



SPECIAL ECONOMIC DEVELOPMENT AUTHORITY MEETING

City Hall—Shared Vision Room, 3989 Central Ave NE
Monday, November 10, 2025
5:00 PM

MINUTES

The meeting was called to order at 5:00 pm by President James.

CALL TO ORDER/ROLL CALL

Members present: Connie Buesgens; Laurel Deneen; Lamin Dibba; Rachel James; Amáda Márquez-Simula; Marlaine Szurek

Members absent: Justice Spriggs

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

PLEDGE OF ALLEGIANCE

BUSINESS ITEMS

1. **4300 Central Avenue – TIF Pledge for General Obligation TIF Revenue Bonds Amended.**

Forney reported that 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

Forney noted that 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.

Forney stated that 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.

Forney explained that 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.

Forney noted that 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 an 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.

Forney stated that 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.

Questions/Comments from Members:

Márquez-Simula asked the Alatus representative if there were any updates. She added that MnDOT is doing construction and wondered if they had discussed with MnDOT about development opportunities. Barrett Corwin, Director of Development, replied that the financing environment since 2023 has been much better. He added that due to financing getting better, they have some "stakes in the fire" on what could happen on the site. He explained that Trader Joe's had been an option for the site, but they walked away from 13 total sites in the state. He explained that Alatus has a new site plan and is excited to show it to the City Council. The site plan would maintain the urban edge on Central Avenue and would provide more pedestrian experiences going down into the site.

Mr. Corwin stated the first phase of the project would be somewhere between 260-300 housing units. Parking would not be exposed. He explained that they would build active uses so that it is an appealing building on every side. Many large grocery stores were not excited about the site, because they would like to see large, exposed parking areas. Bob Lux, Founder and Principal of Alatus, added that Mr. Corwin has already started a stormwater study and assessment. He noted that the cost to build structured parking for commercial spaces can get expensive, so they are looking at options within the site plan. He explained that they are in contact with MnDOT about the transit route and have received an acceptance letter for a right-in and right-out access onto the site

from Central Avenue. The credit market is starting to unfreeze a little bit.

Mr. Lux added that Mr. Corwin is working with a strategic partner that has a lower cost per capita that they can access, and would be another financing platform that can be utilized to get the project started. Chirpich added that it is advantageous at this juncture, where the City could have a more deeply engaged watershed district and have to integrate MnDOT's concerns. Mr. Corwin explained that they did not fully appreciate the stormwater needs for the site and how it would benefit the City and neighboring cities. They expect to find some soft funds in order to construct the stormwater improvements on the site. He explained that they will get the stormwater data in 30-45 days and will be able to have options from an engineering standpoint.

Szurek asked if they are looking for a different anchor tenant. Mr. Lux replied that they are looking for commercial tenants who they think can work on the site. Szurek asked if they were looking to do more rental residential housing rather than commercial businesses. Mr. Lux replied that they are still looking at options.

Szurek mentioned that the project continues to get delayed, and the City is providing Alatus with the bonds to keep them going financially. She explained that they are not seeing the project moving forward. Mr. Lux expressed his understanding of the frustration and explained that he does not have a timeline until they can get a commercial tenant in the space or the City decides to just have residential spaces.

Dibba asked Mr. Lux if any entities have been interested in the commercial space. Mr. Lux replied that they have identified that the City does not have a national daycare in the area of the site. He explained that he is speaking with daycare providers and medical office entities. Chirpich added that lending is starting to percolate. Mr. Lux explained that it is still tough to get ahold of funding and interest rates are still 2% higher than they should be. In the meantime, they are looking into other financing platforms.

Deneen mentioned on the previous plan, there was a gym that had been identified. She asked if it was still a part of the current plan. Mr. Lux replied that it was not a part of the new plan.

Deneen asked how the project's timeline would be impacted since Alatus has one project ahead of the City's project. Mr. Lux replied that their financial partner decides which project goes next. Chirpich added that the City may need some more time if they are going to pivot significantly from commercial and prepare a Comprehensive Plan amendment.

James asked when the item would come before the EDA again. Forney replied that the site plan would be presented to the EDA in December. James suggested that the EDA discuss the bonds during this meeting, before getting into the details of the site plan.

Buesgens expressed her appreciation for the comments and explained that patience is part of the process. She added that she looks forward to seeing the revised plan. Mr. Corwin explained that since they are able to pivot and use phasing, it allows more options on how to move forward. It is possible to start building residential space and wait until a commercial tenant expresses interest in

the site.

James mentioned that she went to the Housing Forum at Metro Cities, and they had speakers from all of the community developments in the metro area. Nothing is getting built because of the climate. She agreed that the phasing delay could be helpful with the City.

Motion by Márquez-Simula, seconded by Buesgens, to waive the reading of Resolution No. 2025-28, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Márquez-Simula, seconded by Buesgens, to approve Resolution No. 2025-28, a Resolution of the Columbia Heights Economic Development Authority, 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. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2025-28

A RESOLUTION OF THE COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY, 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

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Columbia Heights Economic Development Authority (the "Authority") as follows:

Section 1. Recitals.

1.01. The City of Columbia Heights, Minnesota (the "City") has established, and the Authority administers, the Alatus TIF District (the "TIF District"), a redevelopment district within the Downtown Central Business Redevelopment Project (the "Redevelopment Project") within the City, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"), and adopted a tax increment financing plan for the TIF District (the "TIF Plan").

1.02. Pursuant to the authority conferred by Section 469.178, subdivision 5 of the TIF Act and Minnesota Statutes, Chapter 475, as amended (the "Municipal Debt Act"), including Section 475.61, subdivision 6, the City issued its Taxable General Obligation Temporary Tax Increment Bonds, Series 2021A (the "Series 2021A Bond"), dated July 29, 2021, in the original aggregate principal amount of \$5,935,000, to pay all or a portion of the public redevelopment costs incurred or to be incurred within the Redevelopment Project as identified in the TIF Plan, including but not limited to a bridge loan provided to Alatus Columbia Heights II LLC, a Delaware limited liability company (the "Developer"), for land acquisition, demolition, and related costs (the "Project Costs"), and the Developer agreed to pay the City's financing and other related costs related to issuing the Series 2021A Bond.

1.03. The City and the Authority entered into a Tax Increment Pledge Agreement, dated July 29, 2021 (the "Original Pledge Agreement"), relating to the payment of principal of and interest on the Series 2021A Bond and providing for the pledge of tax increment revenues generated from the TIF

District to secure the payment of principal of, premium, if any, and interest on the Series 2021A Bond.

1.04. Prior to the maturity of the Series 2021A Bond, the City determined it to be necessary to provide additional temporary financing for the Project Costs and to issue an additional series of temporary bonds for such purpose.

1.05. Pursuant to the authority conferred by the TIF Act, including Section 469.178, subdivision 5, and the Municipal Debt Act, including Sections 475.61, subdivision 6, and 475.67, subdivision 3, and a resolution adopted by the City Council of the City on November 27, 2023, the City issued its Taxable General Obligation Temporary Tax Increment Refunding Bonds, Series 2023A (the "Series 2023A Bond"), in the original aggregate principal amount of \$6,615,000, to refund the Series 2021A Bond prior to maturity and provide additional temporary financing for the Project Costs.

1.06. In connection with the issuance of the Series 2023A Bond, the City and the Authority entered into the Amended and Restated Tax Increment Pledge Agreement, dated December 14, 2023 (the "First Amended Agreement"), which amended and restated the Original Agreement, providing for the pledge of tax increment revenues generated from the TIF District to secure the payment of principal of, premium, if any, and interest on the Series 2023A Bond.

1.07. The Series 2023A Bond matures on February 1, 2026, and is payable on such date from tax increments resulting in increases in the taxable value of real property in the TIF District and/or from proceeds of permanent bonds to be issued by the City prior to such maturity.

1.08. The City has determined the need to issue permanent bonds to refinance the Series 2023A Bond, thereby providing permanent financing for the Project Costs. To that end, at an upcoming meeting of the City Council of the City, but in no event later than February 1, 2026, the City Council will consider a resolution authorizing the issuance and sale of the City's Taxable General Obligation Tax Increment Refunding Bonds, Series 2026A (the "Bonds"), in the maximum aggregate principal amount sufficient to pay: (i) the principal of, interest on, and premium, if any, on the Series 2023A Bond on the redemption date thereof, (ii) interest on the Bonds for a period not exceeding three years from their date of issue or such other maximum period under the Municipal Debt Act, and (iii) costs of issuance, pursuant to the TIF Act, including Section 469.178, subdivision 5, and the Municipal Debt Act, including Section 475.67, subdivision 3. The proceeds of the Bonds will be used to refund the Series 2023A Bond prior to maturity and provide permanent financing for the Project Costs.

1.09. There has been presented to the Board a Second Amended and Restated Tax Increment Pledge Agreement (the "Pledge Agreement") between the Authority and the City, which amends and restates the Original Pledge Agreement, as amended and restated by the First Amended Pledge Agreement, relating to the payment of principal and interest on the Bonds and providing for the pledge of tax increment revenues generated from the TIF District to secure the payment of principal of, premium, if any, and interest on the Bonds.

Section 2. Approval.

2.01. The Board hereby approves the pledge to the City of tax increment revenues attributable

to the TIF District for the payment of principal of, premium, if any, and interest on the Bonds.

2.02. The President and Executive Director of the Authority are hereby authorized to execute and deliver the Pledge Agreement substantially in the form on file with the Board, providing for the pledge of tax increment derived from property in the TIF District for the payment of the principal of, premium, if any, and interest on the Bond.

2.03. This resolution shall be effective as of the date hereof.

Approved this 10th day of November, 2025, by the Board of Commissioners of the Columbia Heights Economic Development Authority.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 10th of November 2025

Offered by: Amáda Márquez-Simula
Seconded by: Connie Buesgens
Roll Call: All ayes of present. MOTION PASSED.

President

Attest:

Acting Secretary

Szurek mentioned that the City needs to do something about people who dump furniture in their front yards. Forney replied that he would reach out to the code enforcement officer to address the issue.

ADJOURNMENT

Motion by Deneen, seconded by Márquez-Simula, to adjourn the meeting at 5:32 pm. All ayes. MOTION PASSED.

Respectfully submitted,

Emilie Voight, Acting Secretary