

**MINUTES OF
THE ECONOMIC DEVELOPMENT AUTHORITY
CITY OF SOUTH ST. PAUL
DAKOTA COUNTY, MINNESOTA**

**Annual Meeting
January 8, 2018
City of South St. Paul Training Room**

1. CALL TO ORDER

President Francis called the meeting to order at 6:32 P.M.

2. ROLL CALL

Members Present: President Francis, Commissioners Tom Seaberg, Marilyn Rothecker, Joe Forester, Lori Hansen and Todd Podgorski. Absent: Bill Flatley

Staff Present: EDA Executive Director Ryan Garcia, City Administrator Stephen King, Legal Counsel Ken Rohlf and Edie Kleinboehl. Others Present: Jason Frankot, Frankot Properties, LLC

3. AGENDA

Motion/Second: Commissioner Seaberg moved and Commissioner Hansen seconded approval of the agenda.

Motion carried 6 ayes / 0 nays

4. CONSENT

Motion/Second: Commissioner Hansen moved and Commissioner Forester seconded approval of the consent agenda.

A. EDA Minutes of December 11, 2017

B. Approval of Satisfaction of Mortgage – Resolution No. 2018-1

5. PUBLIC HEARING:

A. Approval of a Business Subsidy Agreement with Frankot Properties/Jason Frankot – Allstate Insurance (820 Southview Boulevard) – Resolution No. 2018-2

Motion/Second: Commissioner Seaberg moved and Commissioner Podgorski seconded the motion to open the public hearing. Motion carried.

Mr. Garcia reported the Purchase Agreement with Frankot Properties LLC established a purchase price of \$100,000 which is \$170,200 below the County Assessor's Estimated Market Value for the property. According to State law the "write-down" of the purchase price is considered a subsidy and requires a public hearing to approve the terms of a Business Subsidy Agreement. Mr. Garcia reviewed the terms noting the buyer is required to remain at the location for a five year period or pay back a prorated portion of the subsidy.

Discussion ensued. Commissioner Seaberg opined the Subsidy Agreement should be amended to include a Payback Schedule in the event of default.

Motion/Second: Commissioner Hansen moved and Commissioner Podgorski seconded the motion to close the public hearing. Motion carried.

Motion/Second: Commissioner Hansen moved and Commissioner Forester seconded the motion to adopt Resolution No. 2018-2 approving the execution of an amended Business Subsidy Agreement with Frankot Properties LLC.

Motion carried 6 ayes / 0 nays

6. GENERAL BUSINESS:

A. Approval of a Sub-Recipient Funding Agreement with Frankot Properties (820 Southview Boulevard) – Resolution 2018-3

Mr. Garcia stated the amount of Gap Assistance available for the project was reduced from \$150,000 to \$60,000 for qualified redevelopment/renovation expenses due to the project falling short of the minimum market value. It was noted the developer will be expending at least \$300,000 to address building deficiencies. The sub-recipient agreement formalizes the terms and conditions of providing \$60,000 in financial assistance for the project.

Discussion ensued.

Motion/Second: Commissioner Seaberg moved and Commissioner Hansen seconded the motion to adopt Resolution No. 2018-3 authorizing approval of a Sub-Recipient Funding Agreement with Frankot Properties LLC.

Motion carried 6 ayes / 0 nays

B. Approval of a Tax Increment Finance Development Agreement with DRS Investment VI LLC

Mr. Garcia reported the EDA previously approved structuring a TIF agreement to assist DRS Investment VI LLC with redeveloping the property at 161 Concord Exchange North as a 67-unit, market rate, for-rent residential housing project. Total project costs are estimated to be \$10,067,700 with the developer's contribution consisting of a first mortgage of \$6,744,482 and private equity of \$1,093,200. It was noted the project meets the intent of the Concord TIF District, the TIF Policy and revitalizes the Concord corridor.

Mr. Garcia reviewed the agreement terms including:

- Acquisition of property by redeveloper by January 31, 2018
- \$150,000 in Gap Assistance funding via the MN DEED Special Appropriations Grant
- \$830,000 in TIF assistance to be provided within 30 days of building permit issuance
- No more than \$1,000,000 total TIF assistance in years 2020-2024 (maximum of \$200,000 per year - developer must meet Estimated Market Value targets or the commitment may be reduced)
- Exploring other grant opportunities from Met Council or Dakota County CDA

Discussion ensued regarding the parking/redevelopment of adjacent properties and providing the developer a "right of first refusal" for 36 months after execution of the agreement.

Motion/Second: Commissioner Seaberg moved and Commissioner Rothecker seconded the motion to adopt Resolution No. 2018-4 authorizing the execution of a Tax Increment Finance Development Agreement with DRS Investment VI LLC

Motion carried 6 ayes / 0 nays

C. Authorization for South St. Paul Police Department to utilize 820 Southview Blvd. for training purposes on January 17, 2018

Motion/Second: Commissioner Seaberg moved and Commissioner Forester seconded the motion to authorize the South St. Paul Police Department utilization of 820 Southview Blvd. for training purposes on January 17, 2018.

Motion carried 6 ayes / 0 nays

D. Election of Officers

Mr. Garcia reported the EDA Bylaws require annual appointment of officers. As the Bylaws state, the positions of President and Treasurer are to be held by the Mayor. Additionally, the positions of Assistant Treasurer and Secretary need not be held by a Commissioner.

Chair Francis invited nominations of Vice President.

Motion/Second: Commissioner Podgorski moved and Commissioner Forester seconded nominating Tom Seaberg as Vice President.

Motion carried 6 ayes / 0 nays

Chair Francis invited nominations for Assistant Treasurer and Secretary.

Motion/Second: Commissioner Hansen moved and Commissioner Seaberg seconded retaining Michelle Pietrick as Assistant Treasurer and Edie Kleinboehl as Secretary.

Motion carried 6 ayes / 0 nays

7. ADJOURNMENT

Motion/Second: Commissioner Seaberg moved and Commissioner Rothecker seconded the motion to adjourn the meeting at 7:32 P.M.

Approved: January 22, 2018

Edie Kleinboehl, Secretary