



ECONOMIC DEVELOPMENT AUTHORITY MEETING

MUNICIPAL CENTER COUNCIL CHAMBERS
1616 HUMBOLDT AVENUE, WEST ST. PAUL, MN 55118
MONDAY, MAY 8, 2023

Immediately Following the Regular City Council Meeting

1. Call To Order
2. Roll Call
3. Adopt Agenda
4. Commissioner Comments
5. EDA Consent Agenda Items
 - 5.A. Approve EDA Meeting Minutes Of January 23, 2023 And April 10, 2023
Documents:
 - [1.23.23 REGULAR EDA MINUTES.PDF](#)
 - [4.10.23 REGULAR EDA MINUTES.PDF](#)
6. Public Hearing
7. General Business
 - 7.A. Resolution Approving And Authorizing The Execution Of A Subordination Agreement And Extension Of Purchase Price Not Maturity Date (Roers/Savor Project)
Documents:
 - [EDA ACTION ITEM - ROERS EXTENSION.PDF](#)
 - [RESOLUTION - ROERS EXTENSION.PDF](#)
8. Adjourn

If you need an accommodation to participate in the meeting, please contact the ADA Coordinator at 651-552-4108 or email ADA@wspmn.gov at least 5 business days prior to the meeting

**City of West St. Paul
Economic Development Authority Minutes
January 23, 2023**

1. Call to Order

President Napier called the meeting to order at 7:13 p.m.

2. Roll Call

Present: President Dave Napier
Commissioners Pat Armon, Wendy Berry, Julie Eastman, Lisa Eng-Sarne
and John Justen
Commissioner Robyn Gulley, virtual

Absent: None

Also Present: Executive Director Nate Burkett
Assistant City Manager Dan Nowicki
Police Chief Brian Sturgeon
Community Development Director Ben Boike
Finance Director Char Stark
EDA Secretary Nicole Tillander

3. Adopt the Agenda

Motion was made by Commissioner Berry and seconded by Commissioner Justen to adopt the agenda as presented.

Vote: Berry – aye
Justen – aye
Armon – aye
Eastman – aye
Eng-Sarne – aye
Gulley – aye
Napier – aye
7 ayes
Motion carried.

4. Commissioner Comments

5. EDA Consent Agenda

A. Approve Minutes of the December 12, 2022 Regular EDA Meeting

Motion was made by Commissioner Eng-Sarne and seconded by Commissioner Eastman to adopt the agenda as presented.

Vote: Eng-Sarne – aye
Eastman – aye
Armon – aye
Berry – aye
Gulley – aye
Justen – aye
Napier – aye
7 ayes
Motion carried.

6. Public Hearing

7. New Business

A. 2022 Annual Review

Community Development Director Ben Boike presented an overview of the 2022 annual report. Topics included building permits, planning cases, code enforcement and rental summaries, completed projects and upcoming priorities including possible TIF legislation; all showcasing investment and reinvestment in the West St. Paul community.

B. Election of Officers

Community Development Director Ben Boike presented. Staff requests that the EDA elect officers for the positions of President and Vice President for 2023. The Treasurer (Mayor), the Assistant Treasurer (Finance Director) and Secretary (City Clerk) are all sitting positions per the bylaws.

Commissioner Berry nominated Mayor Napier to the position of EDA President and Commissioner Eng-Sarne to the position of EDA Vice President, nomination seconded by Commissioner Justen.

Motion was made by Commissioner Berry and seconded by Commissioner Justen to approve EDA Resolution No. 23-001 Electing Officers as follows:

President:	<u>Mayor David J. Napier</u>
Vice President:	<u>Councilmember Lisa Eng-Sarne</u>
Treasurer:	<u>Mayor (David J. Napier)</u>
Assistant Treasurer:	<u>Finance Director (Char Stark)</u>
Secretary:	<u>City Clerk (Nicole Tillander)</u>

Vote: Berry – aye
Justen – aye
Armon – aye
Eastman – aye
Eng-Sarne – aye
Gulley – aye
Napier – aye
7 ayes
Motion carried.

8. Old Business

9. Adjourn

Motion was made by Commissioner Eng-Sarne and seconded by Commissioner Justen to adjourn the meeting at 7:27 p.m.

Vote: 7 ayes / 0 nays. Motion carried.

David J. Napier
President
City of West St. Paul

**City of West St. Paul
Economic Development Authority Minutes
April 10, 2023**

1. Call to Order

President Napier called the meeting to order at 5:30 p.m.

2. Roll Call

Present: President Dave Napier
Commissioners Pat Armon, Wendy Berry, Julie Eastman, Lisa Eng-Sarne,
Robyn Gulley and John Justen
Commissioner Gulley arrived at 5:32 after first vote

Absent: None

Also Present: Executive Director Nate Burkett
Assistant City Manager Dan Nowicki
Police Chief Brian Sturgeon
Community Development Director Ben Boike
Finance Director Char Stark
EDA Secretary Nicole Tillander

3. Adopt the Agenda

Motion was made by Commissioner Berry and seconded by Commissioner Eng-Sarne to adopt the agenda as presented.

Vote: 6 ayes / 0 nays. Motion carried.

4. Commissioner Comments

5. EDA Consent Agenda

6. New Business

A. Commercial Exterior Grant Request - 816 Dodd Rd.

Community Development Director Ben Boike presented the grant request for the Lehner Law Office building. Grant funds are available. Applicant spoke about the property improvements and thanked the council for their consideration.

Motion was made by Commissioner Justen and seconded by Commissioner Berry to approve the grant request as presented.

Vote: 7 ayes / 0 nays. Motion carried.

7. **Old Business**

8. **Adjourn**

Motion was made by Commissioner Eastman and seconded by Commissioner Berry to adjourn the meeting at 5:38 p.m.

Vote: 7 ayes / 0 nays. Motion carried.

David J. Napier
President
City of West St. Paul

Subject: Resolution approving the execution of a subordination agreement and extension of purchase price not for maturity date for the Roers/Savor Project.

Meeting Date: Monday, May 8th, 2023	
Submitted/Presented by/Department: Ben Boike - Community Development	
Action Type	
<input type="checkbox"/> Consent Item	<input type="checkbox"/> Discussion/Direction
<input type="checkbox"/> Public Hearing	<input type="checkbox"/> Informational Only
<input checked="" type="checkbox"/> Action/Motion	<input type="checkbox"/> Report
<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Other: Closed Session
Action	
City Staff requests that the EDA approve the attached resolution.	
Background	
<p>On December 16, 2020, the City executed a Purchase Price Promissory Note with Roers in an amount of \$1,180,000 at 4% interest (maximum interfund loan rate per statute). This Note was for the net purchase price of the City-owned parcels (they paid \$20,000 at closing so total of \$1.2M). The Note is to be paid with 10% of cashflow from the project commencing on March 31, 2023, and every March 31st through 2030 (7 years), with a balloon payment in 2030 if any principal is outstanding. The March 31, 2023, payment was \$4,873.54 (future payments should be higher since 2022 was their first year of leasing).</p> <p>Roers is seeking to place their permanent financing through Fannie Mae. A requirement of Fannie Mae is that any subordinate debt, which the Note is, cannot have a maturity date earlier than Fannie Mae’s loan. As a result, they are requesting the City extend the Note date out 3 years to November 28, 2033.</p> <p>When the Roers project was approved, total development costs (TDC) were approximately \$45.5 million. They programmed \$8.125 million in equity in the project. When they entered into their construction contracts and received final estimates on other costs, TDC went up by nearly \$600,000 to \$45.590 million. This, along with a lower construction mortgage required them to increase their equity to \$11.825 million. Roers is able to increase their 1st mortgage with their permanent financing which allows them to “take out” approximately \$2 million in proceeds to buy down their equity to \$9.24 million.</p> <p>In exchange for the 3-year extension on the City’s Note, Roers will buy down the City Note by \$200,000, which is 10% of the \$2 million they are receiving in proceeds from the refinancing (their equity would now be \$9.44 million). This would reduce the principal amount of the Note to \$980,000 with the same payment terms moving forward (10% of annual cash flow).</p>	

Subject: Resolution approving the execution of a subordination agreement and extension of purchase price not for maturity date for the Roers/Savor Project.

Staff is of the opinion that prepayment on the Note of \$200,000 is fair since it is 10% of the refinancing proceeds and equates to the City’s proportionate share of cash in the project (10% of total equity of the City’s Note and Roers equity combined).	
Attachments	
Resolution	
Previous Relevant Actions	
N/A	
Alternatives	
N/A	
Financial	
Budgeted: <input type="checkbox"/> Yes	<input type="checkbox"/> No Financial Impact
Fund:	City to receive \$200,000 in cash in prepayment of the Note
Department: Click or tap here to enter text.	
Account:	
Amount:	

**CITY OF WEST ST. PAUL
DAKOTA COUNTY, MINNESOTA**

**ECONOMIC DEVELOPMENT AUTHORITY
RESOLUTION NO. 23- ____**

**RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF A
SUBORDINATION AGREEMENT AND EXTENSION OF PURCHASE PRICE NOTE
MATURITY DATE (SAVOR PROJECT)**

WHEREAS, the West St. Paul Economic Development Authority (the “EDA”) has heretofore established the Town Center 1 TIF District (a redevelopment district), a redevelopment tax increment financing district (the “TIF District”) and adopted a Tax Increment Financing Plan (the “TIF Plan”) therefor; and

WHEREAS, the EDA has heretofore entered into an Amended and Restated TIF Assistance Agreement between the EDA and Roers West St. Paul Apartments Owner LLC (the “Developer”) dated November 20, 2020 (the “TIF Agreement”); and

WHEREAS, the Developer has heretofore executed a Purchase Price Promissory Note dated December 16, 2020, in favor of the EDA relating to the payment of the purchase price for land acquired for the Project, as such term is defined in the TIF Agreement (the “Purchase Price Note”); and

WHEREAS, in connection with the permanent financing for the construction of the Project, as such term is defined in the TIF Agreement, the Developer has requested that the EDA (i) enter into a Subordination Agreement among JLL Real Estate Capital, LLC (the “Senior Lender”), the EDA and the Developer (the “Subordination Agreement”); (ii) consent to that certain Collateral Assignment of Tax Increment Financing (the “Assignment”) from the Developer to the Senior Lender as set forth in that certain Consent, Acknowledgment and Estoppel of the West St. Paul Economic Development Authority executed by the EDA (the “Consent”); and (iii) extend the final maturity date of the Note from December 31, 2030 to December 31, 2033; and

WHEREAS, in connection with the Purchase Price Note extension, the Developer has agreed to prepay \$200,000 of the outstanding balance of the Purchase Price Note upon the closing of the permanent financing with the Senior Lender; and

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

Section 1. Approval of Subordination Agreement.

1.01. The Developer has presented the EDA with a request for the extension of the Purchase Price Note, and there has been prepared and presented to the Board for its consideration an amended and restated Purchase Price Note (the “Replacement Note”), the Subordination Agreement, the Assignment, and the Consent.

1.02. The Board hereby approves the Replacement Note, the Subordination Agreement, the Assignment, and the Consent in substantially the forms presented to the Board, together with any related documents necessary in connection therewith (collectively, the “Development Documents”), and hereby authorizes the President and Executive Director, in their discretion and at such time, if any, as they may deem appropriate, to execute the Development Documents to which the EDA is a party, on behalf of the EDA, and to carry out, on behalf of the EDA, the EDA’s obligations thereunder when all conditions precedent thereto have been satisfied.

1.03. 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 EDA and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the EDA. The execution of any instrument by the appropriate officers of the EDA herein authorized 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.

1.04. 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 in their behalf. Upon execution and delivery of the Development Documents, the officers and employees of the Board are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the Board to implement the Development Documents, including without limitation the issuance of tax increment revenue obligations thereunder when all conditions precedent thereto have been satisfied and reserving funds for the payment thereof in the applicable tax increment accounts.

1.05. The Board hereby determines that the execution and performance of the Development Documents will help realize the public purposes of the Act.

PASSED AND DULY ADOPTED by the Economic Development Authority of the City of West St. Paul, Minnesota, this 8th day of May, 2023.

ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF WEST ST. PAUL

President, David J. Napier

ATTEST:

Executive Director, Nathan Burkett