

Economic Development Authority
1616 HUMBOLDT AVENUE, WEST ST. PAUL, MN 55118

ECONOMIC DEVELOPMENT AUTHORITY MEETING
MUNICIPAL CENTER COUNCIL CHAMBERS

July 25, 2016

Immediately Follows the City Council Meeting

1. Call To Order

2. Roll Call

3. Adopt Agenda

4. EDA Consent Agenda Items

4.A. Meeting Minutes

Documents:

[7-11-16 EDA MINS.PDF](#)

4.B. June 2016 Budget Report

Documents:

[JUNE 2016 BUDGET TO ACTUAL REPORT.PDF](#)

5. Commissioner Comments

6. New Business

6.A. Bifurcation Of Sherman II TIF Note - TIF District 1-2

Documents:

[SHERMAN TIF NOTE.PDF](#)

7. Old Business

8. Adjourn

*If you need an accommodation to participate in the meeting, please contact the ADA Coordinator at
651-552-4100, TDD 651-322-2323 at least 5 business days prior to the meeting
www.wspmn.gov EOE/AA*

**City of West St, Paul
Economic Development Authority Minutes
July 11, 2016**

1. Call to Order

President David Meisinger opened the regular EDA meeting at 7:32 p.m.

2. Roll Call

Present: President David Meisinger and Commissioners Pat Armon, Dave Napier, Dick Vitelli, Jenny Halverson, John Bellows and Ed Iago.

Others: Executive Director/Community Development Director Jim Hartshorn, City Manager Matt Fulton, City Attorney Korine Land, Finance Director/Treasurer Joan Carlson and City Clerk/Secretary Chantal Doriott.

3. Adopt Agenda

The agenda was approved as presented.

4. EDA Consent Agenda Items

A. Meeting Minutes of June 27, 2016.

Motion was made by Com. Vitelli and seconded by Com. Armon to approve the meeting minutes as outlined above and as presented. All members present voted in favor. Com. Iago was not present during vote. The motion carried.

5. Commissioner Comments

Com. Armon "Shop Robert".

Com. Napier reminded everyone to stay local and shop here in West St. Paul.

Com. Vitelli said be patient and frequent our Robert Street businesses.

Presidents Meisinger invited everyone to a Neighborhood Meeting; July 18 at 4:30 p.m. at Westview Park Community Room to discuss the future of the Southview Athletic Club at 260 Marie Ave.

Director Hartshorn will have additional information if you need it and Clerk Chantal Doriott post the possible quorum notice..

6. New Business

6.A. Public Hearing to consider Purchase Offer for EDA Lots

Executive Director Jim Hartshorn gave an overview. Staff has been working with Metzen Realty, Inc. to market the EDA owned lots as one package. Commissioners reviewed the properties which were purchased from 2009 to 2011. Most properties were over 60 years old, vacant, blighted, foreclosed and were purchase under market value from a bank. The average tax value for a house valued between low

to mid \$200,000s is about \$2,500 annually. Developer Green Law has done several projects similar to the proposed. Our Building Official reviewed the project and is in favor. Director Hartshorn added that the homes will be built “zero energy” and meets our code requirements. These houses could come with solar panels, more windows, things like this that make them “green” and more energy efficient.

Commissioner comments:

- What if they don't build one house per year? Attorney Land said we would get the lots back.
- Com. Napier's only concern is what does this house look like? Director Hartshorn said they will probably be different looks and all five could be different.
- Com. Vitelli would like to see what they look like and is not supportive.
- Com. Bellows said it's not one house being built per year but five houses in five years; one house in the first year and the other 4 in the next years. He would like to see the development agreement provide more of a step-guide for the builder. He would like to continue this matter if possible.
- Com. Halverson said the buildings are varied in design.
- Com. Armon asked about closing costs and Attorney Land provided answers.
- Coms. would like to continue the issue so the builder can be present to answer questions.

Motion was made by Com. Bellows and seconded by Com. Halverson to continue this item until the builder can be present. All members present voted in favor. The motion carried.

7. Old Business

There was no old business to discuss.

8. Adjourn

Motion was made by Com. Bellows and seconded by Com. Halverson to adjourn the EDA meeting at 7:45 p.m. All members present voted in favor. The motion carried.

Chantal Doriott
Chantal Doriott
City Clerk/Secretary
City of West St. Paul

City of West St Paul

Economic Development Authority

Income Statement

Through 06/30/2016

	2016 Budget	June Transactions	2016 YTD Actual	Budget - YTD Transactions	% used/ Rec'd
REVENUE					
Tax - Ad Valorem-Current	300,000.00	150,000.00	150,000.00	150,000.00	50%
Investment - Interest	10,000.00	.00	.00	10,000.00	0%
Other Interest Earnings	50,000.00	.00	.00	50,000.00	0%
Misc Revenue - All Other	6,000.00	165.72	16,865.72	(10,865.72)	281%
REVENUE TOTALS	\$366,000.00	\$150,165.72	\$166,865.72	\$199,134.28	46%
EXPENSE					
Salaries - Full Time Reg	121,000.00	8,942.40	60,857.14	60,142.86	50%
Contributions - PERA	9,100.00	670.68	4,564.29	4,535.71	50%
Contributions - FICA	9,250.00	615.81	4,230.07	5,019.93	46%
Contributions - Health In	13,200.00	1,306.31	7,837.86	5,362.14	59%
Contributions - OthGrplns	330.00	26.75	160.50	169.50	49%
Supplies - Office	300.00	.00	.00	300.00	0%
Supplies - General	500.00	.00	11.77	488.23	2%
Auditing Services	2,000.00	.00	.00	2,000.00	0%
Legal Fees	15,000.00	1,971.00	6,450.00	8,550.00	43%
Travel,Conference,Schools	5,000.00	101.52	1,148.30	3,851.70	23%
Advertising	5,000.00	.00	.00	5,000.00	0%
Postage	500.00	2.76	3.47	496.53	1%
Printing & Publishing	1,000.00	.00	.00	1,000.00	0%
Insurance - Gen Liability	1,500.00	.00	1,530.00	(30.00)	102%
Utility Charges	.00	.00	482.19	(482.19)	na
Contractual - Misc Servic	74,125.00	21,075.00	76,472.13	(2,347.13)	103%
Subscriptions,Memberships	775.00	.00	250.00	525.00	32%
Misc Expenses	1,500.00	.00	173.15	1,326.85	12%
Business Subsidy	175,000.00	.00	18,340.04	156,659.96	10%
EXPENSE TOTALS	\$435,080.00	\$34,712.23	\$182,510.91	\$252,569.09	42%
REVENUE TOTALS	366,000.00	150,165.72	166,865.72	199,134.28	46%
EXPENSE TOTALS	435,080.00	34,712.23	182,510.91	252,569.09	42%
NET	(\$69,080.00)	\$115,453.49	(\$15,645.19)	(\$53,434.81)	

Cash Balance:

12/31/2015	401,333
1/31/2016	385,692
2/29/2016	366,557
3/31/2016	316,084
4/30/2016	279,260
5/31/2016	266,945
6/30/2016	385,244

TO: EDA PRESIDENT AND BOARD
FROM: COMM. DEV. DIRECTOR
DATE: JULY 25, 2016



City of West Saint Paul

SUBJECT:

Bifurcation of Sherman II TIF Note – TIF District 1-2.

BACKGROUND INFORMATION:

Sherman Associates intends to sell a commercial property located at 1590 Robert Street (Noodles and Company Building) to another developer (Steve Shaller, who also owns Southview Square in WSP). The subject property is located in TIF District 1-2. Mr. Sherman is requesting to bifurcate the existing note between the commercial portion and the residential portion (the townhomes located at 1500 block Crawford Drive), next to Dakota County library.

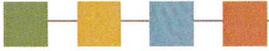
See attached memo from Jason Aarsvold, from Ehlers and Associates for more details.

STAFF RECOMMENDATION:

Approve Resolution approving the division and replacement of a Tax Increment Financing Note.

ATTACHMENTS:

- Memo from Jason Aarsvold and Stacie Kvilvang, Ehlers Associates
- Resolution approving the division and replacement of a TIF Note.



Memo

To: Jim Hartshorn – EDA Executive Director
From: Jason Aarsvold & Stacie Kvilvang, Ehlers
Date: July 25, 2016
Subject: Bifurcation of Sherman II TIF Note – TIF District 1-2

On January 18, 2006 the EDA approved issuance of a \$1,386,000 pay-as-you-go TIF Note to Sherman for TIF District 1-2. The Note accrued interest that was added to principal until the first TIF payment for the District was received in 2008. The amount of accrued interest was \$223,876, thus the new principal amount of the Note was \$1,609,876.

To date the approximately \$83,000 in principal has been paid on the Note, with the majority of the annual TIF generated paying interest. The existing balance on the Note is \$1,526,970. The Note is paid from TIF generated from the commercial development by Sherman (Wentworth Commons), the 14 town homes constructed by Sherman and the vacant future town home land. In addition, the Note is paid by any TIF generated from the Walmart and Jimmie Johns development not needed to pay the outstanding GO TIF Bonds, Series 2015C. It should be noted that there has always been adequate TIF to pay the Bonds, so the “excess TIF” from these parcels has been used to pay on the TIF Note.

Sherman intends to sell the commercial portion of the project to another developer. They have requested that the existing TIF Note be bifurcated, with them retaining the town home portion of the Note and the new Commercial owner receiving the commercial portion of the Note. Based upon the TIF generated from the corresponding developments, the Note would be split as follows:

Commercial TIF Note:	\$869,712 (57%)
TH TIF Note:	<u>\$657,258 (43%)</u>
TOTAL:	\$1,526,970 (100%)

Sherman has complied with all aspects to receive the initial Note and therefore approval of the bifurcation cannot be withheld. It should be noted that any future TIF generated from development of the remaining town home land will be reduced by 25%, which the EDA will retain due to not completing construction of all the town homes by the end of 2010.

Please contact me at 651-697-8506 with any questions.

RESOLUTION NO. _____

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WEST ST. PAUL

RESOLUTION APPROVING THE DIVISION AND REPLACEMENT OF A
TAX INCREMENT FINANCING NOTE

WHEREAS, the Economic Development Authority of the City of West St. Paul (the "EDA") has heretofore approved the creation of Tax Increment Financing District No. 1-2 (the "TIF District") within the Redevelopment Project No. 1 (the "Project Area"), and has adopted a tax increment financing plan for the purpose of financing certain improvements within the Project Area; and

WHEREAS, the EDA has entered into a Tax Increment Financing Agreement (the "Original TIF Agreement") dated January 31, 2006, between the EDA and Sherman Associates, Inc. (the "Developer"), as assigned by an Assignment and Assumption of Tax Increment Financing Agreement between Sherman and Wentworth Commons LLC, and Wentworth Place LLC (collectively, "Redeveloper") dated January 31, 2006, and as amended by a First Amendment to Tax Increment Financing Agreement (the "First Amendment") dated August 4, 2008 by and among the EDA and Redeveloper (collectively, the "TIF Agreement") in connection with the construction by the Redeveloper of the construction of a 13,000 square foot commercial building (the "Commercial Building") and the construction of up to 40 townhomes (the "Townhomes" and, together with the Commercial Building, the "Project"); and

WHEREAS, in accordance with the TIF Agreement the EDA has issued its Tax Increment Revenue Note, Series 2006 (the "Original TIF Note") to Wentworth Commons, LLC (as assignee of Sherman); and

WHEREAS, the Redeveloper has completed the Commercial Building portion of the Project; and

WHEREAS, the Redeveloper has determined to sell the Commercial Building portion of the Development Property (as defined in the TIF Agreement) and assign its interest in a related portion of the Original TIF Note and, in connection therewith, has requested that the EDA replace the Original TIF Note with two replacement notes, one for the Commercial Building to be held by the transferee (the "Commercial TIF Note") and one for the Townhomes to be held by the Redeveloper (the "Housing TIF Note" and together with the Commercial TIF Note the "Replacement TIF Notes"); and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Economic Development Authority of the City of West St. Paul (the "Board") as follows:

1. The EDA hereby approves the conveyance of the Commercial Building portion of the Development Property by the Redeveloper and assignment its interest in a

related portion of the Original TIF Note and authorizes the replacement of the Original TIF Note with the Commercial TIF Note and the Housing TIF Note.

2. Upon delivery of the Replacement TIF Notes, the Original TIF Note will be cancelled.
3. The EDA hereby approves the Replacement TIF Notes in substantially the forms presented to the Board, together with any related documents necessary in connection therewith, including without limitation all documents referenced in or attached to the Replacement TIF Notes or related to the conveyance of the Commercial Building portion of the Development Property, and the assignment of the Redeveloper's interest in the Original TIF Note (collectively, the "Development Documents") and the President and the Executive Director are hereby authorized and directed to execute the Development Documents on behalf of the EDA and to carry out, on behalf of the EDA, the EDA's obligations thereunder.

Approved by the Board of Commissioners of the Economic Development Authority of the City of West St. Paul this 25th day of July, 2016.

President

ATTEST:

Secretary