notice of public hearing.

1.04. Pursuant to Section 469.175, subdivision 2 of the TIF Act, the proposed TIF Plan and the estimates of the fiscal and economic implications of the TIF Plan were presented to the Board of Education of the Columbia Heights Public Schools and to the Manager of Property Records and Taxation, as County Auditor, of the County (the “County Auditor”) at least thirty (30) days before the date of the public hearing.

1.05. On March 14, 2022, the City Council of the City will conduct a duly noticed public hearing on the adoption of the modified Revitalization Plan and the TIF Plan.

Section 2. Approvals; Further Actions.

2.01. The modified Revitalization Plan is hereby approved in substantially the form now on file with the Board, subject to approval thereof by the City Council.

2.02. The creation of the TIF District and the TIF Plan therefor are hereby approved, subject to approval thereof by the City Council. 47 Item 3. 2 CL205-81-781098.v1

2.03. The Board hereby transmits the modified Revitalization Plan and the TIF Plan to the City Council and recommends that the City Council approve the modified Revitalization Plan, the creation of the TIF District, and the TIF Plan.

2.04. Upon approval of the TIF Plan by the City Council, Authority staff are hereby authorized and directed to file a request for certification of the TIF District with the County Auditor and to file a copy of the TIF Plan with the Minnesota Commissioner of Revenue and the Office of the State Auditor as required by the TIF Act.

2.05. Upon approval of the TIF Plan by the City Council, the County Auditor is requested to certify the original net tax capacity of the TIF District, as described in the TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased. Authority staff are hereby authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the County Auditor may specify, together with a list of all properties within the TIF District for which building permits have been issued during the eighteen (18) months immediately preceding the adoption of this resolution.

2.06. Authority staff, consultants, and legal counsel are authorized to take all actions necessary to implement the modified Revitalization Plan and the TIF Plan and to negotiate, draft, prepare and present to the Board for its consideration all further plans, resolutions, documents, and contracts necessary for this purpose. Approval of the modified Revitalization Plan and the TIF Plan does not constitute approval of any project or a development agreement with any developer.

Approved this 7th day of March, 2022, by the Board of Commissioners of the Columbia Heights Economic Development Authority.

Order of Economic Development Authority

Passed this 7th day of March, 2022

Offered by: Jacobs
Seconded by: Novitsky
Roll Call: All ayes of present.

President

Attest:

Assistant Secretary

Motion by Novitsky, seconded by Murzyn Jr., to waive the reading of Resolution No. 2022-07, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Novitsky, seconded by Murzyn Jr., to approve Resolution No. 2022-07, a Resolution of the Columbia Heights Economic Development Authority, a resolution authorizing an interfund loan for the advance of certain costs in connection with the 42nd and Jackson tax increment financing district. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2022-07

A RESOLUTION OF THE COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY, AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH THE 42ND AND JACKSON TAX INCREMENT FINANCING DISTRICT

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

Section 1. Recitals.

1.01. On the date hereof, the Board approved the establishment, contingent upon the approval by the City of Columbia Heights, Minnesota (the “City”), of the 42nd and Jackson Tax Increment Financing District (the “TIF District”), a housing district within the Downtown Central Business District Redevelopment Project (the “Redevelopment Project”), pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, Minnesota Statutes, Sections 469.090 through 469.1082, as amended, and Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), and adopted a modification to the Downtown Central Business District Revitalization Plan (the “Revitalization Plan”) and a Tax Increment Financing Plan for the purpose of financing certain improvements within the Redevelopment Project (the “TIF Plan”). On March 14, 2022, the City Council of the City will conduct a public hearing on the modification to the Revitalization Plan and the TIF Plan.

1.02. The Authority may incur certain costs related to the TIF District, which costs may be financed on a temporary basis from legally available funds of the Authority or the City.

1.03. Under Section 469.178, subdivision 7 of the TIF Act, the Authority is authorized to advance or loan money from any fund from which such advances may be legally made in order to finance expenditures that are eligible to be paid with tax increments under the TIF Act.

1.04. The Authority expects to incur costs related to the proposed TIF District, including administrative expenses (the "Qualified Costs"), using Authority or City funds legally authorized for such purpose, and to reimburse such funds from tax increments from the TIF District when received.

1.05. The Authority intends to designate such advances as an interfund loan in accordance with the terms of this resolution and the TIF Act.

Section 2. Interfund Loan

2.01. The Authority hereby authorizes the advance of up to \$50,000 in legally available Authority or City funds, including but not limited to the Economic Development Fund, to pay the Qualified Costs, together with interest at the rate of 4% per annum (the "Interfund Loan"). Interest shall accrue on the principal amount of each advance from the date of such advance. The interest rate is no more than the greatest of the rate specified under Minnesota Statutes, Section 270C.40 and Section 549.09, both in effect for calendar year 2022, and will not be adjusted.

2.02. Principal and interest (the "Payments") on the Interfund Loan shall be paid semiannually on each August 1 and February 1 (each a "Payment Date"), commencing on the first Payment Date on 49 Item 3. 2 CL205-81-781100.v1 which the Authority receives Available Tax Increment (defined below), or on any other dates determined by the Executive Director, through the date of last receipt of tax increment from the TIF District.

2.03. Payments on the Interfund Loan will be made solely from Available Tax Increment, defined as tax increment from the TIF District received by the Authority from Anoka County, Minnesota in the six-month period before any Payment Date. Payments shall be applied first to accrued interest, and then to unpaid principal. Payments on the Interfund Loan may be subordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on a parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

2.04. The principal sum and all accrued interest payable under this Interfund Loan are prepayable in whole or in part at any time by the Authority without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

2.05. This resolution is evidence of an internal borrowing by the Authority in accordance with Section 469.178, subdivision 7 of the TIF Act, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. The Interfund Loan shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority and the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of Available Tax Increment. The Authority shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.

2.06. The Authority may at any time make a determination to forgive the outstanding principal amount and accrued interest on the Interfund Loan to the extent permissible under law.

2.07. The Authority may from time to time amend the terms of this resolution to the extent permitted by law, including without limitation amendment to the payment schedule and the interest rate; provided that the interest rate may not be increased above the maximum specified in Section 469.178. subdivision 7 of the TIF Act. Section 3. Effective Date. This resolution is effective upon the date of its approval.

Approved this 7th day of March, 2022, by the Board of Commissioners of the Columbia Heights Economic Development Authority.

Order of Economic Development Authority

Passed this 7th day of March, 2022

Offered by: Novitsky
Seconded by: Murzyn Jr.
Roll Call: All ayes of present.

President

Attest:

Assistant Secretary

Szurek stated she noticed the windows are going into City Hall.

Chirpich said that the apartment is expected to be moving in at the end of September 2022 and the City moving into the City Hall towards the end of October 2022. He added that the City still needs to go out for bids and reconvene with the Council in April 2022, with the build-out starting in May 2022.

Márquez Simula asked if Szurek and Herringer had a chance to look at the virtual tour of the new City Hall. Szurek stated she had not. Chirpich said that it was on the City website but they will be included on the next onsite tour.

Szurek stated she thought she remembered different exterior materials than what was going up. Chirpich said he thinks they will be impressed with the end result; it's a complex facade.

Jacobs asked if it was going to be tied in with the library. Chirpich said if you drive down Gould Avenue, the brick there is example of how it connects well.

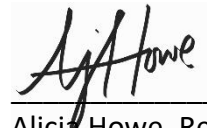
Buesgens said she saw information somewhere about the new restaurant going in there and asked if they knew the name. Chirpich stated that would be news to Staff; as far as they are aware, they have

toured the facility with cafes; the space Buesgens referenced may be next to “Jimmy’s” [Jimmy’s Pro Billiards].

ADJOURNMENT

Motion by Jacobs, seconded by Novitsky, to adjourn the meeting at 6:50 pm. All ayes. MOTION PASSED.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Alicia Howe", is positioned above a horizontal line.

Alicia Howe, Recording Secretary