EDA Members:
Dan Roe, President
Lisa Laliberte, Vice President
Wayne Groff, Treasurer
Robert Willmus
Jason Etten

City of ROSEVILLE Minnesota, USA

Economic Development Authority Meeting Agenda
Monday, January 13, 2020
6:00pm
City Council Chambers

Address:
2660 Civic Center Dr.
Roseville, MN 55113

Phone:
651-792-7000

Website:
www.growroseville.com

1. 6:00 P.M. Roll Call
   Voting & Seating Order: Willmus, Groff, Etten, Laliberte, and Roe

2. Pledge Of Allegiance

3. Approve Agenda

4. 6:01 P.M. Public Comment

5. Business Items (Action Items)

5.A. 6:03 PM Election Of Officers

Documents:

5A REPORT AND ATTACHMENT.PDF

5.B. 6:08 PM Authorize An Extension Of A Development Agreement With Twin Cities Habitat For Humanity Regarding 1125 Sandhurst Drive West

Documents:

5B REPORT AND ATTACHMENTS.PDF

5.C. 6:15 PM Consider A Request For Tax Increment Financing (TIF) Assistance For Gaughan Properties Regarding Redevelopment Of 2501 Fairview Avenue (Fairview Fire Station)

Documents:

5C REPORT AND ATTACHMENTS.PDF

5.D. 6:45 PM Receive Presentation From Ehlers, Inc. And Provide Direction Regarding The City's TIF Management Plan

Documents:

5D REPORT AND ATTACHMENTS.PDF

6. 7:15 P.M. Adjourn To City Council

ROSEVILLE

REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 1/13/2020
Item No.: 5.a

Department Approval

Janice Gundlach

Executive Director Approval

Patrick J Trudgeon

Item Description: Annual Election of Officers of the Roseville Economic Development Authority

BACKGROUND

Minnesota State Statute 469.096, Subdivision 2 requires an Economic Development Authority to elect a President, a Vice President, a Treasurer, Secretary and an Assistant Treasurer at an annual meeting. The Roseville Economic Development Authority bylaws designate that the office of Secretary be held by the Executive Director and the Assistant Treasurer be held by the City's Finance Director. A Commissioner may not serve as President and Vice President at the same time, but the other offices may be held by the same Commissioner. The offices of President, Vice President and Treasurer must be held by a Commissioner. The bylaws provide for the office of Secretary to be held by the Executive Director, who may delegate duties to other City staff as needed. The officers elected in 2019 are:

President – Member Dan Roe
Vice President – Member Lisa Laliberte
Treasurer – Member Wayne Groff
Secretary – Patrick Trudgeon
Assistant Treasurer – Chris Miller

POLICY OBJECTIVE

The annual election of officers per Minnesota State Statute 469.096 Subdivision 2.

STAFF RECOMMENDATION

Commissioners should elect the following officer positions per Minnesota State Statute 469.096, Subdivision 2:

- President
- Vice President
- Treasurer
- Secretary
- Assistant Treasurer

REQUESTED REDA BOARD ACTION

Motion to elect a President, Vice President, Treasurer, Secretary and Assistant Treasurer of the Roseville Economic Development Authority.

Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

Attachment A: Minnesota State Statue 469.096

469.096 OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.

Subdivision 1. **Bylaws, rules, seal.** An authority may adopt bylaws and rules of procedure and shall adopt an official seal.

Subd. 2. **Officers.** An authority shall elect a president, a vice-president, a treasurer, a secretary, and an assistant treasurer. The authority shall elect the president, treasurer, and secretary annually. A commissioner must not serve as president and vice-president at the same time. The other offices may be held by the same commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.

Subd. 3. **Duties and powers.** The officers have the usual duties and powers of their offices. They may be given other duties and powers by the authority.

Subd. 4. **Treasurer's duties.** The treasurer:

(1) shall receive and is responsible for authority money;

(2) is responsible for the acts of the assistant treasurer;

(3) shall disburse authority money by check only;

(4) shall keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements; and

(5) shall file the authority's detailed financial statement with its secretary at least once a year at times set by the authority.

Subd. 5. **Assistant treasurer.** The assistant treasurer has the powers and duties of the treasurer if the treasurer is absent or disabled.

Subd. 6. **Treasurer's bond.** The treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the authority and filed with the secretary. The bond must be for twice the amount of money likely to be on hand at any one time, as determined at least annually by the authority provided that the bond must not exceed $300,000.

Subd. 7. **Public money.** Authority money is public money.

Subd. 8. **Checks.** An authority check must be signed by the treasurer and one other officer named by the authority in a resolution. The check must state the name of the payee and the nature of the claim that the check is issued for.

Subd. 9. **Financial statement.** The authority's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority's credits and assets, and its outstanding liabilities in a form required for the city's financial statements. The authority shall examine the statement together with the treasurer's vouchers. If the authority finds that the statement and vouchers are correct, it shall approve them by resolution and enter the resolution in its records.

History: *1987 c 291 s 97*

REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 1/13/2020
Item No.: 5.b

Department Approval	Executive Director Approval

Item Description: Authorize an Extension of a Development Agreement with Twin Cities Habitat for Humanity regarding 1125 Sandhurst Drive West

BACKGROUND

On January 14, 2019 the Roseville Economic Development Authority (REDA) adopted a Resolution approving the Sale and Development Agreement (DA) with Twin Cities Habitat for Humanity (TCHH) for the purpose of rehabilitating 1125 Sandhurst Drive West (Attachment A). Section 4.3 of the Development Agreement requires that construction be completed no later than one year after the Closing Date, which is February 11, 2020. TCHH is requesting from the REDA to extend the construction completion to August 1, 2020. Staff has been given periodic updates of the progress of the project as allowed for in Section 4.3 of the DA (Attachment B). Delays have been caused by discovery and removal of an underground tank that was not anticipated and weather.

BUDGET IMPLICATIONS

There are no budget implications other than attorney fees and recording costs as associated with drafting and recording of the extension.

STAFF RECOMMENDATION

Staff recommends the REDA extend the DA to August 1, 2020 with TCHH.

REQUESTED BOARD ACTION

Motion to adopt a resolution authorizing staff to amend and extend the DA to August 1, 2020 with TCHH.

Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

Attachments:
A: Recorded Sale and Development Agreement with TCHH for 1125 Sandhurst Drive West
B: E-mail update of project status from TCHH
C: Resolution approving amendment to the DA
D: Amendment to the DA

Attachment A

Doc No **A04746633**

Certified, filed and/or recorded on
Feb 15, 2019 9:29 AM

Office of the County Recorder
Ramsey County, Minnesota
Susan R Roth, County Recorder
Christopher A. Samuel, County Auditor and Treasurer

Deputy 307 Pkg ID 1287165M

Document Recording Fee Abstract	$46.00
Document Total	$46.00

This cover sheet is now a permanent part of the recorded document.

1

PURCHASE AND DEVELOPMENT CONTRACT

Between

ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

and

TWIN CITIES HABITAT FOR HUMANITY, INC.

for property located at

1125 Sandhurst Drive West, Roseville MN 55113

This Instrument Drafted by:

KENNEDY & GRAVEN, Chartered (MNI)
470 US Bank Plaza
Minneapolis, Minnesota 55402
Telephone: 612-337-9300

PURCHASE AND DEVELOPMENT CONTRACT

THIS AGREEMENT, made and entered into as of this 14th day of January, 2019, by and between the Roseville Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota ("Authority") and Twin Cities Habitat for Humanity, Inc., a Minnesota nonprofit corporation ("Developer").

WITNESSETH:

WHEREAS, the City of Roseville ("City") and the Housing and Redevelopment Authority in and for the City of Roseville (the "HRA") previously created and established a Redevelopment Project ("Project") pursuant to the authority granted in Minnesota Statutes, Sections 469.001 through 469.047 (the "HRA Act"); and

WHEREAS, pursuant to the HRA Act, the City and the HRA previously adopted a redevelopment plan for the Project ("Redevelopment Plan"), and received Community Development Block Grant funding to further the housing and redevelopment goals of the Redevelopment Plan; and

WHEREAS, the HRA has transferred the control and administration of the Project to the Authority, which is authorized to exercise the powers of a housing and redevelopment authority under Minnesota Statutes, Sections 469.090 through 469.1081, as amended (the "Act"); and

WHEREAS, in order to achieve the objectives of the Redevelopment Plan and particularly to make specified land in the Project available for redevelopment by private enterprise for and in accordance with the Redevelopment Plan, the Authority has determined to provide substantial aid and assistance to finance redevelopment costs within the Project; and

WHEREAS, the Developer has proposed a Development (as hereinafter defined) on certain tax-forfeit property within the Project acquired by the Authority from Ramsey County (the "County") pursuant to a Memorandum of Understanding for the development of affordable housing between the Authority and County dated as of August 28, 2018 (the "MOU"), which the Authority has determined will promote and carry out the objectives for which the Project and Redevelopment Plan have been undertaken, will be in the vital best interests of the City and the health, safety and welfare of its residents and will be in accord with the public purposes and provisions of the applicable state and local laws and requirements under which development in the Project has been undertaken and is being assisted; and

WHEREAS, the Authority intends to utilize Community Development Block Grant funding to provide the assistance contemplated under this Agreement, and the parties agree that such funding requires the Developer to comply with certain income restrictions as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations of the Authority and the Developer, each party does hereby represent, covenant and agree with the other as follows:

ARTICLE I.

DEFINITIONS, EXHIBITS, RULES OF INTERPRETATION

Section 1.1. Definitions. In this Agreement, the following terms have the meaning given below unless the context clearly requires otherwise:

Authority. The Roseville Economic Development Authority, a public body corporate and politic and a political subdivision of the State of Minnesota.

Building Plans. Plans for the Improvements to be constructed on the Property, in such detail as required by the local building official for issuance of a building permit.

City. The City of Roseville, a Minnesota municipal corporation.

CDBG Fund Requirements. The federal income restrictions governing the use by the Authority of its Community Development Block Grant funds for affordable housing purposes, and specifically the requirement that the Improvements be owned and occupied by a Qualified Homebuyer.

Construction Plans. The construction plans approved by the Authority pursuant to Section 4.1 of this Agreement. The Construction Plans include a schedule for construction and/or rehabilitation of the Improvements, preliminary plans and schematics of the Improvements to be constructed and/or rehabilitated, and a landscaping plan.

Developer. Twin Cities Habitat for Humanity, Inc., a Minnesota nonprofit corporation.

Development. The Property and the Improvements to be constructed and/or rehabilitated thereon according to the Construction Plans approved by the Authority.

Event of Default. Any of the events listed in Section 8.1.

Habitat Guidelines. The TCHFH Lending, Inc. Home Mortgage Program guidelines, attached as Exhibit F to this Agreement.

Holding Costs. Documented costs of maintaining the Property paid or incurred by the Authority from September 5, 2018 through the Closing Date, including costs of lawn maintenance, plowing, and gas and electric utility charges.

Improvements. Each and all of the structures and site improvements constructed and/or rehabilitated on the Property by the Developer, as specified in the Construction Plans to be approved by the Authority.

MOU. The Memorandum of Understanding concerning the Property between the County and Authority, dated August 28, 2018.

Minimum Market Value. $275,000, which is the minimum market value for the land and Improvements as confirmed by the Ramsey County Assessor.

Mortgage. A mortgage granted by a third party lender, or by the Authority, to the Developer in accordance with Sections 3.1 and 7.2 of this Agreement.

Property. The real property legally described as:

The West 11.7 feet of Lot 2 and all of Lot 3, Broadview Addition, Block 1, according to the recorded plat thereof, and situate in Ramsey County, Minnesota

Located on land having a street address of:

1125 Sandhurst Drive West, Roseville, MN 55113-4327

Qualified Homebuyer. The individual person or persons purchasing the Property from Developer and who will be living continuously in the home following purchase, whose household income does not exceed 80% of area median income as adjusted for family size pursuant to the CDBG Fund Requirements, and further meeting the requirements of the Habitat Guidelines.

Unavoidable Delays. Delays which are the direct result of strikes, labor troubles, fire or other casualty to the Improvements, litigation commenced by third parties which results in delays or acts of any federal, state or local government, except those contemplated by this Agreement, which are beyond the control of the Developer.

Section 1.2. Exhibits. The following Exhibits are attached to and by reference made a part of this Agreement:

A. Form of Certificate of Completion
B. Form of Quit Claim Deed
C. Well Disclosure
D. Form of Authority Mortgage
E. Form of Subordination of Authority Mortgage
F. Habitat Guidelines

Section 1.3. Rules of Interpretation.

(a) This Agreement shall be interpreted in accordance with and governed by the laws of the State of Minnesota.

(b) References herein to any particular section or subdivision hereof are to the section or subdivision of this Agreement as originally executed.

(c) Any titles of the several parts, articles and sections of this Agreement are inserted for convenience and reference only and shall be disregarded in construing or interpreting any of its provisions.

ARTICLE II.

REPRESENTATIONS AND UNDERTAKINGS

Section 2.1. By the Developer. The Developer makes the following representations and undertakings:

(a) The Developer has the legal authority and power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by action of its board of directors;

(b) The Developer has the necessary equity capital or has obtained commitments for financing necessary for construction of the Improvements;

(c) The Developer will construct the Improvements in accordance with the terms of this Agreement, the Habitat Guidelines, and all local, state and federal laws and regulations;

(d) The Developer will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, the requirements of all local, state and federal laws and regulations which must be obtained or met before the Improvements may be constructed;

(e) The plans for the Improvements have been or will be prepared by a qualified draftsperson or architect; and

(f) The Developer has read and understands the income restrictions imposed by the CDBG Fund Requirements, and agrees to sell the Property only to Qualified Homebuyers meeting the restrictions imposed.

Section 2.2. By the Authority. The Authority makes the following representations as the basis for the undertaking on its part herein contained:

(a) The Authority is authorized by law to enter into this Agreement and to carry out its obligations hereunder; and

(b) The Authority will, in a timely manner, subject to all notification requirements, review and act upon all submittals and applications of the Developer and will cooperate with the efforts of the Developer to secure the granting of any permit, license, or other approval required to allow the construction of the Improvements.

ARTICLE III.

ACQUISITION OF PROPERTY; CONVEYANCE TO DEVELOPER

Section 3.1. Purchase of Property by Developer. The Authority agrees to sell the Property to Developer and the Developer agrees to purchase the Property from the Authority in an "as-is" condition. The Authority agrees to convey the Property to the Developer by Quit Claim Deed in substantially the form of Exhibit B (the "Deed"). The Deed will contain the right of reverter required in Section 8.3, as well as the income restrictions for Qualified Homebuyers. The purchase price for the Property will be $49,404 ("Purchase Price"). There will be no payment of earnest money. The Developer will provide the Authority with a promissory note (the "Note") secured by a Mortgage, both in substantially the form attached hereto as Exhibit D, for the Purchase Price ($49,404) at Closing. Upon request, the Authority's Mortgage may be assigned to a Qualified Homebuyer and subordinated to any Mortgage held by a third party lender upon the conveyance of the Property by the Developer to such Qualified Homebuyer, pursuant to a subordination agreement in substantially the form attached as Exhibit E.

Section 3.2. Title and Examination. As soon as reasonably possible after execution of this Agreement by both parties,

(a) Authority shall surrender any abstract of title and a copy of any owner's title insurance policy for the property, if in Authority's possession or control, to Developer or to Developer's designated title service provider; and

(b) Developer shall obtain the title evidence determined necessary or desirable by Developer or Developer's construction lender, including but not limited to title searches, title examinations, abstracting, a title insurance commitment or an attorney's title opinion, at Developer's selection and cost, and provide a copy to the Authority.

The Developer shall have 20 days from the date it receives such title evidence to raise any objections to title it may have. Objections not made within such time will be deemed waived. The Authority shall have 90 days from the date of such objection to effect a cure; provided, however, that the Authority shall have no obligation to cure any objections, and may inform Developer of such. The Developer may then elect to close notwithstanding the uncured objections or declare this Agreement null and void, and the parties will thereby be released from any further obligation hereunder.

Section 3.3. Taxes and Special Assessments. Real estate taxes, if any, will be prorated between the Authority and Developer as of the date of closing. The parties agree that there are no special assessments levied against the Property as of the date of this Agreement, and that it is expected that no special assessments will be levied or pending against the Property on the Closing Date. Special assessments pending against the Property on or prior to the Closing Date, if any, will be paid by the Authority.

Section 3.4. Soil Conditions and Hazardous Wastes. The Developer acknowledges that the Authority makes no representations or warranties as to the conditions of the soils on the Property, its fitness for the construction of the Improvements or any other purpose for which the Developer may use the Property, or regarding the presence of hazardous wastes on the Property. The Authority will allow reasonable access to the Property for the Developer to conduct such tests regarding soils conditions and hazardous wastes as the Buyer may desire. Permission to enter the Property to conduct such tests must be given in writing under reasonable terms and conditions established by the Authority.

Section 3.5. Site Preparation. Any necessary site preparation is the responsibility of Developer.

Section 3.6. Other Preconditions to Closing. [Intentionally omitted.]

Section 3.7. Closing. Closing on the Property shall take place on or before February 11, 2019 ("Closing Date"), or such later date as may be agreed to by the Developer and Authority in writing. At Closing, the Developer must provide the Authority with the Note and Mortgage for the Purchase Price.

Section 3.8. Closing Costs. The Developer will pay: (a) any transfer taxes; (b) the closing fees charged by its title insurance company or other closing agent, if any, utilized to close the transaction for Developer; (c) fees for title services chosen by Developer pursuant to Section 3.2 above, including the premium for title insurance policy, if any, (d) one-half of the Holding Costs incurred by the Authority, and (e) the recording fees for this Agreement and the Deed transferring title to the Developer. Authority will pay (a) fees and charges related to the filing of any instrument required to make title marketable, and (b) one-half of the Holding Costs incurred by the Authority. Each party shall pay its own attorney's fees.

Section 3.9. Sewer and Water. Authority warrants that city water is available at the lot line and city sewer is available at the curb.

Section 3.10. ISTS Disclosure. Authority **(is) (is not)** aware of any individual sewage treatment system on the property. The Developer is responsible for all costs of removing any individual sewage treatment system that may be discovered on the Property.

Section 3.11. Well Disclosure. Authority's knowledge of wells on the Property is disclosed in Exhibit C.

ARTICLE IV.

CONSTRUCTION OF IMPROVEMENTS

Section 4.1. **Construction of Improvements**. The Developer shall construct the Improvements on the Property in accordance with the Construction Plans, shall cause the Improvements to meet or exceed the Minimum Market Value specified in Section 1.1, and shall maintain, preserve and keep the Improvements in good repair and condition. Developer expressly agrees that it will rehabilitate the existing single-family dwelling on the property, intended for sale to a Qualified Homebuyer. **This covenant shall survive the delivery of the Deed**. The Developer shall provide proposed construction plans to the Authority for review; if the proposed construction plans are in conformity with this Agreement, the Authority will approve the Construction Plans following review and comment by the Qualified Homebuyer, if identified.

Section 4.2. **Construction Plans**. No building permit will be issued by the City unless the Building Plans are in conformity with the Construction Plans, the Developer's Minimum Market Value, any other requirements contained in this Agreement, and all local, state and federal regulations. The Developer shall provide the Authority with a set of Building Plans to be used in connection with any application for a building permit. The Authority shall, within 25 days of receipt of the Building Plans, review the same to determine whether the foregoing requirements have been met. If the Authority determines such Building Plans to be deficient, it shall notify the Developer in writing stating the deficiencies and the steps necessary for correction. Issuance of the building permit by the City shall be a conclusive determination that the Building Plans have been approved and shall satisfy the provisions of this Section 4.2.

Section 4.3. **Schedule of Construction**. Subject to Unavoidable Delays, construction of the Improvements shall commence no later than six months after the Closing Date, and shall be completed no later than one year after the Closing Date ("Construction Completion Date"). All construction shall be in conformity with the approved Construction Plans. Periodically during construction the Developer shall make reports in such detail as may reasonably be requested by the Authority concerning the actual progress of construction. If at any time prior to completion of construction the Authority has cause to believe that the Developer will be unable to complete construction of the Improvements in the time permitted by this Section 4.3, it may notify the Developer and demand assurances from the Developer regarding the Developer's construction schedule. If such assurances are not forthcoming or are deemed by the Authority at its sole discretion to be inadequate, the Authority may declare an Event of Default and may avail itself of any of the remedies specified in Section 8.2 of this Agreement.

Section 4.4. **Certificate of Completion**. After notification by the Developer of completion of construction of the Improvements, the Authority shall inspect the construction to determine whether the Improvements have been completed in accordance with the Construction Plans and the terms of this Agreement, including the date of the completion thereof. Promptly after substantial completion of the Improvements in accordance with those provisions of this Agreement relating solely to the obligations of the Developer to construct such Improvements (including the date for completion thereof), and on or before the date of closing on the sale of the Property to a Qualified Homebuyer, the Authority will furnish the Developer with a Certificate of Completion, in substantially the form attached hereto as Exhibit A, for such improvements. Such certification by the Authority shall be (and it shall be so provided in the Deed and in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement and in the Deed with respect to the obligations of the Developer and its successors and assigns, to construct the Improvements and the dates for completion thereof. Delivery of the Certificate of Completion shall not terminate the income covenants in the Deed or in the Authority's Note and Mortgage, which will be assigned by the Developer to the Qualified Homebuyer as provided in Section 6.4.

If the Authority shall refuse or fail to provide certification in accordance with the provisions of this Section 4.4, the Authority shall within 15 days of such notification provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Improvements in accordance with the provisions of this Agreement necessary, in the opinion of the Authority, for the Developer to take or perform in order to obtain such certification.

Section 4.5. Failure to Construct. In the event that construction of the Improvements is not completed as provided in Section 4.3 of this Agreement, an Event of Default shall be deemed to have occurred, and the Authority may proceed with its remedies under Section 8.2.

ARTICLE V.

[Intentionally omitted]

ARTICLE VI.

FINANCING

Section 6.1. Financing. Closing shall not take place until Developer has provided Authority with acceptable evidence of financing for construction of the Improvements. Developer must notify Authority immediately of any changes to or withdrawal of the approved financing. Authority shall have 10 days after receipt of such notice to approve or disapprove changes in financing. If the Authority rejects a change in the approved financing or if the approved financing is withdrawn, the Developer shall have 30 days or such additional period of time as the Developer may reasonably require from the date of the Authority's notification to submit evidence of financing satisfactory to the Authority. If the Developer fails to submit such evidence or fails to use due diligence in pursuing financing, the Authority may terminate this Agreement and both parties shall be released from any further obligation or liability hereunder.

Section 6.2. Copy of Notice of Default to Lender. Whenever the Authority shall deliver any notice or demand to the Developer with respect to any Event of Default by the Developer in its obligations or covenants under this Agreement, the Authority shall at the same time forward a copy of such notice or demand to each holder of any Mortgage authorized by the Agreement at the last address of such holder shown in the records of the Authority.

Section 6.3. Subordination. In order to facilitate obtaining financing for the construction of the Improvements by the Developer, the Authority may, in its sole and exclusive discretion, agree to modify this Agreement in the manner and to the extent the Authority deems reasonable, upon request by the financial institution and the Developer, including subordination of the Authority's Note and Mortgage and/or the Authority's right of reverter.

Section 6.4. Assignment of Authority Mortgage to Qualified Homebuyer. Upon conveyance of the Property and completed Improvements by the Developer to the Qualified Homebuyer, the Developer shall assign, and the Qualified Homebuyer shall assume, the Note and Mortgage for the Purchase Price of the Property. Pursuant to the terms of the Note and Mortgage, no payments of principal or interest shall be payable by the Qualified Homebuyer to the Authority unless, within thirty (30) years after the Closing Date, the Property is sold by the Qualified Homebuyer to a third party not meeting the qualifications for home ownership under the CDBG Fund Requirements.

ARTICLE VII.

PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER

Section 7.1. Representation as to Redevelopment. The Developer represents and agrees that its undertakings pursuant to the Agreement are for the purpose of development of the Property and not for speculation in land holding. The Developer further recognizes that, in view of the importance of the Development to the general welfare of the City and the substantial financing and other public aids that have been made available by the Authority for the purpose of making the Development possible, the qualification and identity of the Developer are of particular concern to the Authority. The Developer further recognizes that it is because of such qualifications and identity that the Authority is entering into this Agreement, and, in so doing, is further willing to rely on the representations and undertakings of the Developer for the faithful performance of all undertakings and covenants agreed by the Developer to be performed.

Section 7.2. Prohibition Against Transfer of Property and Assignment of Agreement. For the reasons set out in Section 7.1 of this Agreement, the Developer represents and agrees as follows:

(a) Except as specifically allowed by this section, Developer has not made or created, and, prior to the issuance of the Certificate of Completion, Developer will not make or create, or suffer to be made or created, any total or partial sale, assignment, conveyance, or any trust in respect to this Agreement or the Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, without the prior written approval of the Authority.

(b) This provision shall not be deemed as preventing the Developer from entering into a Purchase Agreement for the sale of the Property to a Qualified Homebuyer.

(c) This provision does not prohibit conveyances that are only by way of security for, and only for the purpose of obtaining financing necessary to enable the Developer or any successor in interest to the Property, or any part thereof, to perform its obligations with respect to the Development under this Agreement, and any other purpose authorized by this Agreement. Any Mortgage provided to the Developer by a third-party lender must be disclosed to the Authority, and must be subordinate to this Agreement unless the Authority agrees, in Authority's sole discretion, to subordinate its rights under this Agreement to the holder of the Mortgage. The Developer must provide the Authority with an address for the holder of the Mortgage for purposes of providing notices as may be required by this Agreement.

(d) The Developer, and its successors and assigns, agree that: (a) they will use the Improvements only as a single-family dwelling owned and occupied by a Qualified Homebuyer; (b) they will not seek exemption from real estate taxes on the Property under state law; and (c) they will not transfer or permit transfer of the Property to any entity whose ownership or operation of the property would result in the Property being exempt from real estate taxes under State law (other than any portion thereof dedicated or conveyed to the City in accordance with this Agreement). **The covenants in this paragraph run with the land, survive both delivery of the Deed and issuance of the Certificate of Completion for the Improvements, and shall remain in effect for 30 years after the Date of the Deed**.

ARTICLE VIII.

EVENTS OF DEFAULT

Section 8.1. **Events of Default Defined**. The following shall be deemed Events of Default under this Agreement and the term shall mean, whenever it is used in this Agreement, unless the context otherwise provides, any one or more of the following events:

(a) Failure by the Developer to pay when due the payments required to be paid or secured under any provision of this Agreement;

(b) Failure by the Developer to observe and substantially perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder, including the time for such performance;

(c) If the Developer shall admit in writing its inability to pay its debts generally as they become due, or shall file a petition in bankruptcy, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of itself or of the whole or any substantial part of the Property;

(d) If the Developer, on a petition in bankruptcy filed against it, be adjudicated as bankrupt, or a court of competent jurisdiction shall enter an order or decree appointing, without the consent of the Developer, a receiver of the Developer or of the whole or substantially all of its property, or approve a petition filed against the Developer seeking reorganization or arrangement of the Developer under the federal bankruptcy laws, and such adjudication, order or decree shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(e) If the Development is in default under any Mortgage and has not entered into a work-out agreement with the holder of the Mortgage.

Section 8.2. Remedies on Default. Whenever any Event of Default occurs, the Authority may, in addition to any other remedies or rights given the Authority under this Agreement, take any one or more of the following actions following written notice by the Authority to the Developer as provided in Section 9.3 of this Agreement:

(a) Suspend its performance under this Agreement until it receives assurances from the Developer, deemed reasonably adequate by the Authority, that the Developer will cure its default and continue its performance under this Agreement;

(b) Cancel or rescind this Agreement;

(c) Exercise its right under Section 8.3;

(d) Withhold the Certificate of Completion; or

(e) Take whatever action at law or in equity may appear necessary or desirable to the Authority to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement; provided, however, that any exercise by the Authority of its rights or remedies hereunder shall always be subject to and limited by, and shall not defeat, render invalid or limit in any way the lien of any Mortgage authorized by this Agreement to which the Authority has subordinated its rights under this Agreement; and provided further that should any holder of a Mortgage succeed by foreclosure of the Mortgage or deed in lieu thereof to the Developer's interest in the Property, it shall, notwithstanding the foregoing, be obligated to perform the obligations of the Developer under this Agreement to the extent that the same have not therefore been performed by the Developer.

Section 8.3. Revesting Interest in Authority Upon Happening of Event of Default Subsequent to Conveyance of Property to Developer. In the event that subsequent to the closing or the sale of the Property to the Developer and prior to the issuance of the Certificate of Completion:

(a) The Developer fails to begin construction of the Improvements in conformity with this Agreement, and such failure is not due to Unavoidable Delays;

(b) The Developer, after commencement of the construction of the Improvements, defaults in or violates obligations with respect to the construction of the Improvements, including the nature and the date for the completion thereof, or abandons or substantially suspends construction work, and such act or actions is not due to Unavoidable Delays;

(c) The Developer or successor in interest fails to pay real estate taxes or assessments on the Property or any part thereof when due, or places thereon any encumbrance or lien unauthorized by this Agreement, or suffers any levy or attachment to be made, or any supplier's or mechanic's lien, or any other unauthorized encumbrance or lien to attach;

(d) There is, in violation of Article VII of this Agreement, any transfer of the Property or any part thereof; or

(e) The Developer fails to comply with any of its covenants under this Agreement,

then the Authority shall have the right upon 30 days' written notice to Developer and the Developer's failure to cure within such 30 days period, to re-enter and take possession of the Property and to terminate and revest in the Authority the interest of the Developer in the Property. The Developer shall, if requested by the Authority, promptly deliver to the Authority a quit claim deed in recordable form for the Property. Notwithstanding the foregoing, the Authority shall have no right to re-enter or retake title to and possession of the Property after issuance of the Certificate of Completion.

Section 8.4. **No Remedy Exclusive**. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Developer to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article VIII.

Section 8.5. **No Additional Waiver Implied by One Waiver**. In the event of the occurrence of any Event of Default by either party, which Event of Default is thereafter waived by the other party, such waiver shall be limited to the particular Event of Default so waived and shall not be deemed to waive any other concurrent, previous or subsequent Event of Default.

ARTICLE IX.

ADDITIONAL PROVISIONS

Section 9.1. **Conflict of Interests; Representatives Not Individually Liable**. No Authority officer who is authorized to take part in any manner in making this Agreement in his or her official capacity shall voluntarily have a personal financial interest in this Agreement or benefit financially there from. No member, official, or employee of the Authority shall be personally liable to the Developer, or any successor in interest, for any Event of Default by the Authority or for any amount which may become due to the Developer or successor or on any obligations under the terms of this Agreement.

Section 9.2. **Non-Discrimination**. The provisions of Minnesota Statutes Section 181.59, which relate to civil rights and non-discrimination, and any affirmative action program of the City shall be considered a part of this Agreement and binding on the Developer as though fully set forth herein.

Section 9.3. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is sent by mail, postage prepared, return receipt requested or delivered personally:

(a) As to the Authority:

Roseville Economic Development Authority
Attn: Housing and Ecnomic Development Program Manager
2660 Civic Center Drive
Roseville, MN 55113

(b) As to the Developer:

Twin Cities Habitat for Humanity, Inc.
Attn: Vice President of Home Building
1954 University Avenue West
St. Paul, MN 55104

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section 9.3.

Section 9.4. Counterparts. This Agreement may be simultaneously executed in any number of counterparts, all of which shall constitute one and the same instrument.

Section 9.5. Extensions. Any extension to the Closing Date and/or extension to Construction Completion Date that exceeds 6 months after the date agreed to in Section 3.7 and 4.3, respectively, must be approved by the Authority Board. Authority staff is authorized to extend the Closing Date to a date less than 6 months after the Closing Date agreed to in Section 3.7 and extend the Construction Completion Date to a date less than 6 months after the Construction Completion Date agreed to in Section 4.3.

Section 9.6. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 9.7. Amendment. This Agreement may be amended only by written agreement approved by the Authority and the Developer.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

Authority Signature Page to Purchase and Development Contract

ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

By ______________________
Its President

By ______________________
Its Executive Director

____

STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this 25th day of January, 2019, by Dan Roe, the President of the Roseville Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the authority.

DAWN MARIE O'CONNOR
Notary Public-Minnesota
My Commission Expires Jan 31, 2021

Dawn Marie O'Connor
Notary Public

STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this 24th day of January, 2019, by Patrick Trudgeon, the Executive Director of the Roseville Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the authority.

Dawn Marie O'Connor
Notary Public

DAWN MARIE O'CONNOR
Notary Public-Minnesota
My Commission Expires Jan 31, 2021

Developer Signature Page to Purchase and Development Contract

TWIN CITIES HABITAT FOR HUMANITY, INC.

By________________________________
Its VP of Homebuilding

STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this 5th day of February, 2019, by Chad Bouley, the VP of Homebuilding of Twin Cities Habitat for Humanity, Inc., a nonprofit corporation under the laws of Minnesota, on behalf of the corporation.

____
Notary Public

Michael Wayne Nelson
NOTARY PUBLIC
MINNESOTA
My Commission Expires Dec. 31, 2020

EXHIBIT A

FORM OF CERTIFICATE OF COMPLETION

WHEREAS, the Roseville Economic Development Authority, a public body corporate and politic under the laws of Minnesota (the "Grantor"), conveyed land in Ramsey County, Minnesota to Twin Cities Habitat for Humanity, Inc., a Minnesota non-profit corporation (the "Grantee"), by a Deed recorded in the Office of the County Recorder [and/or in the Office of the Registrar of Titles] in and for the County of Ramsey and State of Minnesota, as Document Number______;

and

WHEREAS, said Deed is subject to a Purchase and Development Agreement recorded in the Office of the County Recorder [and/or in the Office of the Registrar of Titles] in and for the County of Ramsey and State of Minnesota, as Document Number_____; which contained certain covenants and restrictions set forth in Sections 4.1 through 4.3 thereof; and

WHEREAS, said Grantee has performed said covenants and conditions insofar as it is able in a manner deemed sufficient by the Grantor to permit the execution and recording of this certification;

NOW, THEREFORE, this is to certify that all building construction and other physical improvements specified to be done and made by the Grantee have been completed and the above covenants and conditions in said Deed and the agreements and covenants in Sections 4.1 through 4.3 of the Agreement have been performed by the Grantee therein, and the County Recorder [and/or the Registrar of Titles] in and for the County of Ramsey and State of Minnesota are hereby authorized to accept for recording and to record, the filing of this instrument, to be a conclusive determination of the satisfactory termination of the covenants and conditions of Sections 4.1 through 4.3 of the Agreement and the covenants and restrictions set forth in Section 1 of said Deed; provided that the covenants set forth in Section 7.2(d) of the Agreement, and in Section 2 of the Deed, remain in full force and effect through the period stated thereon.

Dated: _______, 20__.

ROSEVILLE ECONOMIC
DEVELOPMENT AUTHORITY

By: ______________________________
Its: Executive Director

STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this ____ day of ______________, 20__, by ________________________ the Executive Director of the Roseville Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the authority.

____
Notary Public

This instrument was drafted by:

Kennedy & Graven, Chartered
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402

EXHIBIT B

QUIT CLAIM DEED

STATE DEED TAX DUE HEREON: $______

ECRV: ______________________

Date: ___________________

FOR VALUABLE CONSIDERATION, Roseville Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota, Grantor, hereby conveys and quit claims to Twin Cities Habitat for Humanity, Inc., a nonprofit corporation under the laws of the State of Minnesota, Grantee, real property in Ramsey County, Minnesota, described as follows:

[insert legal description], according to the map or plat thereof on file or of record in the office of the Ramsey County Recorder

Check here if part or all of the land is Registered (Torrens)☐

together with all hereditaments and appurtenances, and subject to easements of record.

Section 1. This deed is subject to that certain Purchase and Development Contract between Grantor and Grantee, dated as of January 14, 2019 (the "Contract"), recorded contemporaneously herewith in the office of the Ramsey County **Recorder/Registrar of Titles**. The Contract provides that the Grantee's rights and interest in the real property described above are subject to the Grantor's right to re-enter and revest in Grantor title to the Property under conditions specified therein, including but not limited to termination of the Grantor's right to re-enter and revest upon issuance of a Certificate of Completion as defined in the Agreement.

Section 2. Grantor's rights under paragraph 7.2(d) of the Agreement remain until ___________, 20__, unless earlier released by Grantor.

☐The Seller certifies that the seller does not know of any wells on the described real property.
☐A well disclosure certificate accompanies this document.
☐I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

By_____________________________
Its President

By_____________________________
Its Executive Director

STATE OF MINNESOTA

} ss.

COUNTY OF RAMSEY

The foregoing was acknowledged before me this ___ day of _______, 2019, by Dan Roe and Patrick Trudgeon, the President and Executive Director, respectively, of Roseville Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the Authority, Grantor.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RAK)

____
SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

Tax Statements for the real property described in this instrument should be sent to (include name and address of Grantee):

This instrument drafted by:

Kennedy & Graven, Chartered
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402

EXHIBIT C

WELL DISCLOSURE

☐ The Seller certifies that the seller does not know of any wells on the described real property.
☐ A well disclosure certificate accompanies this document.
☐ The status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

EXHIBIT D

Form of Promissory Note and Mortgage

PROMISSORY NOTE

$49,404.00 ________________, 2019

Twin Cities Habitat for Humanity, Inc. ("Maker"), for value received, hereby promises to pay to the Roseville Economic Development Authority, a public body corporate and politic under the laws of Minnesota, or its assigns (collectively referred to herein as "Holder"), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of Forty-Nine Thousand Four Hundred Four and no/100ths Dollars ($49,404.00), without interest thereon, in any coin or currency that at the time or times of payment is legal tender for the payment of private debts in the United States of America. The principal of this Note is payable as follows:

1. The entire unpaid balance of principal shall be due and payable upon the earlier of the following: (i) thirty (30) days after written notification by Holder to Maker of the occurrence of an Event of Default as defined in the Purchase and Development Agreement between the Maker and the Holder, dated January 14, 2019 (the "Agreement"), or as defined in the Mortgage given by the Maker to the Holder of even date herewith (the "Mortgage") and demand of payment according to Section 15 of the Mortgage; or (ii) ten (10) days after the Maker makes or allows to be made any total or partial transfer, sale, assignment, conveyance, lease, or transfer in any other mode, of the Property (as defined hereafter), if such transfer is made to any person not meeting the requirements set forth in the Agreement. Notwithstanding the foregoing, in the absence of either of the above occurrences, the entire unpaid balance of principal shall be forgiven on the date thirty (30) years after the making of this Note.

2. This Note is given pursuant to the Agreement. If any information in the Agreement is found to be invalid for whatever reason, such invalidity shall constitute an Event of Default hereunder.

3. This Note is secured by the Mortgage regarding the property described in the Agreement (the "Property"). All of the agreements, conditions, covenants, provisions, and stipulations contained in the Agreement and the Mortgage are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If an Event of Default occurs under the Agreement, the Mortgage, or any other instrument securing this Note, then the Holder of this Note may at its right and option, without notice, declare immediately due and payable the principal balance of this Note, together with reasonable attorneys fees and expenses incurred by the Holder of this Note in collecting or enforcing payment hereof, whether by lawsuit or

otherwise, and all other sums due hereunder or any instrument securing this Note. The Maker of this Note agrees that the Holder of this Note may, without notice to and without affecting the liability of the Maker, accept additional or substitute security for this Note, or release any security or any party liable for this Note or extend or renew this Note.

4. This Note may only be assigned pursuant to the terms of the Agreement, and only with the written consent of the Holder.

5. The remedies of the Holder of this Note as provided herein, and in the Agreement, the Mortgage, or any other instrument securing this Note shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Holder of this Note, may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Holder of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

6. If any term of this Note, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

7. If any Event of Default occurs, and if Holder engages legal counsel or others in connection with advice to Holder or Holder's rights and remedies under the Agreement, the Mortgage, or this Note, Maker shall pay all reasonable expenses incurred by Holder for such persons, irrespective of whether any suite or other proceeding has been or is filed or commenced. Any such expenses, costs and charges shall constitute additional principal, payable upon demand, and subject to this Note and the Mortgage.

8. It is intended that this Note is made with reference to and shall be construed as a Minnesota contract and is governed by the laws thereof. Any disputes, controversies, or claims arising out of this Note shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

9. The performance or observance of any promise or condition set forth in this Note may be waived, amended, or modified only by a writing signed by the Maker and the Holder. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed as of the ________ day of ________________, 2019.

____

TWIN CITIES HABITAT FOR HUMANITY, INC.

Mortgage Registration Tax: $___________

The maximum principal indebtedness secured by this mortgage is $49,404.

MORTGAGE

THIS MORTGAGE is given on _________________, 2019. Borrower is Twin Cities Habitat for Humanity, Inc., a Minnesota nonprofit corporation ("Borrower"). This Mortgage is given to the Roseville Economic Development Authority, a public body corporate and politic (the "Authority"). Borrower owes the Authority the principal sum of $49,404.00. This debt is evidenced by a promissory note of even date herewith (the "Note"). This Mortgage secures to Authority: (a) the repayment of the debt evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, advanced to protect the security of this Mortgage; (c) the performance of Borrower's covenants and agreements under this Mortgage and the Note; and (d) is subject to the terms and conditions of that certain Purchase and Development Agreement between Borrower and Authority, dated as of January 14, 2019. For this purpose, Borrower does hereby mortgage, grant and convey to the Authority, with power of sale, the property located in Ramsey County, Minnesota and fully described in the attached Exhibit A, together with all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Mortgage. All of the foregoing is referred to in this Mortgage as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant, and convey the Property and that the Property is unencumbered, except for encumbrances of record and as set forth in paragraph 17. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

Borrower and the Authority agree as follows:

1. <u>PAYMENT OF PRINCIPAL; LATE CHARGES</u>. Borrower shall promptly pay when due the principal on the debt evidenced by the Note and any late charges due under the Note.

2. <u>CHARGES; LIENS</u>. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which may attain priority over this Mortgage, and leasehold payments or ground rents, if any. Borrower shall pay these obligations on time directly to the person owed payment.

Borrower shall promptly discharge any lien which has priority over this Mortgage and is not listed in paragraph 17, unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner reasonably acceptable to the Authority; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Authority's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to the Authority subordinating the lien to this Mortgage. If the Authority determines that any part of the Property is subject to a lien which may attain priority over this Mortgage, the Authority may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within thirty (30) days of the giving of notice.

3. HAZARD OR PROPERTY INSURANCE. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire and any other hazards for which the Authority requires insurance. This insurance shall be maintained in the amounts and for the periods that the Authority reasonably requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to the Authority's approval, which shall not be unreasonably withheld or delayed. If Borrower fails to maintain coverage described above, the Authority may, at the Authority's option, obtain coverage to protect the Authority's rights in the Property in accordance with paragraph 5.

All insurance policies and renewals shall be reasonably acceptable to the Authority and shall include a standard mortgage clause. If the Authority requires, Borrower shall promptly give to the Authority all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and the Authority. The Authority may make proof of loss if not made promptly by Borrower.

If under paragraph 15 the Property is acquired by the Authority, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to the Authority to the extent of the sums secured by this Mortgage immediately prior to the acquisition.

4. PROTECTION OF THE PROPERTY. Borrower shall not destroy or damage the Property or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in the Authority's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Mortgage or the Authority's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 13, by causing the action or proceeding to be dismissed with a ruling that, in the Authority's good faith determination, precludes forfeiture of Borrower's interest in the Property or other material impairment of the lien created by this Mortgage or the Authority's security interest. Borrower shall also be in default if Borrower gave materially false or inaccurate information or statements to the Authority in connection with the loan evidenced by the Note.

5. PROTECTION OF AUTHORITY'S RIGHTS IN THE PROPERTY. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or there is a legal

proceeding that may significantly affect the Authority's rights in the Property (such as a proceeding in bankruptcy, condemnation or forfeiture), the Authority may do and pay for whatever is necessary to protect the value of the Property and the Authority's rights in the Property. The Authority's actions may include paying any sums secured by a lien which has priority over this Mortgage, appearing in court, paying reasonable attorneys fees and entering on the Property to make repairs. Although the Authority may take action under this paragraph 5, the Authority is not required to do so.

Any amounts disbursed by the Authority under this paragraph 5 shall become additional debt of Borrower secured by this Mortgage. Unless Borrower and the Authority agree to other terms of payment, these amounts shall bear interest from the date of disbursement at a rate equal to the interest rate on the Note and shall be payable, with interest, upon notice from the Authority to Borrower requesting payment.

6. INSPECTION. The Authority or its agent may make reasonable entries upon and inspections of the Property.

7. CONDEMNATION. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Authority.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Mortgage, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Mortgage immediately before the taking, unless Borrower and the Authority otherwise agree in writing, if any, the sums secured by this Mortgage shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and the Authority otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Mortgage whether or not the sums are then due.

The Authority acknowledges this Mortgage is subordinate to the liens specifically referred to in Section 17 hereof.

8. FORBEARANCE BY AUTHORITY NOT A WAIVER. Any forbearance by the Authority in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

9. SUCCESSORS AND ASSIGNS BOUND. The covenants and agreements of this Mortgage shall bind and benefit the successors and assigns of the Authority and Borrower.

10. LOAN CHARGES. If the loan secured by this Mortgage is or becomes subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. The Authority may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment under the Note.

11. NOTICES. Any notice to Borrower provided for in this Mortgage shall be given by delivering it personally or by mailing it by first class United States mail, postage prepaid, return receipt requested. The notice shall be directed to Borrower at1954 University Avenue West, St. Paul, Minnesota 55104, Attn. _____________, or any other address Borrower designates by notice to the Authority. Any notice to the Authority shall be given or mailed to City Hall, 2660 Civic Center Drive, Roseville, Minnesota 55113, Attention: Executive Director, or any other address the Authority designates by notice to Borrower. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower or the Authority when given as provided in this paragraph.

12. GOVERNING LAW; SEVERABILITY. This Mortgage shall be governed by the law of the state of Minnesota. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision. To this end, the provisions of this Mortgage and the Note are declared to be severable.

13. BORROWER'S RIGHT TO REINSTATE. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Mortgage discontinued at any time prior to the earlier of: (a) five (5) days before sale of the Property pursuant to any power of sale contained in this Mortgage; or (b) entry of a judgment enforcing this Mortgage. Those conditions are that Borrower: (a) pays the Authority all sums which then would be due under this Mortgage and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Mortgage, including, but not limited to, reasonable attorneys fees; and (d) takes such action as the Authority may reasonably require to assure that the lien of this Mortgage, the Authority's rights in the Property and Borrower's obligation to pay the sums secured by this Mortgage shall continue unchanged. Upon reinstatement by Borrower, this Mortgage and the obligations secured hereby shall remain fully effective as if no acceleration had occurred.

14. HAZARDOUS SUBSTANCES. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any hazardous substances on or in the Property, except those solvents, oils, cleaning materials, and other substances as are used in the ordinary course of Borrower's business. Borrower shall not do, and will use its best efforts not to allow anyone else to do, anything affecting the Property that is in violation of any environmental law.

Borrower shall promptly give the Authority written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any hazardous substance or environmental law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory EDA, that any removal or other remediation of any hazardous substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with that environmental law.

As used in this paragraph 14, "hazardous substances" are those substances defined as toxic or hazardous substances by environmental law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 14, "environmental law" means federal or state laws that relate to environmental protection.

15. ACCELERATION; REMEDIES. The Authority shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Mortgage ("Event of Default"). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than thirty (30) days from the date the notice is given to Borrower by which the default must be cured, provided, however, if Borrower is diligently pursuing a cure, Borrower shall have such additional time as is reasonably necessary to complete the cure; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and sale. If the default is not cured on or before the date specified in the notice, the Authority at its option may require immediate payment in full of any sums secured by this Mortgage without further demand and may invoke the power of sale and any other remedies permitted by law. The Authority shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 15, including, but not limited to, reasonable attorneys fees.

If the Authority invokes the power of sale, the Authority shall cause a copy of a notice of sale to be served upon any person in possession of the Property. The Authority shall publish a notice of sale, and the Property shall be sold at public auction in the manner prescribed by law. The Authority or its designee may purchase the Property at any sale. The proceeds of the sale shall be applied in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable attorneys fees; (b) to all sums secured by this Mortgage; and (c) any excess to the person or persons legally entitled to it.

16. RELEASE OF MORTGAGE. Upon payment or forgiveness of all sums secured by this Mortgage, the Authority shall discharge this Mortgage without charge to Borrower. Authority shall pay any recordation costs.

TWIN CITIES HABITAT FOR HUMANITY, INC.

____

By: ______________________________
Its ________________________________

STATE OF MINNESOTA)
) SS.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this _____ day of _______________, 2019 by ____________________, the ________________ of Twin Cities Habitat for Humanity, Inc., a Minnesota nonprofit corporation, on behalf of the corporation.

____
Notary Public

This document drafted by:

KENNEDY & GRAVEN, CHARTERED (MNI)
200 South Sixth Street
470 U.S. Bank Plaza
Minneapolis, MN 55402
(612) 337-9300

EXHIBIT A
TO MORTGAGE

PROPERTY

The West 11.7 feet of Lot 2 and all of Lot 3, Broadview Addition, Block 1, according to the recorded plat thereof, and situate in Ramsey County, Minnesota

Abstract property.

Located on land having a street address of:

1125 Sandhurst Drive West, Roseville, MN 55113-4327

EXHIBIT E

FORM OF SUBORDINATION OF MORTGAGE

SUBORDINATION OF MORTGAGE

THIS SUBORDINATION made and entered into this __day of ____________, 20__, by the Roseville Eonomic Development Authority, a a public body corporate and politic and political subdivision of the State of Minnesota (the "Mortgagee").

RECITALS

A. The Mortgagee is the holder of a Mortgage by Twin Cities Habitat for Humanity, Inc., a Minnesota nonprofit corporation, dated ____________, 2019 and recorded in the Office of the Recorder of Deeds, Ramsey County, Minnesota on ______________, 20__, as Document No. ____________ (the "Mortgage"), assigned on the date hereof to _______________, [status] ("Mortgagor"), relating to certain real property situated in the County of Ramsey, State of Minnesota, legally described in Exhibit A attached hereto (the "Property").

C. The Mortgagor has applied for a mortgage loan from ___________________, its successors and/or assigns (the "Lender"), in a principal amount not to exceed $____________ (the "Loan"), and the Lender has indicated that it is unwilling to accept a mortgage on the Property as security for said Loan unless the Mortgagee shall subordinate its Mortgage to the lien to be created by the Lender's mortgage (the "Lender's Mortgage").

NOW, THEREFORE, in consideration of the premises contained herein, the Mortgagee subordinates in all respects to the Lender, and to the lien of the Lender's Mortgage, any and all right, title or interest the Mortgagee has, may have or may hereafter acquire in the Property, and agrees that the Mortgage and Amendment are in all respects subordinate to the Lender's Mortgage and the lien created thereby notwithstanding the order of recording or any other priority requirements which may otherwise exist.

(Signature page follows)

ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

By:______________________________
Its President

By:______________________________
Its Executive Director

STATE OF MINNESOTA)
)SS.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this ___ day of ___________, 20__, by __________________ and __________________, the President and Executive Director, respectively, of the Roseville Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

____
Notary Public

This document drafted by:

KENNEDY & GRAVEN, CHARTERED (MNI)
470 US Bank Plaza
200 South 6th Street
Minneapolis, MN 55402
(612) 337-9300

EXHIBIT A TO SUBORDINATION OF MORTGAGE

Property

The West 11.7 feet of Lot 2 and all of Lot 3, Broadview Addition, Block 1, according to the recorded plat thereof, and situate in Ramsey County, Minnesota

Abstract property.

Located on land having a street address of:

1125 Sandhurst Drive West, Roseville, MN 55113-4327

EXHIBIT F

HABITAT GUIDELINES

TCHFH Lending, Inc. Home Mortgage Program	
Loan Product	Habitat Home Loan Impact Fund First Mortgage Up to 96.5%, no mortgage insurance
HABITAT PROGRAM REQUIREMENTS for increased homebuyer success	
Homebuyer Program Requirements	1:1 Financial Coaching until homebuyer ready Mandatory homebuyer education Borrower savings $6,300 Mandatory monthly maintenance account Sweat Equity of 20 to 250 hours
Habitat Contributions	Affordable first mortgage capped at 28-30% of borrower income Affordability gap mortgage, 0% interest, deferred or forgiven over term Post-purchase education & foreclosure prevention counseling Long-term relationship with homeowners post-purchase through neighborhood engagement, volunteerism, annual homeowner events
LOAN USE	
Eligible loan use	First time Home Purchase
Dwelling Type	Single Family, Duplexes, Townhomes, Condominiums, and Habitat Land Trust Properties
Habitat Housing Stock	Category 1: Habitat built (new construction) Category 2: Habitat re-purchase/resale Category 3: Habitat acquire/rehab/resale Category 4: Open Market Direct purchase by homebuyer with limited rehab Category 5: Open Market Direct purchase by homebuyer with no rehab needed
Maximum Purchase Price	$328,200
LOAN TERMS	
Term	30 years
Interest Rates	3.00%, fixed for life of loan
Max LTV	96.5% LTV 110% CLTV with Habitat-funded silent subordinate
Mortgage Insurance Premium	Not required
Affordability (debt-to-income) Ratios	Target: 28% Housing Obligation / 43% Backend for households at 30%-59.9% AMI Program Maximum: 30% Housing Obligation / 43% Backend for all households Note: Housing obligation includes principal and interest, PT&I escrow, Habitat-required maintenance fund, and if applicable homeowner's association or ground lease fees.
Minimum Borrower Contribution	$3,000 closing costs (gift funds allowed), plus owner's title insurance policy Borrower-paid 1 year homeowner's insurance premium Plus Sweat Equity of 20 to 250 hours
Minimum Reserves	$1,800 liquid or accessible at time of closing $50 monthly maintenance fund contribution requirement (reduced to $25 for families in homeowner's association

BORROWER REQUIREMENTS	
Income Eligibility	30-80% Area Median Income adjusted for family size
Minimum Credit Score	FICO minimum 580 (see non-traditional below) 580-589 must have 3 strong additional sources of payment history or an extenuating circumstance present 590-599 must have 2 strong additional sources of payment history 600-619 must have 1 strong additional source of payment history FICO soft score preferred: 620
Non-Traditional Credit & Credit Invisible	At least 3 sources of payment history (rental required) with each one demonstrating: -No 30 day late payments in most recent 12 month history, or -If one 30 day late payment exists within most recent 12 months, 24 months of history must be provided and demonstrate no more than two 30 day late payments in the 24 months.
Income not considered	Income that cannot be verified, is not stable, or will not continue. Self-employed < 2 years Commission income < 2years
Student Loans	-IBRs are allowed, approved plan must be current. If loan is in deferred status 1% of aggregate is used to estimate future monthly payment.
Work History	Minimum of 1 year at current position, no gaps in employment
BNK– CH7, CH13	2 years since discharge Must have 24 months of re-established credit; no major default: 60 days Bankruptcy due to medical bills is allowed but documented
Foreclosure	3 years since sheriff sale or short sale date
Liens, Judgements, Collections	No delinquency on federal debt No collections totaling over $1,000 -Up to $3,000 if Medical Collections All judgements must be paid for applicant to be homebuyer ready/prior to closing

From: Mike Nelson
To: Jeanne Kelsey
Cc: Ben Post
Subject: RE: 1125 Sandhurst
Date: Monday, November 18, 2019 12:27:33 PM

Hi Jeanne: With any major rehab projects we have encountered a few surprises but on the whole, making steady progress. I stopped by the site last week to get a update.

We discovered a buried 500 gallon heating oil tank while excavating for a egress window a few weeks ago on the east side of the property. We contracted with AET for removal and soil testing, the tank was physically removed late last week and it indeed had a hole in it and there's signs of petroleum release, we reported the leak to MPCA and await the results of the soil tests for next steps via a remediation plan.

The project has required quite a bit of concrete work and our sub is behind schedule due to the early start to the cold season, garage floor, front stoop and flat work in front of the home.

We have reroofed and installed new LP Smartside siding, complete gut and remediated mold and lead inside, installed drain tile and now working on sheetrocking the interior.

We are behind on outside work and will not be in a position to receive a CO by February. The new schedule for completion is mid-June, looking trough the DA I see in Section 9.5 we can request a six month extension. I feel we should start that process, again our current plan is to complete construction by mid of June, the extra 60 days to 8/11/20 will give us some breathing room. The project is a part of our Closing number for this fiscal year, 6/30/20 so resources in the Spring will be made available to meet that deadline. We have a couple of families interested in the property and looking for family selection end of this month.

Please let me know if you have any questions or concerns.

Thanks,

Mike

Mike Nelson
Director of Land Development
TEL/FAX 612-305-7178

Everyone deserves a safe, stable, affordable place to live. ***Get involved today!***

From: Jeanne Kelsey <Jeanne.Kelsey@cityofroseville.com>

Sent: Friday, November 15, 2019 11:46 AM
To: Mike Nelson <Mike.Nelson@tchabitat.org>
Subject: RE: 1125 Sandhurst

Hi Mike,
Just checking in with how the remodeling is going? Do you have an estimated completion date?
Thanks.

Jeanne Kelsey
Housing and Economic Development Program Manager
ROSEVILLE
jeanne.kelsey@cityofroseville.com | O: 651.792.7086

2660 Civic Center Drive | Roseville, MN 55113

From: Mike Nelson <Mike.Nelson@tchabitat.org>
Sent: Wednesday, June 19, 2019 10:21 AM
To: Jeanne Kelsey <Jeanne.Kelsey@cityofroseville.com>
Cc: Jonathan Birkholz <Jonathan.Birkholz@tchabitat.org>; Doug Rudquist <Doug.Rudquist@tchabitat.org>; Ben Post <ben.post@tchabitat.org>
Subject: RE: 1125 Sandhurst

Caution: This email originated outside our organization; please use caution.

Jeanne: Thanks for bringing this to our attention, Jonathan is working with Gerry today to secure the necessary permit(s) to continue the demolition of the interior.

With the completion of the demo work in the next couple of weeks, our Design staff will work on a detailed rehab plans for approval of the necessary permits from the Building Department

Thank you,

Mike

Mike Nelson
Director of Land Development
TEL/FAX 612-305-7178

Everyone deserves a safe, stable, affordable place to live. ***Get involved today!***

From: Jeanne Kelsey <Jeanne.Kelsey@cityofroseville.com>
Sent: Tuesday, June 18, 2019 3:30 PM
To: Ben Post <ben.post@tchabitat.org>; Mike Nelson <Mike.Nelson@tchabitat.org>

Subject: FW: 1125 Sandhurst

Hi Ben and Mike,
I'm making you aware that we really need to have building codes followed.
Thanks you.

Jeanne Kelsey
Housing and Economic Development Program Manager
ROSEVILLE
jeanne.kelsey@cityofroseville.com | O: 651.792.7086

2660 Civic Center Drive | Roseville, MN 55113

From: Gerry Proulx <Gerry.Proulx@cityofroseville.com>
Sent: Tuesday, June 18, 2019 3:14 PM
To: Jeanne Kelsey <Jeanne.Kelsey@cityofroseville.com>
Subject: 1125 Sandhurst

Jeanne,
Just a heads up. Looks like Habitat has started an interior demolition for this home. No permit however so I called Jonathan of Habitat and suggested he get an interior demo permit for work in preparation for the renovation. Windows are out and covered with OSB and it looks like the chimney has been removed along with another 20 yards of rubble in the dumpster. I sent Jonathan to the front desk to get his application in. Thanks Ger

EXTRACT OF MINUTES OF MEETING
OF THE
ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

* * * * * * * * * * * * * * * * *

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners (the "Board") of the Roseville Economic Development Authority ("REDA") was duly held on the 13th day of January, 2020, at 6:00 p.m.

The following members were present:

and the following were absent: .

Member introduced the following resolution and moved its adoption:

RESOLUTION No.

RESOLUTION APPROVING FIRST AMENDMENT TO PURCHASE AND DEVELOPMENT CONTRACT BETWEEN THE ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY AND TWIN CITIES HABITAT FOR HUMANITY, INC.

WHEREAS, REDA and Twin Cities Habitat for Humanity, Inc. (the "Developer") executed a certain Purchase and Development Contract, dated as of January 14, 2019 (the "Agreement"), whereunder REDA agreed to convey certain property described in the Agreement (the "Property") to the Developer in connection with the construction of a single-family home intended for owner-occupancy (the "Minimum Improvements") on the Property; and

WHEREAS, due to unanticipated delays in the construction of the Minimum Improvements, the Developer has requested and REDA has agreed to amend the Agreement to extend the date for completion of construction of the Minimum Improvements, and REDA legal counsel has prepared a First Amendment to Purchase and Development Contract (the "Amendment") for REDA consideration;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Amendment as presented to the Board is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the President and Executive Director, provided that execution of the Amendment by such officials shall be

conclusive evidence of approval. The President and Executive Director are hereby authorized to execute, on behalf of REDA, the Amendment.

2. REDA staff and officials are authorized to take all actions necessary to perform REDA's obligations under the Amendment and under the Agreement as a whole, all as described in the Amendment and Agreement.

The motion for the adoption of the foregoing resolution was duly seconded by Member

, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

WHEREUPON said resolution was declared duly passed and adopted.

Certificate

I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, Minnesota, hereby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the Board of Commissioners of said Authority at a duly called and regular meeting thereof on January 13, 2020.

I further certify that Commissioner ___________ introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner __________, and that upon roll call vote being taken thereon, the following Commissioners voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this __ day of January, 2020.

____
Patrick Trudgeon, Executive Director
Roseville Economic Development Authority

FIRST AMENDMENT TO PURCHASE AND DEVELOPMENT CONTRACT

This Amendment is made as of _______________, 2020, by and between the Roseville Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota (the "Authority") and Twin Cities Habitat for Humanity, Inc., a Minnesota nonprofit corporation (the "Developer").

WHEREAS, the Authority and the Developer entered into that certain Purchase and Development Contract dated as of January 14, 2019 (the "Agreement") providing, among other things, for the construction of certain improvements (the "Improvements") on the property legally described within the Agreement (the "Property"); and

WHEREAS, due to unanticipated delays experienced by the Developer in the construction of the Improvements, the parties have determined to extend the date of required completion of construction of the Improvements.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

1. Amendment to Section 4.3 of the Agreement. Section 4.3 of the Agreement is amended as follows:

Section 4.3. Schedule of Construction. Closing on the conveyance of the Property took place on February 11, 2019 (the "Closing Date"), and the Developer began construction of the Improvements no later than six months after the Closing Date. Subject to Unavoidable Delays, construction of the Improvements shall be completed no later than August 1, 2020 ("Construction Completion Date"). All construction shall be in conformity with the approved Construction Plans. Periodically during construction, the Developer shall make reports in such detail as may reasonably be requested by the Authority concerning the actual progress of construction. If at any time prior to completion of construction the Authority has cause to believe that the Developer will be unable to complete construction of the Improvements in the time permitted by this Section 4.3, it may notify the Developer and demand assurances from the Developer regarding the Developer's construction schedule. If such assurances are not forthcoming or are deemed by the Authority at its sole discretion to be inadequate, the Authority may declare an Event of Default and may avail itself of any of the remedies specified in Section 8.2 of this Agreement.

2. Miscellaneous. Except as amended by this Amendment, the Agreement shall remain in full force and effect.

(Remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as of the day and year first above written.

ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

By ____
Its President

By ____
Its Executive Director

STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this __________ day of ____________________, 2020, by Dan Roe, the President of the Roseville Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the authority.

____
Notary Public

STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this __________ day of ____________________, 2019, by Patrick Trudgeon, the Executive Director of the Roseville Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the authority.

____
Notary Public

Authority Signature Page to First Amendment to Purchase and Development Contract

TWIN CITIES HABITAT FOR HUMANITY, INC.

By_______________________________________
Its_______________________________________

STATE OF MINNESOTA)
) SS
COUNTY OF ______________)

The foregoing instrument was acknowledged before me this __________ day of ____________________, 2020, by ____, the ______________________ of Twin Cities Habitat for Humanity, Inc., a nonprofit corporation under the laws of Minnesota, on behalf of the corporation.

____
Notary Public

THIS DOCUMENT DRAFTED BY:

Kennedy & Graven, Chartered
470 US Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402
(612) 337-9300

Developer Signature Page to First Amendment to Purchase and Development Contract

ROSEVILLE

REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 1/13/2020
Item No.: 5.c

Department Approval	Executive Director Approval
Janice Gundlach	

Item Description: Consider Request for Financial Assistance to Gaughan Properties for Redevelopment of 2501 Fairview Avenue North (known as the Fairview Fire Station).

BACKGROUND

The City of Roseville entered into an Option Agreement for 2501 Fairview Avenue North with Roseville Center Limited Partnership (Gaughan Properties) on April 6, 2018 (Attachment A). The property was formerly the Roseville Fairview Fire Station until 2013, then was used for storage by Park and Recreation and home for the Roseville Historical Society. Those uses vacated in 2019. Gaughan Properties is proposing to build 99 units of market rate housing (Attachment B). Plans remain in conceptual form, however Gaughan Properties has provided other examples of the housing they have developed/built, which includes projects in Forest Lake, St. Paul, and Shakopee. The Forest Lake project (Lighthouse Lofts) was completed 16 months ago and the St. Paul (Liffey) and Shakopee (River Bluff) projects are currently planned for construction to start in 2020 (Attachment C). At the meeting, Dan Hebert of Gaughan Properties will provide an overview of their experience in building multi-family housing, as well as details of their proposal for 2501 Fairview Avenue North.

Ehlers, the REDA public finance advisor, has reviewed the public finance request and has determined the project would need 7 years of Tax Increment Financing assistance totaling $1.23 million, meeting the "but-for" (Attachment D).

Other items that will need to be addressed should the REDA desire to provide financial assistance to the project are as follows:

- A blight analysis must be undertaken to verify findings that the Property qualifies as a redevelopment TIF district.
- The use of multi-family apartments would require a Comp Plan change and rezoning as the site is currently zoned and guided for "institutional". Regional Business is the likely zoning choice, and 99 units of multi-family housing would trigger a Conditional Use under that zoning.
- The City will have to pursue a Minor Subdivision (at the City's cost) to create a saleable parcel (minus the City's water tower and telecommunication leases).
- The City is obligated to amend the telecommunication leases to ensure they do not encumber the saleable parcel to Gaughan Properties.

The following are other considerations that would need to be resolved with the developer to ensure the proposed project is viable:

- City water main exists along the southern boundary of the site, providing service to fill the City water tower. The line must remain active at all times. Due to the depth of the City water main and depth and proximity of the proposed underground parking garage (~50'), extraordinary measures may need to be taken, at the redeveloper's cost, to protect the City's utility asset during construction.
- Ramsey County will have to review and approve access and it should be assumed it will be reduced from its current state. The City will require the redeveloper to complete a traffic study. This is not an uncommon item to resolve as the City has faced this with other redevelopment sites, but the developer should acknowledge access limitation will be imposed by the County.
- The timelines outlined in the option agreement leading up to closing are likely unrealistic to achieve so staff will need to work with Gaughan Properties to extend and amend the Option Agreement to create a reasonable timeline.

STAFF RECOMMENDATION

As the REDA considers the request for financial assistance, staff offers the following considerations in making a recommendation:

- The proposed project would add 99 units of market rate multi-family housing, which has been identified as a housing need in the 2018 Housing Needs Assessment.
- The proposed project would redevelop an underutilized site.
- Following seven years of TIF, the property would be returned to the tax rolls (the site does not currently generate any taxes).
- Review of the project's sources and uses reveals a gap in funding, passing the "but-for" test, meaning this project would not be viable if it were not but for the use of tax increment.
- The project meets five of seven of the City's objectives and two of 12 of the City's desired qualifications as outlined in the City's Public Assistance Policy (Attachment E).
- If the REDA is not interested in providing financial assistance, and Gaughan Properties elects not to exercise their Option on April 1, 2020, the property could be listed on the open market.

Staff is seeking direction from the REDA in regards to support for redevelopment TIF assistance to Gaughan Properties to develop 99 units of market rate housing at 2501 Fairview Avenue North (Fairview Fire Station).

REQUESTED REDA ACTION

In reviewing the contents provided herein, discuss whether or not the REDA wishes to support use of redevelopment TIF to Gaughan Properties to develop 99 units of market rate housing at 2501 Fairview Avenue North (Fairview Fire Station).

If there is a desire to provide support, by motion adopt the following resolution outlining conditions of support (Attachment F).

Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

Attachment A: Option Agreement for 2501 Fairview Avenue North
B: Narrative and Concept site plan
C: Examples of other projects planned
D: Underwriting summary from Ehlers
E: Public Subsidy Policy
F: Resolution of support

OPTION AGREEMENT

THIS OPTION AGREEMENT (the "Agreement") is made and entered into this 6th day of April, 2018, by and between Roseville Center Limited Partnership, a Minnesota limited partnership ("Gaughan Properties") or its assigns, and the City of Roseville, a Minnesota municipal corporation ("City").

RECITALS

1. The City is the fee simple owner of real property located at 2501 Fairview Avenue North, Roseville, Minnesota, as legally described in Exhibit A (the "City Property").

2. Gaughan Properties desires to secure an exclusive option to purchase a portion of the City Property.

3. The purchase will require a minor subdivision (lot split), at City's cost, of the City Property into two parcels legally described in Exhibit B as "Parcel A" and "Parcel B".

4. This exclusive option will be for Gaughan Properties or its assigns to purchase Parcel B in fee simple, upon the terms and conditions hereinafter set forth, subject to covenants, conditions, restrictions, declarations, and easements of record on the Effective Date, and subject to a thirty foot (30') easement appurtenant that will be reserved in favor of the City for access to Parcel A across Parcel B and also subject to the access and utility easements depicted on Exhibit C ("City Easements"). The parties currently anticipate that the access Easement area will be over the south thirty (30) feet of Parcel B. However, the City will work with Gaughan Properties to address its reasonable requests concerning the entrance road location, depending on other site design considerations.

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. **Recitals Incorporated**. The foregoing recitals are incorporated herein.

2. **Grant of Option**. In consideration for one dollar in hand and other good and valuable consideration ("Option Price"), the receipt and sufficiency of which are hereby acknowledged, the City hereby grants to Gaughan Properties or its assigns the exclusive and irrevocable option ("Option") to

purchase Parcel B, subject to and in accordance with the terms and conditions set forth in this Agreement.

3. **Option Term; Exercise.**

   3.1 Gaughan Properties shall exercise its option to purchase the Parcel B by giving written notice to the City ("Notice of Exercise") in any of the manners set forth in Provision 11 below, or to the then fee simple owner(s) of record of the City Property by mailing such written notice to the address then on file with Ramsey County where real estate tax statements for the City Property are sent.

   3.2 The Notice of Exercise may be given at any time on or before the one (1) year anniversary of the Effective Date of this Agreement ("Option Term").

   3.3 In the event Gaughan Properties exercises its option, Gaughan Properties shall be required to purchase the entire Parcel B rather than only part or parts thereof.

   3.4 The Option Term may be extended by one additional year if before the one (1) year anniversary of the Effective Date, Gaughan Properties delivers an extension notice and the sum of $2,000.00 to the City, in which case the Option Term will be extended to the two (2) year anniversary of the Effective Date. Otherwise, the Option Term may not be extended unless agreed by both Gaughan Properties and the City in a signed writing. If Gaughan Properties exercises this option to purchase Parcel B during the Option Term, the $2,000.00 will be credited toward the purchase price. If Gaughan Properties does not exercise this option to purchase Parcel B during the Option Term, the option granted hereunder will forever terminate and be of no further force or effect, and Gaughan Properties will not be entitled to any refund.

4. **Purchase Price.** The purchase price for Parcel B shall be $867,000.00 which amount shall be paid to the City or the then current owner of Parcel B. The purchase price shall be net to the City, and Gaughan Properties shall be responsible for all transaction costs, including without limitation, the costs of title examination, all state deed taxes, any policy of title insurance that Gaughan Properties may elect to purchase, recording fees, surveying fees, its broker's commission, if any, and similar costs. The real estate taxes and special assessments shall be allocated between the parties as set forth in Provision 7 below. Regardless of any provision to the contrary in this Paragraph 4, the City shall be obligated to deliver marketable title to Parcel B. Marketable title shall be determined as of the Effective Date. The Purchase Price will be adjusted based upon a per square foot Purchase Price of $21.25 if the 16.5 feet Highway Easement

on East side of the Property is taken or expanded by Ramsey County or if the City Easements are altered from the areas depicted on Exhibit C.

5. **Closing.** The closing ("Closing") shall take place 40 days after the Notice of Exercise is delivered to the City ("Date of Closing"). At Closing, the City shall execute and deliver to Gaughan Properties a limited warranty deed conveying title to Parcel B (subject to the Easement described below) and all other documents required by Gaughan Properties' title company in order for the title company to provide Gaughan Properties with an ALTA Owner's Title Insurance Policy showing Gaughan Properties as the fee simple owner of Parcel B with no exceptions to title except for the Easement and covenants, conditions, restrictions, declarations and easements of record on the Effective Date. Notwithstanding the foregoing, the City will amend the leases described in Exhibit D so at the time of the Closing such leases do not encumber Parcel B. Gaughan Properties shall be allowed access to Parcel B between the date of the exercise of the option and the date of closing to conduct tests (including taking soil borings) on and to inspect Parcel B. Gaughan Properties shall have the right to revoke the exercise of its option at any time before Closing if it finds Parcel B to be unsuitable, title unmarketable, or Gaughan Properties otherwise determines that it does not want to close on the acquisition of Parcel B. Upon such revocation, neither the City nor Gaughan Properties shall have any future rights or obligations under or in connection with this Agreement.

6. **Easement Rights.** The conveyance of Parcel B to Gaughan Properties shall be subject to such easements that will be reserved in favor of the City in the locations as shown on Exhibit C. Upon request from Gaughan Properties, the City shall cause the Easement to be prepared and delivered to Gaughan Properties for review. If the Easement is not acceptable to Gaughan Properties, the parties shall thereafter proceed to negotiate in good faith an Easement which is mutually agreeable to the parties.

7. **Taxes and Special Assessments.** At Closing, the parties shall prorate real estate taxes pertaining to Parcel B which are due and payable in the year of closing as of the Date of Closing. If the real estate statement for the real estate taxes due and payable in the year of closing pertaining to the City Property includes real estate taxes for property in addition to Parcel B, the parties shall prorate the real estate taxes for the entire area covered by the real estate tax statement between Parcel B and Parcel A/the other property on a per-square-foot basis. Gaughan Properties shall be solely responsible for payment of all real estate taxes due and payable against Parcel B in all years following the year of closing, except as otherwise stated below. The City shall be responsible for the payment of all real estate taxes due and payable pertaining to Parcel B in all years prior to the year of closing. The City shall pay all special assessments levied and pending against Parcel B at Closing.

8. **"As Is; Where Is."** Notwithstanding anything to the contrary contained in this Agreement, it is expressly understood and agreed that if Gaughan Properties exercises its purchase option hereunder, Gaughan Properties will purchase Parcel B "As Is" and "Where Is" as of the time of Closing, and with all faults and defects, latent or otherwise, and that the City is making and will make no representations or warranties, either expressed or implied, by operation of law or otherwise, with respect to the title, quality, physical conditions or value of Parcel B, its habitability, suitability, merchantability or fitness for a particular purpose, the presence or absence of conditions on Parcel B that could give rise to a claim for personal injury, property or natural resource damages; the presence of hazardous or toxic substances, materials or waste, substances, contaminants, or pollutants on, under or about Parcel B; or the income or expenses from or of Parcel B. This provision shall survive the Closing or earlier termination of this Agreement.

9. **Title.** Prior to the Effective Date, City shall at its cost provide Gaughan Properties with a commitment for an owner's policy of title insurance, and within 30 days after receipt by the City of said commitment, provide a survey for the Property at the City's cost. Prior to Closing on the acquisition of Parcel B, Gaughan Properties shall obtain, at its cost, any title insurance commitments and surveys which it deems necessary. In the event title to Parcel B is not marketable, at the time of Closing, Gaughan Properties shall have the following rights:

   a. Revoke the exercise of its option; or

   b. Waive any exceptions to title which make title to Parcel B unmarketable and proceed to close.

10. **Condemnation.** In the event that more than 15% of Parcel B shall be taken under the power of eminent domain by a party other than the City prior to closing, the purchase option right accorded hereunder shall terminate upon such taking and Gaughan Properties shall have no further purchase rights hereunder. All damages awarded for any such taking prior to Closing shall belong to and be the property of the City.

11. **Notices.** Any notice required or permitted under this Agreement shall be deemed given if delivered by personal delivery upon the City Manager if delivery is upon the City or an officer of Gaughan Properties if service is upon Gaughan Properties, if deposited in the United States mail, postage prepaid and sent certified mail, return receipt requested; or if deposited with a nationally-recognized overnight courier, with costs prepaid. Notices shall be addressed as follows:

If to the City:	Attention: City Manager City of Roseville 2660 Civic Center Drive Roseville, MN 55113
With Copy To:	Attention: Erich J. S. Hartmann, City Attorney Erickson, Bell, Beckman & Quinn, P.A. 1700 West Highway 36 Suite 110 Roseville, MN 55113 Email: ehartmann@ebbqlaw.com
If to Gaughan Properties:	Attention: Patrick Gaughan, CEO Gaughan Enterprises Inc., General Partner Roseville Center Limited Partnership 56 East Broadway, Suite 200 Forest Lake, MN 55025 Email: patrickgaughan@gaughancompanies.com

Any party may change its address by giving written notice of such change, in the same manner as provided above; and said notice shall be effective ten (10) days from the date notice is given. For the purposes of this Agreement, notice shall be deemed given on the date notice is deposited in the United States mail, deposited with a national recognized overnight courier or personally delivered upon a party, all as provided above.

12. **Effective Date**. The Effective Date of this Agreement shall be the date on which this Agreement is recorded in the office of the Ramsey County Recorder or Ramsey County Registrar of Titles.

13. **Successors and Assigns; Binding Effect**. This Option Agreement and the Option shall be binding upon and inure to the benefit of the parties to this Agreement, and their successors and assigns, and shall run with the land. The agreements and obligations of the City under this Agreement shall be considered covenants running with the land to the benefit of Gaughan Properties, and shall be binding upon the City and its successors and assigns who become the fee simple owner(s) of the City Property. Each fee simple owner(s) now or hereafter owning any portion of the City Property shall be liable for the performance of all covenants, obligations and undertakings to be performed by the City hereunder with respect to the portion of the City Property owned. In the event that the City is not a fee simple owner of the City Property at the time of Closing, references to the City in Provisions 3 through 10 above shall refer and apply to the then fee simple owner(s) of the City Property, rather than to the City.

14. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota, irrespective of the domicile of the parties. Any legal proceedings pertaining to this Agreement shall be venued in the Ramsey County District Court.

(Signatures Follow)

IN WITNESS WHEREOF, the parties hereto have executed this Option Agreement on the date set forth after their signature below:

CITY:

CITY OF ROSEVILLE

By: Dan Roe
Its: Mayor

By: Patrick Trudgeon
Its: City Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this 6th day of April, 2018, by Dan Roe, Mayor of the City of Roseville, a municipal corporation, on behalf of the corporation.

Dawn Marie O'Connor
Notary Public

DAWN MARIE O'CONNOR
Notary Public-Minnesota
My Commission Expires Jan 31, 2021

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this 6th day of April, 2018, by Patrick Trudgeon, City Administrator of the City of Roseville, a municipal corporation, on behalf of the corporation.

LARRY MOUNTAIN
NOTARY PUBLIC - MINNESOTA
My Commission Expires
January 31, 2020

Notary Public

GAUGHAN PROPERTIES:

ROSEVILLE CENTER LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: ______________________
Patrick Gaughan
Its: General Partner

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this 6th day of April, 2018, by Patrick Gaughan, the General Partner of Roseville Center Limited Partnership, a Minnesota limited partnership, on behalf of the limited partnership.

LARRY MOUNTAIN
NOTARY PUBLIC - MINNESOTA
My Commission Expires
January 31, 2020

____
Notary Public

This Instrument Was Drafted By:
Erickson, Bell, Beckman & Quinn, P.A.
Attorneys at Law
Rosedale Tower, Suite 110
1700 West Highway 36
Roseville, MN 55113
(651) 223-4999

EXHIBIT A

Legal Description
City Property

The South two hundred feet (S. 200 feet) of the North two hundred sixty-six feet (N. 266 feet) of the West three hundred seventy-seven feet (W. 377 feet) of the East four hundred ten feet (E 410 feet) of the Southeast quarter of the Northwest quarter (SE 1/4 of NW 1/4), Section 9, Township 29, Range 23, Ramsey County, Minnesota.

Abstract Property

EXHIBIT B

Minor Subdivision Legal Descriptions

PARCEL A

The southerly 200 feet of the northerly 266 feet of the westerly 160 feet of the easterly 410 feet of the Southeast Quarter of the Northwest Quarter of Section 9, Township 29, Range 23, together with access and utility easements over, under and across the southerly 30 feet, the westerly 20 feet and the northerly 10 feet of the southerly 200 feet of the northerly 266 feet of the westerly 217 feet of the easterly 250 feet of the said Southeast Quarter of the Northwest Quarter, described Parcel A also being subject to a road easement to NSP per document number 1750180 as shown on ALTA/NSPS Land Title Survey for City of Roseville, dated February 14, 2018, prepared by Sunde Land Surveying, Ramsey County, Minnesota.

PARCEL B

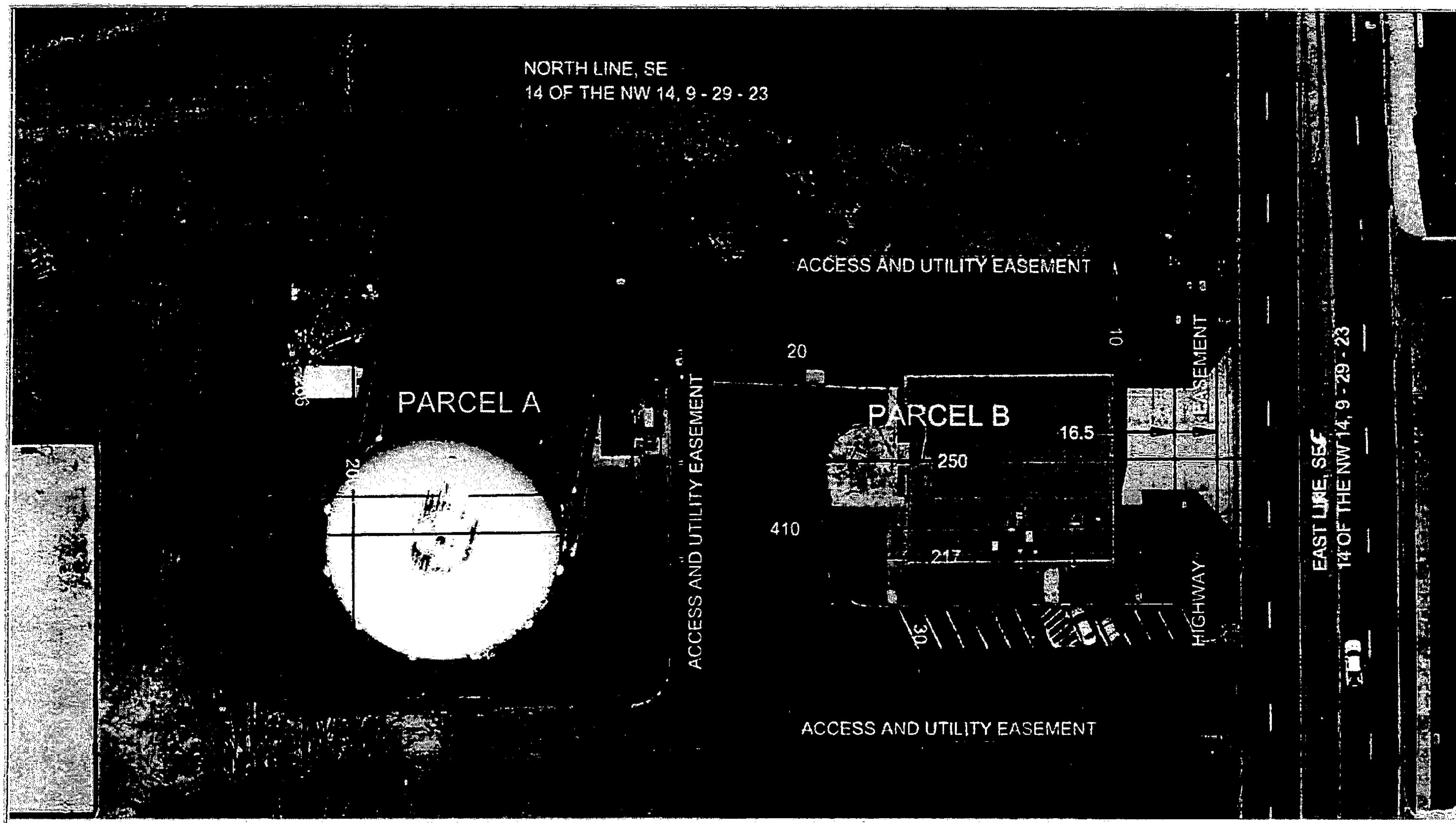
The southerly 200 feet of the northerly 266 feet of the westerly 217 feet of the easterly 250 feet of the Southeast Quarter of the Northwest Quarter of Section 9, Township 29, Range 23, subject to a highway easement benefitting Ramsey County over, under and across the easterly 16.5 feet of the described Parcel B, the described Parcel B also being subject to an access and utility easement over, under and across the southerly 30 feet, the westerly 20 feet and the northerly 10 feet of the westerly 217 feet of the described Parcel B, said access and utility easement benefitting the southerly 200 feet of the northerly 266 feet of the westerly 160 feet of the easterly 410 feet of the said Southeast Quarter of the Northwest Quarter, the described Parcel B also being subject to a road easement to NSP per document number 1750180 as shown on ALTA/NSPS Land Title Survey for City of Roseville, dated February 14, 2018, prepared by Sunde Land Surveying, Ramsey County, Minnesota.

EXHIBIT C

Easements/Survey Exhibit

The survey exhibit depicting the County Highway Easement and City Easements follows.

Attachment A



2501 Fairview Ave

ROSEVILLE

Prepared by:
Engineering Department
April 06, 2018

Proposed Lot Split

See separate Word document for legal descriptions.

EXHIBIT D

Leases

1. Memorandum of Lease between City of Roseville (lessor) and C-Call Corp., dated November 1, 1994,filed January 24, 1995 as Document Number 2851405.

2. Memorandum of PCS Site Agreement between City of Roseville and Sprint Spectrum L.P., dated November 11, 1996, filed January 6, 1997 as Document Number 2972185.

3. Memorandum of Agreement between City of Roseville and APT Minneapolis, Inc., dated July 22, 1996, filed February 7, 1997 as Document Number 2977748.

4. Memorandum of Lease between City of Roseville and C-Call Corp., dated November 1, 1994, filed June 23, 1998 as Document Number 3066050. Note: Appears to be a duplicate filing of Document Number 2851405.

5. Memorandum of Lease between City of Roseville and Verizon Wireless (VAW) LLC, dba Verizon Wireless dated July 18, 2000, filed January 11, 2001 as Document Number 3369246.

6. Memorandum of Lease between City of Roseville and New Cingular Wireless PCS, LLC dated March 13, 2006, filed October 6, 2008 as Document Number 4120080 and First Amendment to Memorandum of Lease filed October 28, 2013 as Document Number 4430510.

7. Memorandum of Lease Amendment between City of Roseville and T-Mobil Central LLC dated October 17, 2014, filed January 20, 2016 as Document Number A04592249.

ROSEVILLE WATER TOWER SITE REDEVELOPMENT

PROJECT NARRATIVE

2501 Fairview Avenue, Roseville MN

The Gaughan Companies, a family owned developer located in Forest Lake, is proposing to redevelop the Water Tower Site in Roseville. The site consists of approximately 1.73 acres, and is located across from the Rosedale Shopping Center on Fairview Avenue.

Gaughan Companies propose to redevelop the Project for 99 market rate apartment units. The location is excellent for a market rate apartment project, with good access to transit, retail and recreational opportunities.

The project will consist of an L shaped, 4 story (50') building; and will contain 99 apartment units. These units will include Studio, 1 Bedroom and 2 Bedroom apartments. Area information is depicted on the Concept Site plan. The building is designed as an L shape, to minimize noise and traffic from Fairview, while at the same time providing a strong streetscape, with high quality materials and generous fenestration along Fairview Ave.

Building materials are varied and of high quality. These are depicted on the Concept Elevation. These materials include face brick, metal balconies, cement fiber panels and metal panels. The developer has submitted the concept elevation, and will continue to explore material selections as the project progresses forward.

The building surrounds an internal green space/parking court. Access to the underground parking garage is located adjacent to the water tower, along the west side of the parcel. The parking ratio for the project is proposed at 1.3 spaces/unit. This includes both underground and surface parking. Building amenities include Fitness Area, Community Room, package concierge service, and a Bike Storage Room.

Sustainable building practices are utilized as well. Locally sourced materials are used wherever possible, with low-flow plumbing fixtures, LED lighting and controls, native landscaping, complete bike storage room/shop/, underground parking and excellent access to mass transit .

Attachment B

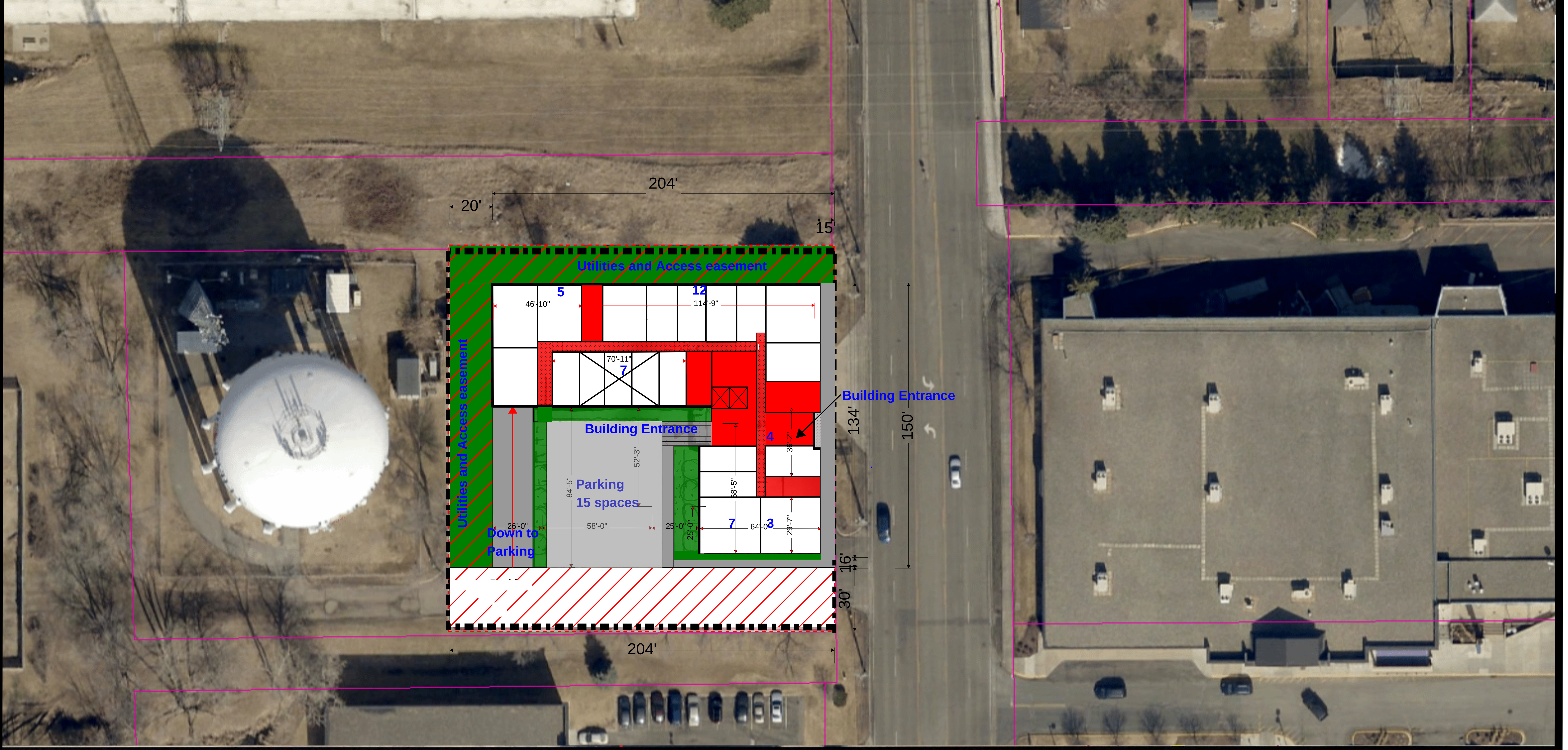
FAIRVIEW AVENUE CONCEPT ELEVATION

CONCEPT PLAN
ROSEVILLE
WATER TOWER SITE

GAUGHAN COMPANIES
56 EAST BROADWAY AVE.
FOREST LAKE, MN

HA *Architecture*
650 Pierce Street NE
Minneapolis, MN 554513

Attachment B



CONCEPT PLAN
ROSEVILLE
WATER TOWER SITE

Gaughan Companies
56 East Broadway Avenue
Forest Lake, MN

HA
Architecture
650 Pierce Street NE
Minneapolis, MN 554513

SITE AND UNIT DATA

Parcel Size:
41,320 sf
Building Footprint:
15,600 sf
Residential Area:
62,400 sf
Height: (4) stories

Market Rate Apartments
# of units: 99
Avg size: 650-700 sf
Unit Types:
Studios (400-475 sf)
One Bedroom:(550-650 sf)
Two Bedroom: 750-900 sf)
Parking : 1-1.3 /unit
Amenities:
Community Room
Fitness Room
Bike Storage

Attachment C

Attachment C

Project Details

LIFEEY ON SNELLING

LOCATION	St. Paul, MN
INDUSTRY	Multi-Family Housing
SQ. FT.	92,173 sq ft
PROJECT TYPE	Ground Up

Gaughan plans for new multi-family development in downtown St. Paul to add to the revival of the Snelling Corridor.

Liffey on Snelling is located at the corner of Snelling and Carroll Avenues in St. Paul, Minnesota. Residents will be able to use the rooftop deck and clubroom for private and community events.

With easy access to I-94, this complex will be within walking distance of Allianz Field, home of the Minnesota United FC, and the Snelling Avenue Metro Transit Station Green Line.

In addition to a new Whole Foods, the neighborhood is also conveniently located near several major universities, including University of St. Thomas and St. Catherine University.

Attachment C

EHLERS
LEADERS IN PUBLIC FINANCE

Memo

To: Jeanne Kelsey, Housing and Economic Development Program Manager

From: Stacie Kvilvang and Keith Dahl, Ehlers

Date: January 2, 2020

Subject: Analysis of TIF Request – Gaughan Companies: Fairview Fire Station Redevelopment

The City received an application for public financial assistance from Gaughan Companies requesting TIF over a term of 11 years (approximately $1.84M) in the form of a pay-as-you-go (PAYGO) TIF Note. Gaughan has proposed to construct a 99-unit market rate apartment made up of studio, one, and two-bedroom units. The proposed project would start in 2020 and include demolition of the existing structure, utility relocation, soil stabilization, and some environmental remediation work. Overall, the total development cost (TDC) is approximately $17.6 million or $178,000 per unit.

We've conducted a review of the Project, specifically Gaughan's budget and pro forma based on industry standards for construction, land acquisition, and project costs; as well as ensured all revenues, and expenditures have been appropriately accounted for and considered.

Based on our review, Gaughan's requested financial assistance is more than what is necessary for the project to become "financially feasible". We've concluded that the project would only require 7 years of assistance totaling $1.23 million.

The tables below provide a synopsis of the sources and uses associated to the proposed project.

SOURCES	Amount	Pct.	Per Unit
First Mortgage	11,605,045	66%	117,223
TIF Note	1,230,000	7%	12,424
Equity	4,754,970	27%	48,030
TOTAL SOURCES	**17,590,015**	**100%**	**177,677**

USES	Amount	Pct.	Per Unit
Acquisition Costs	937,000	5%	9,465
Construction Costs	14,657,015	83%	148,051
Professional Services	851,000	5%	8,596
Financing Costs	250,000	1%	2,525
Developer Fee	545,000	3%	5,505
Cash Accounts/Escrows/Reserves	350,000	2%	3,535
TOTAL USES	**17,590,015**	**100%**	**177,677**

Pro Forma Analysis:

1. **Financing** – The developer has proposed to obtain permanent financing for 66% of the project and will bring the difference in as equity, or approximately $6 million. This financing structure is in line for market rate apartment projects. Typically, you would see permanent financing range from 65% - 80%. Currently, the developer has also proposed to monetize the TIF Note with their own equity, which amounts to approximately 7% of the total financing for the project. Typically, TIF assistance ranges from 5% - 10% for redevelopment projects of this type.

2. **Acquisition Costs** – The land acquisition cost of the project is approximately $9,500 per unit. This figure is lower than what we expect to see for this area; however, it's within the typical market range of $8,000 to $15,000 per unit for similar development projects of its type.

3. **Developer Fee** – The proposed developer fee was approximately 5% of the TDC, but we've reduced it to 3% to be consistent with industry standards for market rate apartment projects.

4. **Rents** – The rents, on a per sq. ft. basis, for the studio and alcove units were lower than what we would expect to see for this area, so we increased them accordingly for our analysis as shown below.

Unit Type	Monthly Rent	Unit Count	Size Sq. Ft.	Rent/ Sq. Ft.
Studio	$1,093	59	446	$2.45
Alcove	$1,130	12	506	$2.23
1BR	$1,378	24	672	$2.05
2BR	$1,739	4	892	$1.95

5. **Unit Sizes** – We also noted and have concerns that the unit sizes for the 1 and 2-bedroom units are smaller than what we typically see, especially for the suburban market. We would expect to see a 1-bedroom around 900+ sq. ft. and 2-bedroom around 1,090+ sq. ft. The developer indicated that they are modeling this project after the Liffey in St. Paul and want to provide a more affordable unit type for the area. We have reservations that the market may not view these unit sizes in the same light, since St. Paul is an urban market compared to the suburban market of Roseville.

6. **Return on Investment** – To determine if a project is "financially feasible", a developer typically reviews one of three metrics; cash-on-cash (net cash divided by equity), cash-on-cost (NOI divided by TDC), or internal rate of return (IRR) which represents a percentage rate for each dollar invested over the length of time the property is held. The main difference between IRR and the other two metrics is that it considers the time value of money and the appreciation of a property. Gaughan indicated that they would like to achieve an IRR of 9-11% in year 10. Based on our analysis, they would achieve an IRR of 10% in year 10.

Recommendation:

Based on our review of Gaughan's pro forma and under current market conditions, the proposed development may not reasonably be expected to occur solely through private investment within the near future. The cost associated with development of this project is only feasible through public financial assistance from the City. We conclude that TIF assistance in the amount of $1.23 million over an anticipated term of 7 years is supportable for this project.

Please contact either of us at 651-697-8500 with any questions.

City of Roseville and Roseville Economic Development Authority Public Financing Criteria and Business Subsidy Policy Adopted October 17, 2016

INTRODUCTION:

This Policy is adopted for purposes of the business subsidies act, which is Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Statutes"). Terms used in this Policy are intended to have the same meanings as used in Statutes. Subdivision 3 of the Statutes specifies forms of financial assistance that are not considered a business subsidy. This list contains exceptions for several activities, including redevelopment, pollution clean-up, and housing, among others. By providing a business subsidy, the city commits to holding a public hearing, as applicable, and reporting annually to the Department of Employment and Economic Development on job and wage goal progress.

1. PURPOSE AND AUTHORITY

A. The purpose of this document is to establish criteria for the City of Roseville and the Roseville Economic Development Authority ("EDA") for granting of business subsidies and public financing for private development within the City. As used in this Policy, the term "City" shall be understood to include the EDA. These criteria shall be used as a guide in processing and reviewing applications requesting business subsidies and/or City public financing.

B. The City's ability to grant business subsidies is governed by the limitations established in the Statutes. The City may choose to apply its Business Subsidy Criteria to other development activities not covered under this statute. City public financing may or may not be considered a business subsidy as defined by the Statutes.

C. Unless specifically excluded by the Statutes, business subsidies include grants by state or local government agencies, contributions of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient of the subsidy, any reduction or deferral of any tax or any fee, tax increment financing (TIF), abatement of property taxes, loans made from City funds, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

D. These criteria are to be used in conjunction with other relevant policies of the City. Compliance with the Business Subsidy Criteria and City Public Financing Guidelines shall not automatically mean compliance with such separate policies.

E. The City may deviate from the job and wage goals criteria outlined in Section 5 D and E below by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Employment and Economic Development with the next annual report.

F. The City may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Statutes.

2. CITY'S OBJECTIVE FOR THE USE OF PUBLIC FINANCING

A. As a matter of adopted policy, the City may consider using public financing which may include tax increment financing (TIF), tax abatement, bonds, and other forms of public financing as appropriate, to assist private development projects. Such assistance must comply with all applicable statutory requirements and accomplish one or more of the following objectives:

1. Remove blight and/or encourage redevelopment in designated redevelopment/development area(s) per the goals and visions established by the City Council and EDA.
2. Expand and diversify the local economy and tax base.
3. Encourage additional unsubsidized private development in the area, either directly or through secondary "spin-off" development.
4. Offset increased costs for redevelopment over and above the costs that a developer would incur in normal urban and suburban development (determined as part of the But-For analysis).
5. Facilitate the development process and promote development on sites that could not be developed without this assistance.
6. Retain local jobs and/or increase the number and diversity of quality jobs
7. Meet other uses of public policy, as adopted by the City Council from time to time, including but not limited to promotion of quality urban design, quality architectural design, energy conservation, sustainable building practices, and decreasing the capital and operating costs of local government.

3. PUBLIC FINANCING PRINCIPLES

A. The guidelines and principles set forth in this document pertain to all applications for City public financing regardless of whether they are considered a Business Subsidy as defined by the Statutes. The following general assumptions of development/redevelopment shall serve as a guide for City public financing:

1. All viable requests for City public financing assistance shall be reviewed by staff, and, if staff so designates, a third party financial advisor who will inform the City of its findings and recommendations. This process, known as the "But For" analysis is intended to establish the project would not be feasible but for the City assistance.

2. The City shall establish mechanisms within the development agreement to ensure that adequate checks and balances are incorporated in the distribution of financial assistance where feasible and appropriate, including but not limited to:
   a. Third party "but for" analysis
   b. Establishment of "look back provisions"
   c. Establishment of minimum assessment agreements

3. TIF and abatement will be provided on a pay-as-you-go-basis. Any request for upfront assistance will be evaluated on its own merits and may require security to cover any risks assumed by the City.

4. The City will set up TIF districts in accordance with the maximum number of statutory years allowable. However, this does not mean that the developer will be granted assistance for the full term of the district.

5. The City will elect the fiscal disparities contribution to come from inside applicable TIF district(s) to eliminate any impact to the existing tax payers of the community.

6. Public financing will not be used to support speculative commercial, office or housing projects. In general the developer should be able to provide market data, tenant letters of commitment or finance statements which support the market potential/demand for the proposed project.

7. Public financing will generally not be used to support retail development. The City may consider projects that include a retail component provided they meet a Desired Qualification as identified in Section 4.2.C(8) of this policy.

8. Public financing will not be used in projects that would give a significant competitive financial advantage over similar projects in the area due to the use of public subsidies. Developers should provide information to support that assistance will not create such a competitive advantage. Priority consideration will be given to projects that fill an unmet market need.

9. Public financing will not be used in a project that involves a land and/or property acquisition price in excess of fair market value.

10. The developer will pay all applicable application fees and pay for the City and EDA's fiscal and legal advisor time as stated in the City's Public Assistance Application.

11. The City will not consider waiving fees including, but not limited to, building permit fees, park dedication fees, SAC charges, and planning and zoning application fees. The City may consider using SAC credits, to the extent they are available, to off-set a project's SAC expenses.

12. The developer shall proactively attempt to minimize the amount of public assistance needed through the pursuit of grants, innovative solutions in structuring the deal, and other funding mechanisms.

13. All developments are subject to execution and recording of a Minimum Assessment Agreement.

4. PROJECTS WHICH MAY QUALIFY FOR PUBLIC FINANCING ASSISTANCE

A. All new applications for assistance considered by the City must meet each of the following minimum qualifications. However, it should **not** be presumed that a project meeting these qualifications will automatically be approved for assistance. Meeting the qualifications does not imply or create contractual rights on the part of any potential developer to have its project approved for assistance.

4.1 MINIMUM QUALIFICATIONS/REQUIREMENTS:

A. In addition to meeting the applicable requirements of State law, the project shall meet one or more of the public financing objectives outlined in Section 2.

B. The developer must demonstrate to the satisfaction of the City that the project is not financially feasible "but for" the use of tax increment or other public financing.

C. The project must be consistent with the City's Comprehensive Plan and Zoning Ordinances, Design Guidelines or any other applicable land use documents.

D. Prior to approval of a financing plan, the developer shall provide any requested market and financial feasibility studies, appraisals, soil boring, private lender commitment, and/or other information the City or its financial consultants may require in order to proceed with an independent evaluation of the proposal.

E. The developer must provide adequate financial guarantees to ensure the repayment of any public financing and completion of the project. These may include, but are not limited to, assessment agreements, letters of credit, personal deficiency guarantees, guaranteed maximum cost contract, etc.

F. Any developer requesting assistance must be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed. Public financing will not be used when the developer's credentials, in the sole judgment of the City, are inadequate due to past history relating to completion of projects, general reputation, and/or bankruptcy, or other problems or issues considered relevant to the City.

G. The developer, or its contractual assigns, shall retain ownership of any portion of the project long enough to complete it, to stabilize its occupancy, to establish project management and/or needed mechanisms to ensure successful operation.

4.2 DESIRED QUALIFICATIONS:

A. Projects providing a high ratio of private investment to City public investment will receive priority consideration. Private investment includes developer cash, government and bank loans, conduit bonds, tax credit equity, and land if already owned by the developer.

B. Proposals that significantly increase the amount of property taxes paid after redevelopment will receive priority consideration.

C. Proposals that encourage the following will receive priority consideration:

1. Implements the City's vision and values for a City-identified redevelopment area
2. Provides significant improvement to surrounding land uses, the neighborhood, and/or the City
3. Attracts or retains a significant employer within the City
4. Promotes multi-family housing investment that meets the following City goals:
   a. Extensive rehabilitation of existing multi-family housing stock
   b. Demonstration of need for the type of multi-family housing proposed through a market study or other reliable market data.
   c. Multi-family workforce housing proposals that include amenities similar to those found in market rate housing
   d. Workforce housing proposals that consider innovative and alternative forms of development and do not include high-rise buildings
5. Provides significant rehabilitation or expansion and/or replacement of existing office or commercial facility
6. Provides opportunities for corporate campus or medical office development
7. Provides opportunity for hi-tech, med-tech, R & D facilities/office or major manufacturer
8. Provides opportunities for small businesses (under 50 employees) that are non, start-up companies
9. Provides opportunities for small businesses that may enhance the quality of life within neighborhoods
10. Redevelops a blighted, contaminated and/or challenged site

11. Adds needed road, access and multi-modal improvements

12. Addition of specific project enhancements including, but not limited to, architectural upgrades, pedestrian and transit connections, green building practices and enhanced site planning features.

5. BUSINESS SUBSIDY PUBLIC PURPOSE, JOBS AND WAGE REQUIREMENT

A. All business subsidies must meet a public purpose with measurable benefit to the City as a whole.

B. Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable. The City shall document the information used to determine the nature of the job loss.

C. The creation of tax base shall not be the sole public purpose of a subsidy.

D. Unless the creation of jobs is removed from a particular project pursuant to the requirements of the Statutes, the creation of jobs is a public purpose for granting a subsidy. Creation of at least **3** Full Time, or Full Time Equivalent (FTE) jobs is a minimum requirement for consideration of assistance. For purposes of this Policy, FTE's must be permanent positions with set hours, and be eligible for benefits.

E. The wage floor for wages to be paid for the jobs created shall be not less than 300% of the State of MN Minimum Wage. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section.

F. After a public hearing, if the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero.

6. SUBSIDY AGREEMENT

A. In granting a business subsidy, the City shall enter into a subsidy agreement with the recipient that provides the following information: wage and job goals (if applicable), commitments to provide necessary reporting data, and recourse for failure to meet goals required by the Statutes.

B. The subsidy agreement may be incorporated into a broader development agreement for a project.

C. The subsidy agreement will commit the recipient to providing the reporting information required by the Statutes.

7. PUBLIC FINANCING PROJECT EVALUATION PROCESS

A. The following methods of analysis for all public financing proposals will be used:

1. Consideration of project meeting minimum qualifications

2. Consideration of project meeting desired qualifications

3. Project meets “but-for” analysis and/or statutory qualifications

4. Project is deemed consistent with City’s Goals and Objectives

Please note that the evaluation methodology is intended to provide a balanced review. Each area will be evaluated individually and collectively and in no case should one area outweigh another in terms of importance to determining the level of assistance.

EXTRACT OF MINUTES OF MEETING
OF THE
ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

* * * * * * * * * * * * * * * * *

Pursuant to due call and notice thereof, a regular meeting of the Roseville Economic Development Authority, County of Ramsey, Minnesota was duly held on the 13th day of January, 2020, at 6:00 p.m.

The following members were present:

and the following were absent:

Member introduced the following resolution and moved its adoption:

RESOLUTION No. XX

RESOLUTION IN SUPPORT OF APPLICATION FOR TAX INCREMENT FINANCING ASSISTANCE FOR THE DEVELOPMENT OF MULTIFAMILY HOUSING

WHEREAS, Gaughan Companies (the "Developer") and the City of Roseville (the "City") have previously entered into an option agreement (the "Option") for a portion of certain City-owned property within the City (the "Property"), on which the Developer proposes to construct an approximately 99-unit multifamily rental housing facility; and

WHEREAS, the Developer has requested that the Board of Commissioners (the "Board") of the Roseville Economic Development Authority ("REDA") provide certain tax increment financing ("TIF") assistance in connection with the Project; and

WHEREAS, REDA staff and consultants have reviewed the Developer's initial request for TIF assistance and have determined that such TIF assistance is feasible and warranted in an amount of up to $1,230,000, provided that the Developer meets certain conditions for development.

NOW, THEREFORE, BE IT RESOLVED, that:

1. After due consideration, REDA hereby expresses its support for Developer's application for TIF assistance in connection with the Project, subject to adequate legal findings that the Property qualifies as a redevelopment TIF district, the successful establishment of a redevelopment TIF district comprising the Property, and the negotiation and execution of a Contract for Private Redevelopment

containing provisions addressing specifics of the Project, including without limitation:

a. Successful closing on conveyance of the Property by the City to the Developer, subject to all terms and conditions of the Option, including without limitation the subdivision of the Property; amendment of all Leases referenced in the Option; and the successful negotiation of access and utility easements in favor of the City over portions of the Property; and

b. Application by the Developer and grant by the City of various entitlements, including the following:

i. Amendment to City Comprehensive Plan to allow for multifamily residential use;

ii. Rezoning of the Property from Institutional to Multifamily Residential; and

iii. Possible variances and conditional uses based on finalized site plan of Project.

2. Based on the Developer's proposal for the Project, REDA finds that the Project is in the public interest because it will cause the redevelopment of substandard real property, increase and enhance the City's housing options, and preserve or enhance the state and local tax base.

3. Based on the Developer's request for TIF Assistance and REDA's understanding that the Project would not be located within the City if such TIF Assistance is not granted, the REDA finds that the Project would not reasonably expected to occur solely through private investment within the reasonably foreseeable future.

The motion for the adoption of the foregoing resolution was duly seconded by Member

, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

WHEREUPON said resolution was declared duly passed and adopted.

Certificate

I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, Minnesota, hereby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the Board of Commissioners of said Authority at a duly called and regular meeting thereof on January 13, 2020.

I further certify that Commissioner ___________ introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner __________, and that upon roll call vote being taken thereon, the following Commissioners voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this __ day of January, 2020.

____
Patrick Trudgeon, Executive Director
Roseville Economic Development Authority

ROSEVILLE

REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 1/13/2020
Item No.: 5.d

Department Approval | Executive Director Approval

Item Description: Receive presentation from Ehlers, Inc. on the City's TIF Management Plan and direct staff to implement the recommendations outlined within the Plan

BACKGROUND

Annually, the Roseville Economic Development Authority (REDA) has requested that staff provide a review of the City's TIF district fund balances and overall use of TIF. At the March 18, 2019 meeting, the REDA was provided a review of outstanding obligations and balances, termination dates, and recommendations for the current Tax Increment Finance (TIF) districts in the City. This report was provided by Stacie Kvilvang of Ehlers, the EDA's financial advisor. During that presentation, it was noted that providing a full historical review for all previous TIF uses, examining current valuations of properties who are benefitting from TIF, as well as how Roseville's use of TIF compares to other communities would be beneficial to long-term management of the City's TIF districts. To that end, Ehlers has prepared a Management Review & Analysis Tax Increment Financing Districts plan (also referred to as a TIF Management Plan). This document provides a more detailed analysis that allows the REDA to be more thoughtful and strategic in regards to the use of TIF. Staff offers the following summary points in regards to the overall Plan:

- The City has created 22 TIF districts since 1982.
- Overall, the City's use of TIF has created an 877% increase in taxable market value.
- Of 22 created districts, only six are active.
- The City's percentage of tax base in TIF is currently at 1.8%, the lowest percentage when comparing ourselves to surrounding communities.
- Between 2020-2047, it is expected the City will generate additional tax levy dollars of over $800,000 through decertification of TIF districts alone.
- All outstanding obligations are in the form of "pay-as-you-go", with the exception of bonds that were taken out to fund public improvements in Twin Lakes. These bonds will be paid in full in March of 2032.
- The City has historically underutilized tax increment for pooling and administrative expenses.
- Additional opportunities exist to free up funds for affordable housing efforts.

Ms. Kvilvang will present the Plan and review the recommendations outlined on pages 14-17, which are forward-looking in regards to implementing redevelopment efforts of blighted and contaminated property and/or aim to create or maintain affordable housing in the community. .

STAFF RECOMMENDATION

Receive the Management Review & Analysis Tax Increment Financing Districts plan from Ehlers and provide direction to staff regarding recommendations 1-6 on pages 14-17 of the report.

REQUESTED EDA ACTION

Receive the Management Review & Analysis Tax Increment Financing Districts plan from Ehlers and provide direction to staff regarding recommendations 1-6 on pages 14-17 of the report.

Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

Attachments: A: Management Review & Analysis TIF Districts

January, 2020

Management Review & Analysis
Tax Increment Financing Districts

FOR THE CITY OF ROSEVILLE, MINNESOTA

ROSEVILLE

Table of Contents

Management Review and Analysis

OVERVIEW

Tax increment is a financing tool authorized by State law, that allows an authority to capture and use most of the increased local property tax revenues from new development within a defined geographic area for a defined period of time without approved of other taxing jurisdictions. Tax increment revenues are used to encourage creation or retention of jobs, redevelopment of blighted areas or polluted sites and construction of affordable housing. Since creating its first TIF district in 1982 (TIF 1 – Centre Pointe Redevelopment), the City has certified 22 districts, of which only six (6) are in existence today. Revenue from these tax increment financing (TIF) districts is a financial asset of the City of Roseville. The revenue generated is first used to pay debt service on outstanding bonds, interfund loans and developer pay-as-you-go (PAYGO) TIF notes. A portion, but not all, of the remaining revenues may be used to participate in other eligible development and redevelopment projects and City initiatives.

The factors that produce tax increment revenues change every year. At the same time, the State property tax laws have changed significantly since 1997, including the major reforms enacted in 2001. In addition to property tax reform, significant changes enacted by the Legislature in 1990 have changed the way that cities can utilize TIF for development.

The Office of the State Auditor (OSA) has a TIF division which is mandated by state law to collect annual reporting forms and, if necessary, audit the use of TIF. Such audits could result in a letter to the county attorney or attorney general for enforcement actions. To date the City has not been audited. Due to legislative and market changes and oversight of TIF districts by the OSA, the management of the City's TIF districts is an ongoing activity. Because of legislative changes, the potential to be audited by the OSA, and to be more proactive in ensuring districts are performing as intended, Ehlers worked with City staff to create the following plan for the management of its TIF districts and their related obligations.

USE OF TIF POOLING

An authority can utilize up to 25% of the TIF generated from a redevelopment district to pay for redevelopment related expenses outside of the TIF district, but within the city's development district or for projects within the TIF district if being completed after year five (5) of certification of the district. This 25% is inclusive of the maximum administrative costs of 10% so the net amount available for pooling is typically less than 25%, as noted in the following examples:

25% Pooling - 10% admin = 15% for pooling

25% Pooling - 3% admin = 22% for pooling

Pooling restrictions do not apply to housing districts so essentially an authority can utilized any unused TIF from a housing district for affordable housing related activities, as long as the original housing developed in the district still reports to the authority annually that they are meeting the required income and unit thresholds of 20% affordable at 50% of area median income (AMI) or 40% affordable at 60% of AMI. For the City, this would be TIF District 18 – Sienna Green. TIF could be utilized for capital expenditures, but may be used for non-capital expenditures on a limited basis as follows:

Potential rental housing projects would include:

1. New affordable rental housing (20/50 or 40/60 election)
2. Renovation of an existing rental housing development (20/50 or 40/60 election)
3. Providing subsidy to an existing project that is earmarked for new or additional affordability (20/50 or 40/60 election)

TIF from this district could also be utilized for owner-occupied housing projects as long as the homeowner's income is at or below 100% of the median income for a family of two or less or 115% of the median income for a family of three or more.

Potential owner-occupied projects would include:

1. Site acquisition and demolition for infill lots that will be sold for new housing construction
2. Acquisition of foreclosed homes for resale to income qualified buyers
3. Rehabilitation loans for home improvements and second mortgages to qualified home buyers

USE OF TIF POOLING CONTINUED

Over the years, the City utilized unobligated revenues from older TIF districts to complete the following projects:

- **Greater Minnesota Housing Corporation (GMHC).** In 2015, the City used $1,120,017 in pooling dollars from TIF #10 (ETC) and TIF #12 (NCR) for a land write down to assist GMHC in developing eighteen (18) for-sale single-family homes on the City's former Fire Station Site. The homes were developed in 2016-2018 and as required by the TIF agreement which included a lookback provision. The lookback was completed in the summer of 2019 to determine if the land write down was necessary and if GMHC was required to repay a portion of the TIF pooling dollars. Pursuant to the TIF agreement, if their developer fee exceeded an 8% return (total development costs minus total sales), then 50% of the excess above the amount need to attain an 8% developer fee would be paid to the City. The lookback determined that the developer did not meet the 8% profit threshold and therefore none of the TIF assistance needed to be repaid.

- **SE Roseville Redevelopment Fund**. In 2017 the City transferred $781,000 to this fund for use for redevelopment activities associated with the redevelopment. To date, none of these dollars have been expended.

TIF DISTRICT SUMMARY

Currently, the City has four (4) redevelopment districts, one of which is also a hazardous substance subdistrict, one (1) housing district, and one (1) economic development district. These districts are outlined in the following chart. A more detailed explanation of each district can be found starting on page 13.

Category	TIF 17 & 17A Twin Lakes	TIF 18 Sienna Green	TIF 19 Applewood Pointe	TIF 20 McGough	TIF 21 Colder	TIF 22 Twin Lakes II
District Type	Redevelopment & Hazardaous Substance Sub District	Housing	Economic Development	Redevelopment	Redevelopment	Redevelopment
Project/Costs Financed	Public Improvements/Roadways	50-unit apartment complex (rehab and new construction)	48-unit senior cooperative	53,675 Sq/Ft Corporate Office	131,100 Sq/Ft Office and Manufacturing Facility	117 market rate apartmenst, 40,000 sq/ft Office, 56,200 sq/ft retail and 476 units of affordable rental units
Project Area	Development District 1	Development District 1	Development District 1	Development District 1	Development District 1	Development District 1
Certified	9/3/2005	12/22/2009	5/20/2011	9/19/2018	Requested 6/20/2019	Not Yet Requested
Legal max term	12/31/2031	12/31/2038	12/31/2020	12/31/2045	12/31/2046	12/31/2046
Anticipated term	12/31/2031	12/31/2038 (If TIF agreement is amended)	12/31/2019	12/31/2045	12/31/2046	12/31/2039
First Increment	2006	2013	2013	2020	2021	2021
Current Obligations	**$3,060,000** GO TIF Bonds, Series 2015A	**$935,005** Pay-As-You-Go TIF Note	None	**$1,316,000** Pay-As-You-Go TIF Note (Yet to be issued)	**$2,200,000** Pay-As-You-Go TIF Note (Yet to be issued)	**$2,900,000** PAYGO TIF Note for RW Apartments, **$650,000** PAYGO TIF Note to RW for Office, **$3,990,000** PAYGO TIF Note to Dominium for Sr. Apts and **$3,450,000** PAYGO TIF Note to Dominium for non-age restricted apts (all notes yet to be issued)
2019 Anticipated TIF	**$906,264**	**$104,722**	**$298,784**	**$0**	**$0**	**$0**
Pooling Amount	**$407,580** in 2019 for HSS purposes & **$297,812** for redevelopment	**$67,700** in 2019	**$267,000** in 2019	**N/A**	**N/A**	**N/A**
Use of Pooling Dollars	Clean up of HSS parcels and/or redevelopment	Affordable Housing (Rental and/or Owner-Occupied)	Economic Development (Manufacturing/Warehouse)	Redevelopment	Redevelopment	Redevelopment

TIF AS A DEVELOPMENT TOOL

In October 2016, the Roseville Economic Development Authority adopted a Public Financing Criteria and Business Subsidy Policy. Before this policy, other policies existed that attributed to creation of districts prior to 2016. Continuous redevelopment is vital to maintaining the City's long-term economic health and vitality. Utilizing TIF to accomplish the various goals of the City has strengthened the overall diversity of housing options, jobs, land uses and tax base. One immediate benchmark of the benefit in utilizing TIF is the overall increase in market value from when the district was created to when it is fully developed and aging. As illustrated in the following table, the City's overall market value within the TIF Districts has increased since 1982 by nearly 900%.

District	Status	Original Market Value	Pay 2019 Taxable Market Value	Percent Increase in Value
TIF 1 - Centre Pointe	Decertified	$1,338,179	$141,662,500	10486.2%
TIF 2 - Lido, Burger, Everest		$813,707	$96,161,400	11717.69%
TIF 3 - Housing Alliance Sr. Housing		$27,720	$9,408,100	33839.75%
TIF 4		$1,062,347	$46,933,800	4317.94%
TIF 5		$9,347,181	$86,073,800	820.85%
TIF 6		$7,200	$1,541,200	21305.56%
TIF 7		$2,744,102	$54,592,900	1889.46%
TIF 8		$30,592	$5,497,400	17870.06%
TIF 9		$3,036,520	$37,328,800	1129.33%
TIF 10 - ETC		$15,542,913	$55,340,700	256.05%
TIF 11 - Twin Lakes		$35,741,500	$214,272,000	499.50%
TIF 12 - NCR		$52,938	$25,572,800	48207.08%
TIF 13 - College Prop		$1,285,800	$42,559,200	3209.94%
TIF 14		$2,200,000	$15,409,800	600.45%
TIF 15 - Tower Place Area		$2,769,600	$14,044,900	407.11%
TIF 16		$102,800	$33,877,400	32854.67%
TIF 17 & 17A - Twin Lakes	Active	$18,124,300	$60,539,600	234.02%
TIF 18 - Sienna Green		$5,000,000	$20,133,300	302.67%
TIF 19 - Applewood Pointe		$1,522,700	$23,517,300	1444.45%
TIF 20 - McGough		$1,978,600	$1,978,600	0.00%
TIF 21 - Colder		$3,681,300	$3,681,300	0.00%
TIF 22 - Twin Lakes II	Approved	$28,891,700	$28,891,700	0.00%
TOTAL	**N/A**	**$135,301,699**	**$1,019,018,500**	**877.14%**

TIF AS A DEVELOPMENT TOOL CONTINUED

As noted above in the table, some districts have significantly higher increase in market value compared to others. Typically, districts that allow for high density housing, multi-story office, other higher valued uses, along with a lower original market value (OMV), will typically see the largest increase in valuation. As we look at your current, active districts, the overall increase is a little over 300%. As noted, TIF 19 – Applewood Pointe has a significant increase in valuation, due to a lower OMV and construction of high-density housing on it. The other districts had either a higher OMV (TIF 17 and TIF 22) and/or had office/manufacturing (or predominantly office/manufacturing) development on them, which produces a lower overall valuation. However, in these districts and many of the others, increase in market value isn't the driving factor for their creation. It is removal of blight, creation of housing options within the City for its residents, job creation and business retention.

District	Original Market Value	Pay 2019 Taxable Market Value	Percent Increase in Value
TIF 17 & 17A - Twin Lakes	$18,124,300	$60,539,600	234.02%
TIF 18 - Sienna Green	$5,000,000	$20,145,500	302.91%
TIF 19 - Applewood Pointe	$1,522,700	$23,631,400	1451.94%
TIF 20 - McGough	$1,978,600	$1,978,600	0.00%
TIF 21 - Colder	$3,681,300	$3,681,300	0.00%
TIF 22 - Twin Lakes II	$28,891,700	$28,891,700	0.00%
TOTAL	**$59,198,600**	**$138,868,100**	**323.24%**

Note: The percent increase in value excludes McGough, Colder and Twin Lakes II since construction did not start for pay 2019 values.

Even though there are many benefits to utilizing TIF as a development tool, cities still wonder if they are utilizing the tool too much or not enough. One way to measure a city's use of TIF is to compare the use of TIF with similar cities. A common measure of the use of TIF is the percentage of the gross tax base captured in TIF districts. On the following page is a chart which demonstrates Roseville's current and projected tax base which is captured in TIF districts with similar cities.

TIF AS A DEVELOPMENT TOOL CONTINUED

City of Roseville
Projected Captured TIF Tax Capacity and Comparison with Other Cities

	2015	2016	2017	2018	2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024
TIF 10 Rosedale	362,430	0	0	0	0	0	0	0	0	0
TIF 11/11A Twin Lakes	856,285	877,894	500,552	0	0	0	0	0	0	0
TIF 12 NCR	129,760	131,635	0	0	0	0	0	0	0	0
TIF 13 College Prop.	379,847	333,347	0	0	0	0	0	0	0	0
TIF 17/17A Twin Lakes	505,653	534,167	580,396	701,324	771,631	775,489	779,367	783,263	787,180	791,116
TIF 18 Sienna Green	66,806	71,711	68,737	101,065	105,769	106,298	106,829	107,363	107,900	108,440
TIF 19 Applewood Pointe	179,487	178,290	204,568	230,035	251,739	0	0	0	0	0
TIF 20 McGough	0	0	0	0	0	49,490	49,737	49,986	50,236	50,487
TIF 21 Colder	0	0	0	0	0	0	865	148,614	149,357	150,104
TIF 22 Twin Lakes II	0	0	0	0	0	0	93,030	579,347	868,363	872,705
Captured TIF Tax Capacity	**2,480,268**	**2,127,044**	**1,354,253**	**1,032,424**	**1,129,139**	**931,277**	**1,029,828**	**1,668,574**	**1,963,037**	**1,972,852**
Total Tax Capacity (Gross)	52,370,094	52,683,388	55,674,350	59,304,042	63,351,516	63,669,030	63,705,958	63,742,908	63,779,879	63,816,871
Percentage of Tax Base in TIF	**4.7%**	**4.0%**	**2.4%**	**1.7%**	**1.8%**	**1.5%**	**1.6%**	**2.6%**	**3.1%**	**3.1%**

Note: Assumes 1% annual increase in tax base and TIF beginning in payable 2020

Comparable City	Final Pay 2019 Captured TIF as a % of Tax Base	Final Pay 2019 City Tax Rate	Bond Rating
Golden Valley	1.7%	53.780%	AA+
Edina	3.5%	27.380%	AAA
Minnetonka	2.7%	34.676%	AAA
Brooklyn Park	1.6%	51.869%	AA+
Minneapolis	7.6%	57.312%	AAA
Roseville	**1.5%**	**37.422%**	**AAA**
St. Louis Park	11.4%	44.706%	AAA
Bloomington	2.6%	40.045%	AAA
St. Paul	8.6%	50.266%	AAA
Maplewood	2.7%	44.693%	AA+
Arden Hills	2.1%	25.555%	AAA
Shoreview	2.3%	32.959%	AAA
Richfield	9.4%	53.275%	AA+
New Brighton	11.6%	40.589%	AA+

TIF AS A DEVELOPMENT TOOL CONTINUED

The following is a table which demonstrates the historical market value growth of the City of Roseville.

Tax Year Payable	Taxable Market Value	Percent Change From Prior Year
2019	4,740,536,700	7.63%
2018	4,404,560,100	6.07%
2017	4,152,526,300	6.01%
2016	3,916,961,800	0.86%
2015	3,883,569,100	6.55%
2014	3,644,972,400	2.42%
2013	3,558,966,800	-5.14%
2012	3,751,962,400	-8.46%
2011	4,098,719,200	-4.12%
2010	4,274,909,700	-4.05%
2009	4,455,162,600	-1.49%
2008	4,522,375,200	7.02%

Tax Year Payable	City Tax Rate	Percent Change From Prior Year
2019	37.422	-1.98%
2018	38.177	-0.97%
2017	38.552	-1.96%
2016	39.324	1.07%
2015	38.909	-3.02%
2014	40.121	3.14%
2013	38.899	16.30%
2012	33.446	12.39%
2011	29.758	8.73%
2010	27.369	11.51%
2009	24.545	4.97%
2008	23.383	1.60%

The above two tables show the history for the City's taxable market value and the City's tax rate. Factors such as total general and debt levy needs, State law and economic factors will influence both the market value and the corresponding tax rate. A correlation cannot always be made when considering market value, tax rate and total tax capacity captured by tax increment districts.

As noted in the table on the prior page, today the City's use of TIF is below average compared to similar cities that are undertaking significant redevelopment. However, the City's adoption of its updated Policy in 2016 has generated significant activity which is incorporated in the table and future projections show the amount captured will be approximately 3%, which is still comparatively low. Also shown in the table are comparable cities' tax rates and bond ratings. Although this is a small sample of municipalities, the amount of TIF used by a City does not seem to correlate directly with a City's tax rate or bond rating. In conversations with rating agencies, we do know that market value growth and redevelopment are important factors in maintaining Roseville's AAA bond rating.

IMPACT OF DECERTIFIED TIF DISTRICTS

As shown on Page 6, the City has seen the gradual decertification of TIF districts from 2015 to 2018. These decertified districts have begun to return value to the tax rolls for general taxing purposes, and the City has seen a corresponding increase in its tax base. Moreover, the City will also see another TIF district decertify in 2020 and based on Pay 2019 tax rates, the City will see an additional $250,000 returned to its tax rolls. One frequent question we receive is what are the additional levy dollars the City can expect to receive for the other future TIF districts? The table below shows how much more the City could levy and still maintain a stable tax rate.

City of Roseville
Projected Additional Tax Levy Dollars As A Result of Decertified TIF Districts

		Projected					
TIF District	**Decertifies**	**2020**	**2032**	**2039**	**2040**	**2046**	**2047**
TIF 17 - Twin Lakes	12/31/2031	-	771,630	-	-	-	-
TIF 18 - Sienna Green	12/31/2038	-	-	116,282		-	-
TIF 19 - Applewood Pointe	12/31/2019	251,731	-	-	-	-	-
TIF 20 - McGough	12/31/2045	-	-	-	-	70,779	-
TIF 21 - Colder	12/31/2046	-	-	-	-	-	148,614
TIF 22 - Twin Lakes II	12/31/2039	-	-		856,248	-	-
Total Annual Captured Net Tax Capacity Returned to Tax Rolls		**251,731**	**771,630**	**116,282**	**856,248**	**70,779**	**148,614**
City Tax Rate for Taxes Payable in 2019 (1)	**37.422%**						
Estimated Additional Annual Tax Levy Available (1)		**$ 94,203**	**$ 288,759**	**$ 43,515**	**$ 320,425**	**$ 26,487**	**$ 55,614**

(1) - Assumptions:
- ***Calculates additional dollars the City could levy and still maintain the same tax rate as Pay 2019.***
- ***Assumes no change in existing tax base from prior year***
- ***Assumes no change in the Fiscal Disparities Distribution Dollars from Pay 2019***

OBLIGATIONS OF THE TIF DISTRICTS

The revenues from these districts are largely site specific, meaning that the revenues are restricted by law and by contract with the developers. The revenues must be used primarily to address blight, contamination, housing or redevelopment needs for the parcels in the TIF district within a specified period of time. The City has one GO TIF Bond and seven (7) PAYO TIF Notes outstanding (after the August 1, 2019 actual bond and PAYGO TIF note payments were made) as noted in the table below:

Outstanding Obligations

District	Bonds/PAYGO	Original Bond/PAYGO Amount	Outstanding After 8/1/2019	Term
TIF #17 - Twin Lakes	2015A GO TIF Bonds	$ 3,246,065	$ 2,940,000	3/1/2032
TIF #18 - Sienna Green	Aeon PAYGO	$ 935,005	$ 716,578	8/1/2028
TIF #20 - McGough	McGough PAYGO	$ 1,316,000	$ 1,316,000	2/1/2046
TIF #21 - Colder	Colder PAYGO	$ 2,200,000	$ 2,200,000	2/1/2047
TIF #22 - Twin Lakes II	Reuter Walton Apt PAYGO	$ 2,900,000	$ 2,900,000	2/1/2036
	Reuter Walton Office PAYGO	$ 650,000	$ 650,000	2/1/2040
	Dominium Sr. Apt PAYGO	$ 3,990,000	$ 3,990,000	2/1/2040
	Dominium Non-Age Restricted Apt PAYGO	$ 3,450,000	$ 3,450,000	2/1/2040
TOTAL		**$ 18,687,070**	**$ 18,162,578**	**N/A**

Note: The PAYGO obligations for TIF #20, #21 and #22 have not yet been issued

ADMINISTRATIVE EXPENSES

Minnesota TIF law defines certain costs to administer and maintain the district as allowable costs that can be paid for from tax increment revenues. These generally include City staff time, legal expenses, financial advisory expenses and publication and reporting expenses. This allows a City to defray documented staff time that is most likely a General Fund expense, such as staff time in Finance, Community Development, and Administration. Time spent can be paid for from TIF revenues rather than general property tax or other revenues. The table below compares the statutorily calculated percent of administrative costs used to date with the maximum allowable statutory admin. The table also includes an estimate of the yearly amount of documented admin that can be charged to the district without exceeding this limit.

District	TIF 17 & 17A Twin Lakes	TIF 18 Sienna Green	TIF 19 Applewood Pointe	TIF 20 McGough	TIF 21 Colder	TIF 22 Twin Lakes II
TIF Admin Budget	$4,110,000	$260,223	$245,056	$305,384	$401,483	$4,560,105
Statutory Limit	10%	10%	10%	10%	10%	10%
Actual Admin Used to Date	$261,280	$1,425	$19,325	N/A	N/A	N/A
Yearly Admin Estimate	$0	$200	$200	N/A	N/A	N/A
Statutory % Used to Date	5.00%	0.30%	1.70%	N/A	N/A	N/A

***Note: Yearly admin estimate is through December 31, 2018*.**

ASSUMPTIONS

Before discussing the recommendations of the current TIF analysis, it is important to understand the assumptions used in making these projections.

1. **Fund Balances.** Fund balances shown for debt service funds are based on actual audited amounts for December 31, 2018.
2. **Tax Increment.** Pay 2019 tax increment revenues are based upon Ramsey County reports.
3. **Projected Revenues.** Projected revenues account for anticipated development in the new districts.

RECOMMENDATIONS

The updated financial analysis of the City's TIF Districts offers the following recommendations:

1. **Pooling.** The City's three (3) TIF districts have cash balances within them due to funds not being utilized for administration or other projects within or outside the district. Following is a chart outlining the cash balances available for pooling at the end of 2019, as well as the end term of the Districts. ***We recommend the REDA continue to utilize these pooling funds to advance affordable housing and redevelopment efforts*** (see specifics for pooling limitations in recommendations numbers 2-4).

District	End Date of Obligation	Pooling Through 2019	Cumulative Pooling Available Through Term of District	Type of Project Eligible
TIF 17 Twin Lakes	3/1/2032	$ 297,812	$ 2,351,901	Redevelopment
* TIF 17A Twin Lakes HSS		$ 407,580	$ 1,127,187	Clean up of HSS parcels within District so no pooling
TIF 18 Sienna Green	2/1/2028	$ 67,178	$ 1,184,608	Affordable Housing (Rental and/or Owner-Occupied)
TIF 19 Applewood Ponite	8/1/2019	$ 267,617	$ 267,617	Economic Development (Manufacturing/Warehouse)
TOTAL	**N/A**	**$ 1,040,187**	**$ 4,931,313**	**N/A**

*** TIF Pooling for 17A is net of $550,000 to TIF 22 - Twin Lake II (Reuter Walton Apartments)***

2. **TIF 17/17A – Twin Lakes for Redevelopment**. At the end of 2019, TIF 17 balance available for pooling is approximately $297,812, and TIF 17A (HSS) balance available for pooling is approximately $407,580. ***We recommend REDA utilize the current and future cash balances under TIF 17 to pay for acquisition/demolition of blighted property, environmental remediation and/or public infrastructure costs associated with redevelopment.*** Cash balances

RECOMMENDATIONS CONTINUED

(current and future) under TIF 17A (HSS) can only be utilized for clean-up of hazardous substances identified in an approved Response Action Plan (RAP) and pursuant to the special TIF legislation received in 2019.

3. **TIF 18 – Sienna Green TIF for Affordable Housing**. If the current fund balance of $62,000 and future TIF not needed for the Note continues to accumulate, at the end of the term of the District, the fund balance will be approximately $1.185 million. Since the current Development Agreement only requires them to meet the income guidelines and report until the TIF Note is paid in full (anticipated to be August 2028), ***we recommend that staff engage with Aeon to amend the Agreement to require reporting through 2038, allowing generation of additional dollars for affordable housing in light of other identified affordable housing needs in the community.*** If Aeon is unwilling, then REDA would need to decertify the District when the obligation is paid in full (August 2028) and the cash balance REDA would have available for the pooling would be approximately $123,000.

   This increment may be used to pay eligible costs for housing projects that are rental or owner-occupied and intended for occupancy by low and moderate-income families. The income guidelines are defined in MS 469.1761 as follows:

   Rental Housing: 20% of the units occupied by families at 50% of median income (20/50) or 40% of the units occupied by families at 60% of median income (40/60).

   Owner Occupied: Assistance to homeowners with an income at or below 100% of the median income for a family of two or less or 115% of the median income for a family of three or more.

   Typically, TIF is utilized for capital expenditures, but may be used for non-capital expenditures on a limited basis.

   Examples of potential rental housing projects would include:

   1. New affordable rental housing as part of redevelopment (20/50 or 40/60 election)
   2. Renovation of an existing rental housing development (20/50 or 40/60 election)
   3. Providing subsidy to an existing project that is earmarked for additional affordability (20/50 or 40/60 election)

RECOMMENDATIONS CONTINUED

Examples of potential owner-occupied projects would include:

1. Site acquisition and demolition for infill lots that will be sold for new housing construction
2. Acquisition of foreclosed homes for resale to income qualified buyers
3. Rehabilitation loans for home improvements
4. Second mortgages to qualified home buyers

If the income requirements are not met on any given year, the City will need to return that year's increment to the County for redistribution.

4. **<u>TIF District 19 – Applewood Pointe Pooling for Economic Development</u>**. As of December 31, 2019, this District has a legal pooling fund balance of approximately $267,617. These funds can be retained by REDA in the TIF account and spent only on ***documented*** administrative expenses (only projected to use 1.5% of the 10% maximum allowed) or for economic development purposes (public infrastructure related to economic development TIF eligible uses such as land acquisition, utilities, parking, etc.). If REDA does not anticipate that there will be any economic development projects (manufacturing/warehouse) that require public infrastructure for them to proceed and/or assistance, then the fund balance should be returned to the County for redistribution. If REDA does the later, we anticipate that the City's portion of the $267,617 will be approximately $85,868. If returned, these funds are non-restricted (not considered TIF) and ***<u>we recommend that when the City receives them, they place them in the EDA Fund for future redevelopment/development projects.</u>***

5. **<u>TIF 19 – Applewood Pointe Return of Increment.</u>** The PAYGO Note was paid in full as of the August 1, 2019 payment. REDA will need to return the unused portion of the first half TIF plus the second half settlement it receives ($226,735). These dollars will be redistributed to the City, County and School District upon receipt. It is estimated that the City will receive approximately $72,750 of this. Since these returned funds are non-restricted (not considered TIF) ***<u>we recommend that when the City receives them, they place them in the EDA Fund for future redevelopment/development projects.</u>***

RECOMMENDATIONS CONTINUED

6. **TIF District 20 – McGough Lookback and TIF Note Issuance**. Since construction is completed and they have officially moved into their new building***, we recommend requesting the required documentation from McGough and completing the necessary lookback. In addition, upon completion of the lookback the TIF note should be sized accordingly and issued to McGough.***

Development District No. 1

The City adopted a Development Program and established Development District No. 1 in 1982. Over the preceding years leading up to 2015, the City created, modified, and decertified several Tax Increment Financing (TIF) Districts. These districts include TIF District Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 11A, 12, 13, 14, 15, 16, 17, 17A, 18, 19, 20 and 21.

On November 30, 2015, the City approved Resolution No. 11277, a resolution enabling the creation of the Roseville Economic Development Authority (REDA) pursuant to Minnesota Statutes, Sections 469.090 to 469.1081. Moreover, the City also approved Resolution No. 11278, a resolution relating to the REDA and transferring all projects and programs of the Housing and Redevelopment Authority to the REDA.

On February 26, 2018, The City approved Resolution No. 11492, a resolution relating to the REDA and transferring the control, authority, and operation of Development District No. 1, the TIF Districts contained within Development District No. 1, and any tax increment financing district to be created within the Development District No. 1 in the future.

Currently, Development District No. 1 contains five (5) TIF Districts; TIF District Nos. 17 and 17A Twin Lakes, 18 Sienna Green, 19 Applewood Pointe, 20 McGough, and 21 Colder.

Tax Increment Financing Districts

TIF 17 AND 17A TWIN LAKES

Description

TIF District 17 & 17A (County #259-0 and 259-1) is a Redevelopment District located within Development District No. 1 and contains a Hazardous Substance Subdistrict certified on September 3, 2005. Originally, this district encompassed twenty-one (21) parcels, collectively referred to as Twin Lakes area, which were decertified parcels from TIF District 11 & 11A. It was established to remediate contaminated land and facilitate the construction of various residential and commercial developments within the Twin Lakes area. The primary purpose however was to finance significant public improvements and entice private redevelopment.

On August 8, 2011, the City approved an interfund loan of $6,000,000 between TIF Districts 11 and 17 for the temporary use of funds in connection to land acquisition and public improvements within TIF District 17. Since these uses required funds to be spent prior to development and sufficient tax increment being generated, the City determined it would be in its best interest to use the funds from TIF District 11 rather than traditional bond financing. The interfund loan was set to be repaid semi-annually at an interest rate of 4% once tax increment was available. Due to the downturn in the economy, the development activity within the Twin Lakes area failed to meet expectations and the district was unable to repay the interfund loan. Subsequently, on September 9, 2013, the City determined it necessary to recategorize the interfund loan as a permanent transfer due to the extenuating circumstances.

On September 3, 2015, the City issued GO Tax Increment Revenue Bonds, Series 2015A in the amount of $3,060,000 to finance public improvements, specifically completion of Twin Lakes Parkway (Phase III); construction of a north-bound interchange on I-35W at the intersection of Twin Lakes Parkway and Cleveland Avenue, and signalized intersection improvements for proper traffic control.

TIF 17 & 17A TWIN LAKES CONTINUED

In addition, in 2019 the City provided $550,000 in HSS TIF pooling dollars to TIF 22 – Twin Lakes II, Reuter Walton apartment development, to pay for costs covered under an approved Response Action Plan (RAP). They also provided $868,000 to TIF #21 – Colder and $164,000 to TIF #20 - McGough, under special legislation received in 2019 for costs covered under an approved RAP (non TIF 17A pooling).

Adopted.................................06/20/2005
Requested Date........................06/29/2005
Certified Date...........................09/03/2005
First Increment............................07/2006
Decertification..............................12/31/2031

Former and Current PID Numbers

Former PID#	New PID#	Use
04-29-23-32-0007	04-29-23-32-0014	Vacant
04-29-23-32-0012	04-29-23-32-0015	Calyxt
04-29-23-33-0001	04-29-23-33-0014	MetroTransit Park and Ride
	04-29-23-33-0033	Hampton Inn Minneapolis-Roseville & Home2 Suites
04-29-23-33-0002	04-29-23-33-0034	Aldi
	04-29-23-33-0036	Denny's
	04-29-23-33-0037	
04-29-23-33-0003	04-29-23-33-0028	Walmart Supercenter
04-29-23-33-0004	04-29-23-33-0029	
04-29-23-33-0009		
04-29-23-33-0010		
04-29-23-33-0011	04-29-23-33-0027	
04-29-23-33-0007	04-29-23-33-0032	Vacant
04-29-23-34-0002	04-29-23-34-0036	Vacant
NA	04-29-23-31-0021	ROW
NA	04-29-23-31-0022	ROW
NA	04-29-23-31-0026	ROW

Note: Decertified parcels have been removed from the table above.

TIF 17 & 17A TWIN LAKES CONTINUED

Fiscal Disparities Election

The City elected to calculate fiscal disparities from inside the district, or Option B.

Frozen Tax Rate

102.078%

Special Legislation

The City received special legislation for the Hazardous Substance Subdistrict 17A in 2019 after approval of the omnibus tax bill (SS HF 5) by the House, Senate and Governor. The special legislation stipulates that the City may use any or all increment generated from the district for the purpose of financing environmental remediation pursuant to one or more response action plans on the parcels within or adjacent to the subdistrict as originally certified, regardless of the date of approval by the Pollution Control Agency of the response action plan (utilized for TIF #21 – Colder - $868,000).

Allowable Uses

MN Statute 469.176 subd. 4j specifies the activities in which tax increment from a redevelopment district may be spent as subd. 4e specifies the activities in which tax increment from a hazardous substance subdistrict may be spent. In general, tax increment must be spent on correcting those conditions which caused the area to be designated a redevelopment district. Allowable uses include property acquisition, demolition, rehabilitation, installation of public utilities, road, sidewalks, public parking facilities, and allowable administrative expenses.

Obligations

There is one (1) obligation in this district as follows:

- **$3,060,000 2015A GO Tax Increment Revenue Bonds.** These bonds have a current outstanding amount of $2,940,000 and mature on March 1, 2032.

TIF 17 & 17A TWIN LAKES CONTINUED

Four Year Rule

MN Statute 469.176 subd. 6 requires that, within four years from certification date, certain activities must have taken place on each parcel with the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. If these activities have not taken place within the required time, the parcel is 'knocked down' from the district, meaning, that no increment may be collected from that individual parcel for the duration of the district. The law, does, however allow for reinstatement procedures should the required activity later occur on the parcel. TIF District 17 had an original Four-Year Rule deadline of September 3, 2009 and it was met by the activates conducted by the City.

Five Year Rule

MN Statute 469.1763 places limits on the amount and length of time in which revenues from TIF districts may be used for activities outside the district. In general, for TIF District 17, at least 75% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the 'in district' percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, and contracts entered into in order for revenues to be considered spent. The original five-year deadline was September 3, 2010 but pursuant to Subdivision 3(c), the five-year rule was extended for redevelopment districts or renewal and renovation districts certified after June 30, 2003 and before April 20, 2009 due to unanticipated economic circumstances. Since TIF District 17 was certified on September 3, 2005, the five-year deadline was September 3, 2015 and was met by the 2015A bonds being issued.

Geographic Enlargements

MN Statute 469.175 subd. 4 (f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. TIF District 17 has passed its deadline and the City may no longer enlarge its geographic size.

TIF 17 & 17A TWIN LAKES CONTINUED

Recommendations

1. **Pooling for redevelopment**. At the end of 2019, TIF 17 balance available for pooling is approximately $297,812, and TIF 17A (HSS) balance available for pooling is approximately $407,580. ***We recommend REDA utilize the current and future cash balances under TIF 17 to pay for acquisition/demolition of blighted property, environmental remediation and/or public infrastructure costs associated with redevelopment***. Cash balances (current and future) under TIF 17A (HSS) can only be utilized for clean-up of hazardous substances identified in an approved Response Action Plan (RAP) and pursuant to the special TIF legislation received in 2019.

TIF 17 & 17A TWIN LAKES CONTINUED

DISTRICT INFORMATION

		ORIGINAL	HSS	Geo. Enlargement
District Type		Redevelopment		
Project Area				
Fiscal Disparities		B Election		
County Number		259, 259-1		
Frozen Rate	UTA #1	102.078%	0.000%	0.000%
	UTA #2	102.078%		
	UTA #3	0.000%		
Current Year	2019			

ASSUMPTIONS

Interest Income	0.75%
Admin Expense	2.00%

RECOMMENDATIONS

1) Consider pooling options.
2) Budget Mod: Not Recommended at this time
3) Admin. Expense is currently: 4.5%

TIF PLAN BUDGET ANALYSIS

				Decertifies		Revenues					Expenditures							
	City Approved	Cert Request	Certified	Legal Term	Expected Term	Tax Increment	HSS Tax Increment	Interest Income	Transfer In	TOTAL REVENUES	Project	Transfer Out	Bond	Admin	County Admin	Outside District	TOTAL EXPENSE	Total Budget
Original Budget	6/20/2005	6/29/2005	9/30/2005	12/31/2031	12/31/2031					-							-	-
Cumulative Modified						83,200,000		822,000		84,022,000	30,722,000		48,190,000	4,110,000			83,022,000	83,022,000
End of District Projected Actual Total						8,819,482	6,708,747	614,067	9,079,716	25,360,673	8,146,284	1,373,539	4,052,365	402,970	40,331	550,000	16,043,623	14,565,489
Under / (Over) Budget						74,380,518	(6,708,747)	207,933	(9,079,716)	58,661,327	22,575,716		44,137,635	3,707,030		(550,000)	66,978,377	69,870,381

CASH FLOW PROJECTIONS ROLL UP

		TAX CAPACITY					Revenues						Expenditures										
TIF Year	Year	Base	Current	Fiscal Disparities	Captured	Current Local Tax Rate	Tax Increment	HSS Tax Increment	HSS Interest Income	Interest Income	Transfer In	TOTAL REVENUES	Project	HSS Project costs	Transfer Out	Bond	Admin	County Admin	Outside District	TOTAL EXPENSE	Ending Balance	HSS Restricted Fd Bal	Unrestricted Fd Bal
9	2014	-	-	-	-	133.506%	555,140	2,415,036	25,723	3,768	8,763,020	11,762,687	7,289,504	91,436	1,373,539		256,998	6,605		9,018,082	2,744,605	2,349,323	395,282
10	2015	409,910	934,404	86,161	438,333	133.506%	149,318	176,812	46,156	46,156	316,696	735,138							-	-	3,479,743	2,572,291	907,452
11	2016	571,562	1,273,902	234,627	467,713	133.506%	282,129	489,914	1,140	1,140		774,323	774,657	18,268		152,768				945,693	3,308,373	3,045,077	263,296
12	2017	571,562	1,442,742	286,239	584,941	128.654%	324,946	265,382	54,811	4,766		649,905	74,065	360,430		118,031	4,282	-	-	556,808	3,401,469	3,004,840	396,629
13	2018	571,562	1,561,566	325,185	664,819	128.852%	423,471	125,481	10,831	1,475		561,258	8,058			186,231		2,409	-	196,698	3,766,029	3,141,152	624,877
14	2019	355,212	1,517,432	390,590	771,630	124.897%	544,960	357,694		28,245		930,899	-	1,008,000		252,331	10,899	2,409	550,000	1,823,639	2,873,289	2,490,846	382,443
15	2020	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		21,550		806,379	-			253,156	10,899	2,409	-	266,464	3,413,203	2,730,715	682,488
16	2021	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		25,599		810,428	-			278,456	10,899	2,409	-	291,764	3,931,866	2,970,584	961,282
17	2022	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		29,489		814,318	-			272,456	10,899	2,409	-	285,764	4,460,420	3,210,453	1,249,967
18	2023	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		33,453		818,282	-			265,456	10,899	2,409	-	278,764	4,999,937	3,450,322	1,549,615
19	2024	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		37,500		822,328	-			257,456	10,899	2,409	-	270,764	5,551,501	3,690,191	1,861,310
20	2025	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		41,636		826,465	-			249,456	10,899	2,409	-	262,764	6,115,202	3,930,060	2,185,142
21	2026	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		45,864		830,693	-			251,256	10,899	2,409	-	264,564	6,681,330	4,169,929	2,511,401
22	2027	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		50,110		834,939	-			254,581	10,899	2,409	-	267,889	7,248,380	4,409,798	2,838,582
23	2028	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		54,363		839,192	-			254,434	10,899	2,409	-	267,743	7,819,829	4,649,667	3,170,162
24	2029	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		58,649		843,478	-			253,888	10,899	2,409	-	267,196	8,396,111	4,889,536	3,506,575
25	2030	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		62,971		847,800	-			252,781	10,899	2,409	-	266,089	8,977,821	5,129,405	3,848,416
26	2031	355,212	1,517,432	390,590	771,630	124.897%	544,960	239,869		67,334		852,163	-			250,950	10,899	2,409	-	264,258	9,565,725	5,369,274	4,196,451
27	2032	-	-	-	-	0.000%	-	-				-	-			248,675	-		-	248,675	9,317,050	5,369,274	3,947,776

TIF 17 & 17A TWIN LAKES CONTINUED

Pursuant to M.S. 469.176 Subd. 3:

Admin limit is based on: Revenues

ADMINISTRATIVE EXPENSE TEST		
TEST 1:	Admin per TIF Plan	$4,110,000
TEST 2:	Estimated TIF Admin Allowable (10%)	$8,402,200
	Estimated Total TIF Revenues per TIF Plan	$84,022,000
TEST 3:	Cumulative TIF Admin Allowable (10%)	$1,557,516
	Total TIF Revenues for the Project	$15,575,156
RESULTS:	**Cumulative TIF Admin Allowable (10%)**	**$1,557,516**
	Actual Admin Expenses	$403,621
	Available Admin	**$1,153,895**
	Actual Percentage	**2.6%**

Pursuant to M.S. 469.1763 Subd. 2:

District Type:	Redevelopment
Does this section apply?	Yes
Certification Request Date:	6/29/2005
Does TIF Plan Specify Assisting Housing Outside Project Area?	No
If so, What is the Additional % Allowed in TIF Plan (Up to 10%):	0%
Total Pooling %:	25%

		ADMINISTRATIVE EXPENSE CALCULATION			POOLING CALCULATION (25% Outside of District)						
		Accummulated Totals			Tax Increment						
TIF Year	Year	Admin. Expenses	Total	% Allowable	Current Year	Cummulative	Admin Costs	25% for Qualified Costs	Spent Outside	Cumulative	Available for Pooling
9	2014	256,998	2,970,176	8.7%	555,140	555,140	256,998	(118,213)	-	(118,213)	(118,213)
10	2015	256,998	3,296,306	7.8%	149,318	704,458	256,998	(80,884)	-	(80,884)	(80,884)
11	2016	256,998	4,068,349	6.3%	282,129	986,587	256,998	(10,351)	-	(10,351)	(10,351)
12	2017	261,280	4,658,677	5.6%	324,946	1,311,533	261,280	66,603	-	66,603	66,603
13	2018	261,280	5,207,629	5.0%	423,471	1,735,004	261,280	172,471	-	172,471	172,471
14	2019	272,229	6,113,893	4.5%	547,466	2,282,470	272,229	298,388	550,000	(251,612)	(251,612)
15	2020	283,179	6,902,331	4.1%	547,466	2,829,936	283,179	424,305	-	424,305	424,305
16	2021	294,128	7,690,770	3.8%	547,466	3,377,402	294,128	550,223	-	550,223	550,223
17	2022	305,077	8,479,208	3.6%	547,466	3,924,868	305,077	676,140	-	676,140	676,140
18	2023	316,027	9,267,647	3.4%	547,466	4,472,334	316,027	802,057	-	802,057	802,057
19	2024	326,976	10,056,086	3.3%	547,466	5,019,800	326,976	927,974	-	927,974	927,974
20	2025	337,925	10,844,524	3.1%	547,466	5,567,266	337,925	1,053,891	-	1,053,891	1,053,891
21	2026	348,875	11,632,963	3.0%	547,466	6,114,732	348,875	1,179,808	-	1,179,808	1,179,808
22	2027	359,824	12,421,401	2.9%	547,466	6,662,198	359,824	1,305,726	-	1,305,726	1,305,726
23	2028	370,773	13,209,840	2.8%	547,466	7,209,664	370,773	1,431,643	-	1,431,643	1,431,643
24	2029	381,723	13,998,278	2.7%	547,466	7,757,130	381,723	1,557,560	-	1,557,560	1,557,560
25	2030	392,672	14,786,717	2.7%	547,466	8,304,596	392,672	1,683,477	-	1,683,477	1,683,477
26	2031	403,621	15,575,156	2.6%	547,466	8,852,062	403,621	1,809,394	-	1,809,394	1,809,394
27	2032	403,621	15,575,156	2.6%	-	8,852,062	403,621	1,809,394	-		

TIF 17 & 17A TWIN LAKES CONTINUED

City of Roseville, MN

$3,060,000 G.O. Tax Increment Revenue Bonds, Series 2015A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/03/2015	-	-	-	-	-
09/01/2016	-	-	92,887.33	92,887.33	-
03/01/2017	25,000.00	3.000%	46,703.13	71,703.13	164,590.46
09/01/2017	-	-	46,328.13	46,328.13	-
03/01/2018	95,000.00	3.000%	46,328.13	141,328.13	187,656.26
09/01/2018	-	-	44,903.13	44,903.13	-
03/01/2019	165,000.00	3.000%	44,903.13	209,903.13	254,806.26
09/01/2019	**-**	**-**	**42,428.13**	**42,428.13**	**-**
03/01/2020	170,000.00	2.000%	42,428.13	212,428.13	254,856.26
09/01/2020	-	-	40,728.13	40,728.13	-
03/01/2021	200,000.00	3.000%	40,728.13	240,728.13	281,456.26
09/01/2021	-	-	37,728.13	37,728.13	-
03/01/2022	200,000.00	3.000%	37,728.13	237,728.13	275,456.26
09/01/2022	-	-	34,728.13	34,728.13	-
03/01/2023	200,000.00	4.000%	34,728.13	234,728.13	269,456.26
09/01/2023	-	-	30,728.13	30,728.13	-
03/01/2024	200,000.00	4.000%	30,728.13	230,728.13	261,456.26
09/01/2024	-	-	26,728.13	26,728.13	-
03/01/2025	200,000.00	4.000%	26,728.13	226,728.13	253,456.26
09/01/2025	-	-	22,728.13	22,728.13	-
03/01/2026	210,000.00	4.000%	22,728.13	232,728.13	255,456.26
09/01/2026	-	-	18,528.13	18,528.13	-
03/01/2027	220,000.00	2.250%	18,528.13	238,528.13	257,056.26
09/01/2027	-	-	16,053.13	16,053.13	-
03/01/2028	225,000.00	2.375%	16,053.13	241,053.13	257,106.26
09/01/2028	-	-	13,381.25	13,381.25	-
03/01/2029	230,000.00	2.500%	13,381.25	243,381.25	256,762.50
09/01/2029	-	-	10,506.25	10,506.25	-
03/01/2030	235,000.00	2.750%	10,506.25	245,506.25	256,012.50
09/01/2030	-	-	7,275.00	7,275.00	-
03/01/2031	240,000.00	3.000%	7,275.00	247,275.00	254,550.00
09/01/2031	-	-	3,675.00	3,675.00	-
03/01/2032	245,000.00	3.000%	3,675.00	248,675.00	252,350.00
Total	**$3,060,000.00**	**-**	**$932,484.32**	**$3,992,484.32**	**-**

TIF 18 SIENNA GREEN

Description

TIF District 18 Sienna Green (County #298-0), formerly known as Har Mar Apartments (County #288-0) is a Housing District located within the Development District No. 1 and encompassed one (1) parcel which was subsequently replatted into two (2) parcels. This TIF district was established on December 22, 2009 to facilitate the redevelopment of the Har Mar Apartments.

On June 20, 2011, the City entered into a development agreement with AEON to construct affordable housing for persons and families of low to moderate incomes. The project was to be completed in two (2) phases. Phase I incorporated a complete renovation of the 120-unit Har Mar apartment building while phase II consisted of the construction of a 48-unit apartment building adjacent to the Har Mar Apartments. In total, the project rehabilitated and constructed 168-units for individuals experiencing long-term homelessness and who earn less than agreed upon area median income levels (AMI), as detailed in the development agreement.

On September 15, 2012, after the City received and reviewed documentation verifying AEON's TIF eligible expenditures, the City issued a Pay-As-You-Go TIF Note pursuant to the development agreement in an amount of $935,005 at an interest rate of 4.25%. The TIF Note is paid with 95% of the tax increment generated from within the district.

Moreover, pursuant to the development agreement, the City is required to substantiate that the applicable income limitations and rent restrictions are being met on an annual basis for the project. Aeon has been submitting the required documentation on an annual basis and have continued to meet the requirement that 40% of the units are affordable to persons at or below 60% of the area median income. Should AEON ever not meet the income requirements for a housing district in any given year, the City will need to return that year's tax increment to the County for redistribution.

TIF 18 SIENNA GREEN CONTINUED

Adopted……………………………..07/13/2009
Requested Date……………………09/18/2009
Certified Date……………………....12/22/2009
First Increment…………………………07/2013
Anticipated Decertification………...12/31/2028

Former and Current PID Numbers

Former PID#	New PID#	Use
09-29-23-44-0247	09-29-23-44-0248	Sienna Green Apartments
	09-29-23-44-0251	

Fiscal Disparities Election

The City elected to calculate fiscal disparities from inside the district, or Option B.

Frozen Tax Rate

99.368%

Allowable Uses

MN Statute 469.176 subd. 4d specifies the activities on which tax increment from a housing district may be spent. In general, tax increment must be spent on housing projects meeting the income guidelines, public improvements directly related to housing projects and administrative expenses. The City has used tax increment from this district to support affordable housing initiatives, in compliance with TIF law.

TIF 18 SIENNA GREEN CONTINUED

Obligations

There is one (1) PAYGO Note outstanding in this district as follows:

- **$935,005 Pay-As-You-Go Note** to AEON, for the Sienna Green Apartments, issued on September 15, 2012 payable with 95% of tax increment received from the project and paid at an annual interest rate of 4.25%. After the 8/1/2019 payment, the current balance is $716,577.88 and the projected final payment is on August 1, 2028.

Other Development Agreement Compliance

1. ***Annual Income Monitoring*** *.* REDA is required to substantiate that the applicable income limitations and rent restrictions are being met on an annual basis for the project. REDA should continue to review and retain the annual reports submitted by Aeon showing that 40% of the units are affordable to persons at or below 60% of the area median income.

Four Year Rule

MN Statute 469.176 subd. 6 requires that, within four years from certification date, certain activities must have taken place on each parcel within the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. TIF District 18 had an original four-year rule of December 22, 2013 and it was met by the qualifying activates conducted by AEON.

Five Year Rule

MN Statute 469.1763 places limits on the amount and length of time in which revenues from TIF districts may be used for activities outside the district. In general, for TIF District 18, at least 75% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the ‘in district’ percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, and contracts entered into in order for revenues to be considered spent. The original five-year deadline was December 22, 2014 and was met by the qualifying activities conducted by AEON and by entering into a development agreement with AEON.

TIF 18 SIENNA GREEN CONTINUED

Geographic Enlargements

MN Statute 469.175 subd. 4 (f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. This timeline has passed for TIF District 18 which was December 22, 2014.

Recommendations

1. **TIF for Affordable Housing**. If the current fund balance of $62,000 and future TIF not needed for the Note continues to accumulate, at the end of the term of the District, the fund balance will be approximately $1.185 million. Since the current Development Agreement only requires them to meet the income guidelines and report until the TIF Note is paid in full (anticipated to be August 2028), ***we recommend that staff engage with Aeon to amend the Agreement to require reporting through 2038, allowing generation of additional dollars for affordable housing in light of other identified affordable housing needs in the community.*** If Aeon is unwilling, then REDA would need to decertify the District when the obligation is paid in full (2028) and the cash balance REDA would have available for the pooling would be approximately $123,000.

   This increment may be used to pay eligible costs for housing projects that are rental or owner-occupied and intended for occupancy by low and moderate-income families. The income guidelines are defined in MS 469.1761 as follows:

   Rental Housing: 20% of the units occupied by families at 50% of median income (20/50) or 40% of the units occupied by families at 60% of median income (40/60).

   Owner Occupied: Assistance to homeowners with an income at or below 100% of the median income for a family of two or less or 115% of the median income for a family of three or more.

   Typically, TIF is utilized for capital expenditures, but may be used for non-capital expenditures on a limited basis.

TIF 18 SIENNA GREEN CONTINUED

Examples of potential rental housing projects would include:

1. New affordable rental housing as part of redevelopment (20/50 or 40/60 election)
2. Renovation of an existing rental housing development (20/50 or 40/60 election)
3. Providing subsidy to an existing project that is earmarked for additional affordability (20/50 or 40/60 election)

Examples of potential owner-occupied projects would include:

1. Site acquisition and demolition for infill lots that will be sold for new housing construction
2. Acquisition of foreclosed homes for resale to income qualified buyers
3. Rehabilitation loans for home improvements
4. Second mortgages to qualified home buyers

If the income requirements are not met on any given year, the City will need to return that year's increment to the County for redistribution.

TIF 18 SIENNA GREEN CONTINUED

DISTRICT INFORMATION		ORIGINAL	HSS	Geo. Enlargement
District Type		Housing		
Project Area				
Fiscal Disparities		B Election		
County Number		288		
Frozen Rate	UTA #1	99.368%	0.000%	0.000%
	UTA #2	0.000%		
	UTA #3	0.000%		
Current Year	2019			

ASSUMPTIONS	
Interest Income	0.75%
Admin Expense	2.00%

RECOMMENDATIONS

TIF PLAN BUDGET ANALYSIS

	City Approved	Cert Request	Certified	Decertifies: Legal Term	Decertifies: Expected Term	Revenues: Tax Increment	Revenues: Interest Income	Revenues: Transfer In	Revenues: Other Revenue	Revenues: TOTAL REVENUES	Expenditures: Transfer Out	Expenditures: PAYGO	Expenditures: Admin	Expenditures: County Admin	Expenditures: TOTAL EXPENSE	Total Budget
Original Budget	7/13/2009	9/18/2009	12/22/2009	12/31/2038	12/31/2038	2,602,233	25,000	-	-	**2,627,233**	-	1,027,207	260,223	-	**2,627,228**	2,627,228
Cumulative Modified	6/13/2011									-					-	-
					End of District Projected Actual Total	2,506,641	49,608	1,698	18,102	**2,576,049**	1,698	1,321,534	43,314	24,895	**1,391,441**	**1,391,441**
					Under / (Over) Budget	95,592	(24,608)	(1,698)	(18,102)	**51,184**	(1,698)	(294,327)	216,909	(24,895)	**1,235,787**	**1,235,787**

CASH FLOW PROJECTIONS ROLL UP

TIF Year	Year	Tax Capacity: Base	Tax Capacity: Current	Tax Capacity: Fiscal Disparities	Tax Capacity: Captured	Current Local Tax Rate	Revenues: Tax Increment	Revenues: Interest Income	Revenues: Transfer In	Revenues: Other Revenue	Revenues: TOTAL REVENUES	Expenditures: Transfer Out	Expenditures: PAYGO	Expenditures: Admin	Expenditures: County Admin	Expenditures: TOTAL EXPENSE	Ending Balance
3	2015						173,075	159	1,698	-	**174,932**	1,698	148,552	1,225	3,751	**155,226**	**19,706**
4	2016	43,196	114,907	-	71,711	128.219%	71,001	(352)		-	**70,649**		65,144	-	747	**65,891**	**24,464**
5	2017	60,281	129,018	-	68,737	121.855%	68,057	(243)		18,102	**85,916**		66,053		846	**66,899**	**43,482**
6	2018	43,196	144,261	-	101,065	134.784%	100,064	(270)		-	**99,794**		79,857	200	931	**80,988**	**62,287**
7	2019	43,196	148,965	-	105,769	134.784%	104,722	467		-	**105,189**		97,273	2,094	931	**100,299**	**67,178**
8	2020	43,196	148,965	-	105,769	134.784%	104,722	504		-	**105,226**		99,486	2,094	931	**102,512**	**69,892**
9	2021	43,196	148,965	-	105,769	134.784%	104,722	524		-	**105,246**		99,486	2,094	931	**102,512**	**72,627**
10	2022	43,196	148,965	-	105,769	134.784%	104,722	545		-	**105,267**		99,486	2,094	931	**102,512**	**75,383**
11	2023	43,196	148,965	-	105,769	134.784%	104,722	565		-	**105,288**		99,486	2,094	931	**102,512**	**78,159**
12	2024	43,196	148,965	-	105,769	134.784%	104,722	586		-	**105,308**		99,486	2,094	931	**102,512**	**80,955**
13	2025	43,196	148,965	-	105,769	134.784%	104,722	607		-	**105,329**		99,486	2,094	931	**102,512**	**83,773**
14	2026	43,196	148,965	-	105,769	134.784%	104,722	628		-	**105,350**		99,486	2,094	931	**102,512**	**86,612**
15	2027	43,196	148,965	-	105,769	134.784%	104,722	650		-	**105,372**		99,486	2,094	931	**102,512**	**89,473**
16	2028	43,196	148,965	-	105,769	134.784%	104,722	671		-	**105,393**		68,766	2,094	931	**71,791**	**123,074**
17	2029	43,196	148,965	-	105,769	134.784%	104,722	923		-	**105,645**		-	2,094	931	**3,025**	**225,694**
18	2030	43,196	148,965	-	105,769	134.784%	104,722	1,693		-	**106,415**		-	2,094	931	**3,025**	**329,084**
19	2031	43,196	148,965	-	105,769	134.784%	104,722	2,468		-	**107,190**			2,094	931	**3,025**	**433,249**
20	2032	43,196	148,965	-	105,769	134.784%	104,722	3,249		-	**107,972**			2,094	931	**3,025**	**538,195**
21	2033	43,196	148,965	-	105,769	134.784%	104,722	4,036		-	**108,759**			2,094	931	**3,025**	**643,928**
22	2034	43,196	148,965	-	105,769	134.784%	104,722	4,829		-	**109,552**			2,094	931	**3,025**	**750,454**
23	2035	43,196	148,965	-	105,769	134.784%	104,722	5,628		-	**110,351**		-	2,094	931	**3,025**	**857,779**
24	2036	43,196	148,965	-	105,769	134.784%	104,722	6,433		-	**111,156**		-	2,094	931	**3,025**	**965,909**
25	2037	43,196	148,965	-	105,769	134.784%	104,722	7,244		-	**111,966**		-	2,094	931	**3,025**	**1,074,850**
26	2038	43,196	148,965	-	105,769	134.784%	104,722	8,061		-	**112,784**		-	2,094	931	**3,025**	**1,184,608**

TIF 18 SIENNA GREEN CONTINUED

ADMINISTRATIVE EXPENSE TEST		
TEST 1:	Admin per TIF Plan	260,223
TEST 2:	Estimated TIF Admin Allowable (10%)	$262,723
	Estimated Total TIF Revenues per TIF Plan	$2,627,233
TEST 3:	Cumulative TIF Admin Allowable (10%)	$257,435
	Total TIF Revenues for the Project	$2,574,351
RESULTS:	**Cumulative TIF Admin Allowable (10%)**	**$257,435**
	Actual Admin Expenses	43,314
	Available Admin	**$214,121**
	Actual Percentage	**1.7%**

Pursuant to M.S. 469.1763 Subd. 2:

District Type:	Housing
Does this section apply?	Yes
Certification Request Date:	9/18/2009
Does TIF Plan Specify Assisting Housing Outside Project Area?	No
If so, What is the Additional % Allowed in TIF Plan (Up to 10%):	0%
Total Pooling %:	20%

		ADMINISTRATIVE EXPENSE CALCULATION			POOLING CALCULATION (20% Outside of District)						
		Accummulated Totals			Tax Increment						
TIF Year	Year	Admin. Expenses	Total	% Allowable	Current Year	Cummulative	Admin Costs	20% for Qualified Costs	Spent Outside	Cumulative	Available for Pooling
3	**2015**	1,225	173,075	0.7%	173,075	173,075	1,225	34,370	-	34,370	19,706
4	2016	1,225	244,076	0.5%	71,001	244,076	1,225	14,200	-	48,570	24,464
5	2017	1,225	312,133	0.4%	68,057	312,133	1,225	13,612	-	62,182	43,482
6	2018	1,425	412,197	0.3%	100,064	412,197	1,425	18,832	-	81,014	62,287
7	2019	3,519	516,919	0.7%	104,722	516,919	3,519	18,850	-	99,864	67,178
8	2020	5,614	621,642	0.9%	104,722	621,642	5,614	18,850	-	118,714	69,892
9	2021	7,708	726,364	1.1%	104,722	726,364	7,708	18,850	-	137,564	72,627
10	2022	9,803	831,086	1.2%	104,722	831,086	9,803	18,850	-	156,414	75,383
11	2023	11,897	935,808	1.3%	104,722	935,808	11,897	18,850	-	175,264	78,159
12	2024	13,992	1,040,530	1.3%	104,722	1,040,530	13,992	18,850	-	194,114	80,955
13	2025	16,086	1,145,253	1.4%	104,722	1,145,253	16,086	18,850	-	212,964	83,773
14	2026	18,181	1,249,975	1.5%	104,722	1,249,975	18,181	18,850	-	231,814	86,612
15	2027	20,275	1,354,697	1.5%	104,722	1,354,697	20,275	18,850	-	250,664	89,473
16	2028	22,369	1,459,419	1.5%	104,722	1,459,419	22,369	18,850	-	269,514	123,074
17	2029	24,464	1,564,141	1.6%	104,722	1,564,141	24,464	18,850	-	288,364	225,694
18	2030	26,558	1,668,863	1.6%	104,722	1,668,863	26,558	18,850	-	307,214	307,214
19	2031	28,653	1,773,586	1.6%	104,722	1,773,586	28,653	18,850	-	326,064	326,064
20	2032	30,747	1,878,308	1.6%	104,722	1,878,308	30,747	18,850	-	344,914	344,914
21	2033	32,842	1,983,030	1.7%	104,722	1,983,030	32,842	18,850	-	363,764	363,764
22	2034	34,936	2,087,752	1.7%	104,722	2,087,752	34,936	18,850	-	382,614	382,614
23	2035	37,031	2,192,474	1.7%	104,722	2,192,474	37,031	18,850	-	401,464	401,464
24	2036	39,125	2,297,196	1.7%	104,722	2,297,196	39,125	18,850	-	420,314	420,314
25	2037	41,219	2,401,919	1.7%	104,722	2,401,919	41,219	18,850	-	439,164	439,164
26	2038	43,314	2,506,641	1.7%	104,722	2,506,641	43,314	18,850	-	458,014	458,014

TIF 18 SIENNA GREEN CONTINUED

City of Roseville
Principal Ledger - AEON
PAYGO Note

Principal Amount	$ 935,005			Interest Rate	4.25%
Note Issue Date	15-Sep-12				
Final Payment	31-Dec-38				
Date	**Interest Due**	**Tax Increment Received**	**Total Tax Increment Available (95%)**	**Total Principal Payments**	**Note Balance**
12/31/2016					**$ 856,342.00**
2/1/2017	18,197.27	$ 35,500.63	33,725.60	15,528.33	$ 840,813.67
8/1/2017	17,867.29	34,028.35	32,326.93	14,459.64	$ 826,354.03
2/1/2018	17,560.02	34,028.35	32,326.93	14,766.91	$ 811,587.12
8/1/2018	17,246.23	50,032.00	47,530.40	30,284.17	$ 781,302.95
2/1/2019	16,602.69	50,032.00	47,530.40	30,927.71	$ 750,375.24
8/1/2019	**15,945.47**	**52,361.09**	**49,743.03**	**33,797.56**	**$ 716,577.68**
2/1/2020	15,227.28	52,361.09	49,743.03	34,515.75	$ 682,061.92
8/1/2020	14,493.82	52,361.09	49,743.03	35,249.21	$ 646,812.71
2/1/2021	13,744.77	52,361.09	49,743.03	35,998.26	$ 610,814.45
8/1/2021	12,979.81	52,361.09	49,743.03	36,763.22	$ 574,051.22
2/1/2022	12,198.59	52,361.09	49,743.03	37,544.44	$ 536,506.78
8/1/2022	11,400.77	52,361.09	49,743.03	38,342.26	$ 498,164.51
2/1/2023	10,586.00	52,361.09	49,743.03	39,157.03	$ 459,007.48
8/1/2023	9,753.91	52,361.09	49,743.03	39,989.12	$ 419,018.35
2/1/2024	8,904.14	52,361.09	49,743.03	40,838.89	$ 378,179.46
8/1/2024	8,036.31	52,361.09	49,743.03	41,706.72	$ 336,472.73
2/1/2025	7,150.05	52,361.09	49,743.03	42,592.98	$ 293,879.75
8/1/2025	6,244.94	52,361.09	49,743.03	43,498.09	$ 250,381.66
2/1/2026	5,320.61	52,361.09	49,743.03	44,422.42	$ 205,959.23
8/1/2026	4,376.63	52,361.09	49,743.03	45,366.40	$ 160,592.83
2/1/2027	3,412.60	52,361.09	49,743.03	46,330.43	$ 114,262.39
8/1/2027	2,428.08	52,361.09	49,743.03	47,314.95	$ 66,947.44
2/1/2028	1,422.63	52,361.09	49,743.03	48,320.40	$ 18,627.03
8/1/2028	395.82	52,361.09	19,022.85	18,627.03	$ 0.00
TOTAL	**251,495.73**	**1,198,482.01**	**1,107,837.73**		

TIF 19 APPLEWOOD POINTE

Description

TIF District 19 Applewood Pointe (County #294-0) is an economic development district established on May 20, 2011 and located within Development District No. 1. Originally the district encompassed four (4) parcels. On October 13, 2010, the City entered into a development agreement with United Properties to provide the necessary assistance for the construction of a senior cooperative project (Applewood Pointe).

On October 17, 2011, after the City received and reviewed documentation verifying United Properties TIF eligible expenditures, the City issued a Pay-As-You-Go TIF Note pursuant to the development agreement in an amount of $659,000, plus interest at a rate of 7%. The TIF Note is paid with 80% of the tax increment generated from within the district.

Adopted……………………………..09/13/2010
Requested Date……………………02/15/2011
Certified Date……………………....05/20/2011
First Increment………………………...07/2013
Anticipated Decertification………...12/31/2019

TIF 19 APPLEWOOD POINTE CONTINUED

Former and Current PID Numbers

Former PID#	New PID#	Use
04-29-23-22-0104	Multiple	Applewood Pointe Apartments
04-29-23-22-0105		
04-29-23-23-0019		
04-29-23-23-0020		

Fiscal Disparities Election

The City elected to calculate fiscal disparities from inside (B election) the district.

Frozen Tax Rate

119.117%

Allowable Uses

MN Statute 469.176 subd. 4c specifies the activities on which tax increment from an economic development district may be spent. This district qualifies as an economic development district pursuant to subdivision 4c(a)(7), a workforce housing project. In general, tax increment must be spent on property acquisition, construction, and the provision of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs for rental housing developments.

Obligations

There is one (1) PAYGO Note outstanding in this district as follows:

- **$659,000 Pay-As-You-Go Note** to United Properties, for the Applewood Pointe Senior Cooperative, issued on October 17, 2011 payable with 80% of tax increment received from the project and paid at an annual interest rate of 7%. The note was paid off on full on August 1, 2019 (1 ½ years earlier than anticipated).

TIF 19 APPLEWOOD POINTE CONTINUED

Four Year Rule

MN Statute 469.176 subd. 6 requires that, within four years from certification date, certain activities must have taken place on each parcel within the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. TIF District 18 had an original four-year rule of May 20, 2015 and it was met by the qualifying activates conducted by United Properties.

Five Year Rule

MN Statute 469.1763 places limits on the amount and length of time in which revenues from TIF districts may be used for activities outside the district. In general, for TIF District 19, at least 80% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the 'in district' percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, and contracts entered into in order for revenues to be considered spent. The original five-year deadline was May 20, 2016 and was met by the qualifying activities conducted by United Properties and by entering into a development agreement with United Properties.

Geographic Enlargements

MN Statute 469.175 subd. 4 (f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. This timeline has passed for TIF District 19 which was May 20, 2016.

Recommendations

1. **Return of Increment**. The PAYGO Note was paid in full as of the August 1, 2019 payment. REDA will need to return the unused portion of the first half TIF plus the second half settlement it receives ($226,735). These dollars will be redistributed to the City, County and School District upon receipt. It is estimated that the City will receive approximately $72,750 of this. Since these returned funds are non-restricted (not considered TIF) ***we recommend that when the City receives them, they place them in the EDA Fund for future redevelopment/development projects.***

TIF 19 APPLEWOOD POINTE CONTINUED

2. **Pooling for Economic Development**. As of December 31, 2019, this District has a legal pooling fund balance of approximately $267,617. These funds can be retained by REDA in the TIF account and spent only on ***documented*** administrative expenses (only projected to use 1.5% of the 10% maximum allowed) or for economic development purposes (public infrastructure related to economic development TIF eligible uses such as land acquisition, utilities, parking, etc.). If REDA does not anticipate that there will be any economic development projects (manufacturing/warehouse) that require public infrastructure for them to proceed and/or assistance, then the fund balance should be returned to the County for redistribution. If REDA does the later, we anticipate that the City's portion of the $267,617 will be approximately $85,868. If returned, these funds are non-restricted (not considered TIF) and ***we recommend that when the City receives the, they place them in the EDA Fund for future redevelopment/development projects.***

TIF 19 APPLEWOOD POINTE CONTINUED

DISTRICT INFORMATION		ORIGINAL	HSS	Geo. Enlargement
District Type		Economic Development		
Project Area				
Fiscal Disparities		B Election		
County Number		294		
Frozen Rate	UTA #1	119.117%	0.000%	0.000%
	UTA #2	0.000%		
	UTA #3	0.000%		
Current Yea	2019			

ASSUMPTIONS	
Interest Income	0.75%
Admin Expense	1.00%

RECOMMENDATIONS	
for year 2019	At or Under Limit

TIF PLAN BUDGET ANALYSIS

				Decertifies		Revenues			Expenditures						
	City Approved	Cert Request	Certified	Legal Term	Expected Term	Tax Increment	Interest Income	TOTAL REVENUES	PAYGO	Interfund Loan	Admin	County Admin	Other Expense	TOTAL EXPENSE	Total Budget
Original Budget	9/13/2010	2/15/2011	5/20/2011	12/31/2021	12/31/2019	2,450,551	-	**2,450,551**	124,477	-	245,056	-	-	**2,450,551**	2,450,551
Cumulative Modified								-						-	-
					End of District Projected Actual Total	1,449,651	6,716	**1,456,367**	925,201	422	22,313	13,892	226,735	**1,188,563**	**1,188,563**
					Under / (Over) Budget	1,000,900	(6,716)	**994,184**	(800,724)	(422)	222,743	(13,892)	(226,735)	**1,261,988**	**1,261,988**

CASH FLOW PROJECTIONS ROLL UP

		TAX CAPACITY					Revenues			Expenditures						
TIF Year	Year	Base	Current	Fiscal Disparities	Captured	Current Local Tax Rate	Tax Increment	Interest Income	TOTAL REVENUES	PAYGO	Interfund Loan	Admin	County Admin	Increment Returned	TOTAL EXPENSE	Ending Balance
3	2016	16,301	194,598	-	178,297	133.506%	635,052	(162)	**634,890**	422,969	422	19,125	4,596	-	**447,112**	**187,778**
4	2017	16,242	220,808	-	204,566	128.265%	242,785	608	**243,393**	182,236			1,640		**183,876**	**247,295**
5	2018	16,242	246,286	-	230,044	128.852%	273,039	(87)	**272,952**	205,841	-	200	1,914	-	**207,955**	**312,292**
6	2019	16,242	267,973	-	251,731	124.373%	298,775	2,342	**301,117**	114,155	-	2,988	1,914	226,735	**345,791**	**267,617**

TIF 19 APPLEWOOD POINTE CONTINUED

Pursuant to M.S. 469.176 Subd. 3:

Admin limit is based on: Revenues

ADMINISTRATIVE EXPENSE TEST			
TEST 1:	Admin per TIF Plan	245,056	
			N
TEST 2:	Estimated TIF Admin Allowable (10%)	$245,055	
	Estimated Total TIF Revenues per TIF Plan	$2,450,551	N
TEST 3:	Cumulative TIF Admin Allowable (10%)	$145,637	
	Total TIF Revenues for the Project	$1,456,367	Y
RESULTS:	**Cumulative TIF Admin Allowable (10%)**	**$145,637**	
	Actual Admin Expenses	22,313	
	Available Admin	**$123,324**	
	Actual Percentage	**1.5%**	

Pursuant to M.S. 469.1763 Subd. 2:

District Type:	Economic Development
Does this section apply?	Yes
Certification Request Date:	2/15/2011
Does TIF Plan Specify Assisting Housing Outside Project Area?	No
If so, What is the Additional % Allowed in TIF Plan (Up to 10%):	0%
Total Pooling %:	20%

		ADMINISTRATIVE EXPENSE CALCULATION			POOLING CALCULATION (20% Outside of District)						
		Accummulated Totals			Tax Increment						
TIF Year	Year	Admin. Expenses	Total	% Allowable	Current Year	Cummulative	Admin Costs	20% for Qualified Costs	Spent Outside	Cumulative	Available for Pooling
3	2016	19,125	635,052	3.0%	635,052	635,052	19,125	107,885	-	107,885	107,885
4	2017	19,125	877,837	2.2%	242,785	877,837	19,125	156,442	-	156,442	156,442
5	2018	19,325	1,150,876	1.7%	273,039	1,150,876	19,325	210,850	-	210,850	210,850
6	2019	22,313	1,449,651	1.5%	298,775	1,449,651	22,313	267,617	-	267,617	267,617

		EXCESS INCREMENT						
TIF Year	Year	Increment Generated	Costs Authorized	Required?	Increment returned	Net Retained	P&I Due after year end	Excess (Not Excess)
3	2016	634,890	2,450,551	no	0	0	0	(1,815,661)
4	2017	878,283	2,450,551	no	0	0	0	(1,572,268)
5	2018	1,151,235	2,450,551	no	0	0	0	(1,299,316)
6	2019	1,452,352	2,450,551	no	226,735	0	0	(998,199)

TIF 19 APPLEWOOD POINTE CONTINUED

City of Roseville
Principal Ledger - United Properties Residential LLC
PAYGO Note

Principal Amount	**$ 659,000**			**Interest Rate**		**7.00%**
Note Issue Date	**17-Oct-11**					
Final Payment	**1-Feb-21**					
Date	**Interest Due**	**Tax Increment Received**	**Total Tax Increment Available (80%)**	**Total Principal Payments**		**Note Balance**
12/31/2016	214,822.00			208,147.00	**$**	**450,853.00**
2/1/2017	15,779.86	$ 105,808.73	84,646.98	68,867.12	$	381,985.88
8/1/2017	13,369.51	121,984.50	97,587.60	84,218.09	$	297,767.79
2/1/2018	10,421.87	121,984.50	96,625.82	86,203.95	$	211,563.84
8/1/2018	7,404.73	121,984.50	109,215.57	101,810.84	$	109,753.00
2/1/2019	3,841.35	121,984.50	97,587.60	93,746.25	$	16,006.75
8/1/2019	**560.24**	**121,984.50**	**97,587.60**	**16,006.75**	**$**	**(0.00)**
TOTAL	**266,199.56**	**715,731.23**		**659,000.00**		

TIF 20 MCGOUGH

Description

TIF District 20 McGough (County #329-0) is a Redevelopment District established on February 26, 2018 and is located within the Development District No. 1. The district encompasses one (1) parcel which was decertified from TIF District 17 & 17A. On June 18, 2018, the REDA entered into a development agreement with 2785 Fairview, LLC to provide the necessary assistance for renovation and redevelopment of an existing 44,000 square foot warehouse facility into a 54,000 square foot corporate headquarters for McGough Constriction.

Construction was completed in November 2019. Upon verification of the TIF eligible costs, the REDA shall issue a TIF PAYGO Note in the maximum principal amount of $1,316,000. The TIF Note is being issued to reimburse McGough Construction for a portion of the costs associated to site preparation, utilities, soil correction, demolition, and environmental investigation and remediation costs. REDA provided funding from TIF 17A (HSS) for remediation in the amount of $140,000, pursuant to the special legislation received for TIF District 17A in 2019. In addition, REDA also agreed to provide additional assistance in an amount equal to $1,500,000 less the sum of the TIF Note issued and any grant funds received for sewer access connection charges.

Furthermore, a TIF Lookback provision was incorporated into the development agreement to ensure that the assumptions made regarding the project and its likely costs and expenses were in fact accurate. Since the project is completed, staff should initiate review of actual TIF eligible costs in early 2020 to determine if they are less than the estimates within the development agreement, in accordance with the Lookback provision. Depending on the results of the analysis, the assistance provided by the REDA shall be reduced on a dollar for dollar basis.

Adopted……………………………..02/26/2018
Requested Date……………………06/08/2018
Certified Date……………………....09/19/2018
First Increment…………………………07/2020
Decertification…...........................12/31/2045

TIF 20 MCGOUGH CONTINUED

Former and Current PID Numbers

Former PID#	New PID#	Use
04-29-23-31-0019	04-29-23-31-0023	McGough Development

Fiscal Disparities Election

The City elected to calculate fiscal disparities from inside (B election) the district.

Frozen Tax Rate

128.852%

Allowable Uses

MN Statute 469.176 subd. 4j specifies the activities in which tax increment from a redevelopment district may be spent. In general, tax increment must be spent on correcting those conditions which caused the area to be designated as a redevelopment district. Allowable uses include property acquisition, demolition, rehabilitation, installation of public utilities, road, sidewalks, public parking facilities, and allowable administrative expenses.

Obligations

It is anticipated there will be one PAYGO Note in this district as follows:

- **$1,316,000** at the lesser of 5% or the Redeveloper's actual financing rate and paid with 95% of the TIF generated from the project. The Note has not yet been issued

TIF 20 MCGOUGH CONTINUED

Other Development Agreement Compliance

1. ***Look Back***. At the time of completion of construction of the project, if the amount of actual Public Redevelopment Costs incurred is less than the amount of Public Redevelopment Costs projected in Exhibit E (less any Grant-Eligible Costs reimbursed by Grants or Authority Funds), the assistance for Public Redevelopment Costs will be reduced on a dollar for dollar basis in the amount of such deficiency and the principal amount of the TIF Note will be adjusted accordingly.

2. ***Grants.*** REDA applied for, ***but did not receive***, a grant from the Met Council in the amount of $157,230 (abatement and clean up - $134,760 and environmental investigation - $22,470). If the amount of environmental remediation exceeded Grant-Eligible Costs the excess was the sole responsibility of McGough. ***REDA has since determined that they will provide TIF 17A(HSS) dollars for any environmental clean up under and approved RAP that does not exceed $164,000.***

3. **Other Assistance**. In addition to the Grant and issuance of the TIF Note, REDA shall provide additional assistance to the McGough from available funds in REDA's development account for the following purposes: first, to pay a portion of McGough's SAC charges, and second, to fund other Public Redevelopment Costs (to the extent not reimbursed under the Grant or allocated to be reimbursed under the TIF Note). The amount of funds payable by REDA shall be determined following the final reimbursement by the REDA to the McGough of Grant-Eligible Costs. REDA Funds shall be disbursed in an amount equal to $1,500,000 less the sum of the maximum principal amount of the TIF Note and the actual amount of Grant proceeds, if any, disbursed to McGough. If actual SAC charges exceed the amount to be reimbursed under this Section, such excess shall be the sole responsibility of McGough.

4. **Minimum Assessment Agreement**. The minimum market value as of January 2, following the date of receipt of a Certificate of Completion shall be $7,246,125. The Assessment Agreement shall be in place until the TIF Note is paid in full or the TIF District terminates, whichever is sooner.

TIF 20 MCGOUGH CONTINUED

5. **Tax Petitions**. McGough has to inform REDA of any tax petition it files for the property. During the pendency of the petition, REDA will pay principal and interest on the TIF Note only to the extent of the Available Tax Increment attributable to the minimum Market Value of the property; provided that if McGough fails to notify REDA of the tax petition, REDA shall have the right to withhold all payments of principal and interest on the TIF Note until McGough's challenge is resolved. Upon resolution of the tax petition, any Available Tax Increment deferred and withheld shall be paid, without interest thereon, to the extent payable under the assessor's final determination of Market Value.

Four Year Rule

MN Statute 469.176 subd. 6 requires that, within four years from certification date, certain activities must have taken place on each parcel within the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. The four-year deadline for TIF District 20 is September 19, 2022, but compliance with this has already happened with demolition and construction commencing in 2018.

Five Year Rule

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. In general, for TIF District 20, at least 75% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the 'in district' percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, contracts entered into in order for revenues to be considered to have been spent. The five-year deadline is September 19, 2023 and has already been met by the REDA entering into a development agreement with 2785 Fairview, LLC.

TIF 20 MCGOUGH CONTINUED

Geographic Enlargements

MN Statute 469.175 subd. 4 (f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. TIF District 20 has until September 19, 2023 to enlarge its geographic size.

Recommendations

1. **Lookback and TIF Note Issuance**. Since construction is completed and they have officially moved into their new building, ***we recommend requesting the required documentation from McGough and completing the necessary lookback. In addition, upon completion of the lookback the TIF note should be sized accordingly and issued to McGough.***

TIF 21 COLDER PRODUCTS

Description

TIF District 21 Colder (County #TBD) is a Redevelopment District established on February 25, 2019 and is located within the Development District No. 1. Originally the district encompassed three (3) parcels which were decertified from TIF District 17 & 17A. On May 20, 2019, the REDA entered into a development agreement with Colder Products Company to provide the necessary assistance for redevelopment of environmentally contaminated land and construction of a 131,100 square foot manufacturing, warehouse, and corporate headquarters for Colder Products Company.

Demolition and remediation work commenced, and construction is underway following the receipt of a no further action letter from the Minnesota Pollution Control Agency regarding the hazardous wastes and contaminates presently found on the property. REDA provided funding from TIF 17A (HSS) for remediation in the amount of $868,000, pursuant to the special legislation received for TIF District 17A in 2019. In addition, REDA secured $250,000 in grant funds from the DEED for equipment acquisition and $300,000 from the Ramsey County ERF for environmental clean-up. Upon completion of the project and verification of the TIF eligible costs, REDA shall issue a TIF Note in the maximum principal amount of $2,200,000. The TIF Note is being issued to reimburse Colder Products Company for a portion of the costs associated to land acquisition, demolition, and environmental investigation and remediation costs.

Adopted……………………………..02/25/2019
Requested Date……………………06/20/2019
Certified Date…………………….............TBD
First Increment…………………………07/2021
Decertification……..........................12/31/2046

TIF 21 COLDER PRODUCTS CONTINUED

Former and Current PID Numbers

Former PID#	New PID#	Use
04-29-23-32-0001	04-29-23-32-0013	Colder
04-29-23-32-0002		
04-29-23-32-0003		

Fiscal Disparities Election

The City elected to calculate fiscal disparities from inside (B election) the district.

Frozen Tax Rate

Request for certification was made by June 20, 2019 so the pay 2019 rate is 124.897% and will be verified once certification document is received from the County.

Allowable Uses:

MN Statute 469.176 subd. 4j specifies the activities in which tax increment from a redevelopment district may be spent. In general, tax increment must be spent on correcting those conditions which caused the area to be designated as a redevelopment district. Allowable uses include property acquisition, demolition, rehabilitation, installation of public utilities, road, sidewalks, public parking facilities, and allowable administrative expenses.

Obligations

It is anticipated there will be one PAYGO Note in this district as follows:

- **$2,200,000** at 0% and paid with 90% of the TIF generated from the project. The Note has not yet been issued.

TIF 21 COLDER PRODUCTS CONTINUED

Other Development Agreement Compliance

1. ***Look Back***. At the time of completion of construction of the project, if the amount of actual Public Redevelopment Costs incurred is less than the amount of Public Redevelopment Costs projected in Exhibit D, the assistance for Public Redevelopment Costs will be reduced on a dollar for dollar basis in the amount of such deficiency and the principal amount of the TIF Note will be adjusted accordingly.

2. **Minimum Assessment Agreement**. The minimum market value as of January 2, 2021 shall be $14,873,320. The Assessment Agreement shall be in place until the TIF Note is paid in full or the TIF District terminates, whichever is sooner.

3. **Tax Petitions**. Colder has to inform REDA of any tax petition it files for the property. During the pendency of the petition, REDA will pay principal and interest on the TIF Note only to the extent of the Available Tax Increment attributable to the minimum Market Value of the property; provided that if Colder fails to notify REDA of the tax petition, REDA shall have the right to withhold all payments of principal and interest on the TIF Note until their challenge is resolved. Upon resolution of the tax petition, any Available Tax Increment deferred and withheld shall be paid, without interest thereon, to the extent payable under the assessor's final determination of Market Value.

Four Year Rule

MN Statute 469.176 subd. 6 requires that, within four years from certification date, certain activities must have taken place on each parcel within the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. Since certification of this district is currently pending, the four-year deadline is unknown at this time. However, it is anticipated that the four-year deadline will be met as construction commenced in summer of 2019.

TIF 21 COLDER PRODUCTS CONTINUED

Five Year Rule

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. In general, for TIF District 20, at least 75% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the ‘in district’ percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, contracts entered into in order for revenues to be considered to have been spent. Since certification of this district is currently pending, the five-year deadline is unknown at this time. However, it is anticipated that the five-year deadline will be met as construction commenced in summer of 2019.

Geographic Enlargements

MN Statute 469.175 subd. 4 (f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. Since certification of this district is currently pending, the five-year deadline is unknown at this time.

Recommendations

None at this time.

TIF 22 TWIN LAKES II

Description

TIF District 22 Twin Lakes II (County #TBD) is a Redevelopment District established on August 12, 2019 and is located within the Development District No. 1. The district encompasses seven (7) parcels which will be replatted into various developments and consist of 117 market rate apartments, 40,000 sq/ft of medical office, 224 non-age restricted affordable apartments and 252 senior affordable apartments. On September 16, 2019, REDA approved a development agreement with Reuter Walton (apartments) and 2720 Fairview Mkt LLC (Office) to provide the necessary assistance ($3,550,000) for redevelopment of a parcel into 117 apartment units and 40,000 sq/ft of medical office for Tareen Dermatology. Pursuant to the Agreement for the apartments with Reuter Walton, REDA will provide an additional $550,000 in TIF Pooling dollars from TIF 17A (HSS) for remediation work completed under an approved Response Action Plan (RAP) for the site. On December 2, 2019, REDA approved an assignment and subordination agreement for the office portion of the site so they could close on their financing. REDA anticipates entering into a TIF Agreement with Dominium in 2020, once they receive their tax credit and tax-exempt bond allocation from the State.

Adopted……………………………..08/12/2019
Requested Date……………………………2019
Certified Date……………………...............TBD
First Increment…………………………07/2021
Decertification……..........................12/31/2039

TIF 22 TWIN LAKES II CONTINUED

Former and Current PID Numbers

Former PID#	New PID#	Use
04-29-23-43-0005	Same as Existing	Dominium Apartments & Retail
04-29-23-43-0013	Same as Existing	
04-29-23-43-0014	Same as Existing	
04-29-23-43-0002	Same as Existing	Reuter Walton - Apts & Office
04-29-23-43-0001	Same as Existing	Village Auto
04-29-23-43-0003	Same as Existing	Fireside Hearth/Home
04-29-23-43-0015	Same as Existing	The Tile Shop

Fiscal Disparities Election

The City elected to calculate fiscal disparities from inside (B election) the district.

Frozen Tax Rate

Request for certification will be made by June 20, 2020 so the pay 2020 rate will be the frozen rate and is not yet available.

Allowable Uses:

MN Statute 469.176 subd. 4j specifies the activities in which tax increment from a redevelopment district may be spent. In general, tax increment must be spent on correcting those conditions which caused the area to be designated as a redevelopment district. Allowable uses include property acquisition, demolition, rehabilitation, installation of public utilities, road, sidewalks, public parking facilities, and allowable administrative expenses.

TIF 22 TWIN LAKES II CONTINUED

Obligations

It is anticipated there will be four (4) PAYGO Notes in this district as follows:

- **$2,900,000** to be issued to Walton Holdings, LLC. for the market rate apartments. The Note will be at the lesser of 5% or their actual financing rate and paid with 90% of the TIF generated from the project. The Note has not yet been issued.

- **$650,000** to be issued to 2720 Fairview MKT LLC. for the medical office development. The Note will be at the lesser of 5% or their actual financing rate and paid with 90% of the TIF generated from the project. The Note has not yet been issued.

- **$3,450,000** to be issued to Dominium for the non-age restricted, affordable apartments. The Note will be at the lesser of 5% or their actual financing rate and paid with 90% of the TIF generated from the project. The Note has not yet been issued.

- **$3,990,000** to be issued to Dominium for the senior, affordable apartments. The Note will be at the lesser of 5% or their actual financing rate and paid with 90% of the TIF generated from the project. The Note has not yet been issued.

Other Development Agreement Compliance

Reuter Walton - Apartments

1. ***Look Back***. (i) At the time of completion of construction of the project, if the amount of the Public Redevelopment Costs actually incurred is less than the amount of Estimated Public Redevelopment Costs projected in Schedule D, the financial assistance for the Public Redevelopment Costs will be reduced on a dollar for dollar basis in the amount of such deficiency and the principal amount of the Note will be adjusted accordingly.

TIF 22 TWIN LAKES II CONTINUED

(ii) 60 days after the earliest of (i) the date of Stabilization of the project; (ii) the date of any Transfer of the project (provided that the Redeveloper and the Authority agree that the Calculation Date will occur prior to the actual Transfer); or (iii) three years after the date of completion of the project, as evidenced by REDA's issuance of a Certificate of Completion, the amount of the Note provided pursuant to this Agreement will be subject to adjustment based on a targeted annual Cash-On-Cost Return in excess of 7%. If the Project has not reached Stabilization as of the Calculation Date, the calculation shall assume Stabilization has occurred. If the actual Cash-On-Cost Return exceeds 7%, then the principal amount of the Note issued to will be reduced by 50% of the amount that results in a Cash-On-Cost Return equal to 7% over the term of the Note,

(iii) *Property Sale or Refinance*. If the Developer sells the project to an unrelated third party or refinances the Minimum Improvements (provided, however, the placement of permanent debt on the Minimum Improvements will not constitute a refinancing giving rise to the review as described in this Section) during the first eight (8) years after issuance of a Certificate of Completion, the Developer agrees to provide reasonable background documentation of actual project costs, project sources, and financing terms to construct the project as well as the actual income and operating expenses for the period from the date of the Agreement through the date of such anticipated sale or refinance (provided that the Redeveloper and the Authority agree that the Calculation Date will occur prior to the actual sale or refinancing). Based on such review, if the project exceeds an actual annual 7% Cash-On-Cost Return, then 50% of the amount that exceeds the annual 7% Cash-On-Cost Return will be applied to reduce the principal amount payable under the Note.

2. **Minimum Assessment Agreement**. The minimum market value as of January 2, 2020 shall be $5,397,500 and as of January 2, 2021 it shall be $21,590,000. The Assessment Agreement shall be in place until the TIF Note is paid in full or the TIF District terminates, whichever is sooner.

TIF 22 TWIN LAKES II CONTINUED

3. **Tax Petitions**. The Developer has to inform REDA of any tax petition it files for the property. During the pendency of the petition, REDA will pay principal and interest on the TIF Note only to the extent of the Available Tax Increment attributable to the minimum Market Value of the property; provided that if the Developer fails to notify REDA of the tax petition, REDA shall have the right to withhold all payments of principal and interest on the TIF Note until their challenge is resolved. Upon resolution of the tax petition, any Available Tax Increment deferred and withheld shall be paid, without interest thereon, to the extent payable under the assessor's final determination of Market Value.

2720 Fairview MKT LLC – Medical Office

1. ***Look Back***. (i) At the time of completion of construction of the project, if the amount of the Public Redevelopment Costs actually incurred is less than the amount of Estimated Public Redevelopment Costs projected in Schedule C, the financial assistance for the Public Redevelopment Costs will be reduced on a dollar for dollar basis in the amount of such deficiency and the principal amount of the Note will be adjusted accordingly.

   (ii) 60 days after the earliest of (i) the date of Stabilization of the project; (ii) the date of any Transfer of the project (provided that the Redeveloper and the Authority agree that the Calculation Date will occur prior to the actual Transfer); or (iii) three years after the date of completion of the project, as evidenced by REDA's issuance of a Certificate of Completion, the amount of the Note provided pursuant to this Agreement will be subject to adjustment based on a targeted annual Cash-On-Cost Return in excess of 7%. If the Project has not reached Stabilization as of the Calculation Date, the calculation shall assume Stabilization has occurred. If the actual Cash-On-Cost Return exceeds 7%, then the principal amount of the Note issued to will be reduced by 50% of the amount that results in a Cash-On-Cost Return equal to 7% over the term of the Note,

   (iii) *Property Sale or Refinance*. If the Developer sells the projcet to an unrelated third party or refinances the Minimum Improvements (provided, however, the placement of permanent debt on the Minimum Improvements will not constitute a refinancing giving rise to the review as described in this Section) during the first six (6) years after issuance of a Certificate of Completion, the Developer agrees to provide reasonable background documentation of actual project costs, project sources,

TIF 22 TWIN LAKES II CONTINUED

and financing terms to construct the project as well as the actual income and operating expenses for the period from the date of the Agreement through the date of such anticipated sale or refinance (provided that the Redeveloper and the Authority agree that the Calculation Date will occur prior to the actual sale or refinancing). Based on such review, if the project exceeds an actual annual 7% Cash-On-Cost Return, then 50% of the amount that exceeds the annual 7% Cash-On-Cost Return will be applied to reduce the principal amount payable under the Note.

2. **Minimum Assessment Agreement**. The minimum market value as of January 2, 2020 shall be $3,500,000 and as of January 2, 2021 it shall be $7,000,000. The Assessment Agreement shall be in place until the TIF Note is paid in full or the TIF District terminates, whichever is sooner.

3. **Tax Petitions**. The Developer has to inform REDA of any tax petition it files for the property. During the pendency of the petition, REDA will pay principal and interest on the TIF Note only to the extent of the Available Tax Increment attributable to the minimum Market Value of the property; provided that if the Developer fails to notify REDA of the tax petition, REDA shall have the right to withhold all payments of principal and interest on the TIF Note until their challenge is resolved. Upon resolution of the tax petition, any Available Tax Increment deferred and withheld shall be paid, without interest thereon, to the extent payable under the assessor's final determination of Market Value.

Four Year Rule

MN Statute 469.176 subd. 6 requires that, within four years from certification date, certain activities must have taken place on each parcel within the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. Since certification of this district is currently pending, the four-year deadline is unknown at this time. However, it is anticipated that the four-year deadline will be met as construction commenced in summer of 2019.

TIF 22 TWIN LAKES II CONTINUED

Five Year Rule

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. In general, for TIF District 20, at least 75% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the ‘in district’ percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, contracts entered into in order for revenues to be considered to have been spent. Since certification of this district is currently pending, the five-year deadline is unknown at this time. However, it is anticipated that the five-year deadline will be met as construction commenced in summer of 2019.

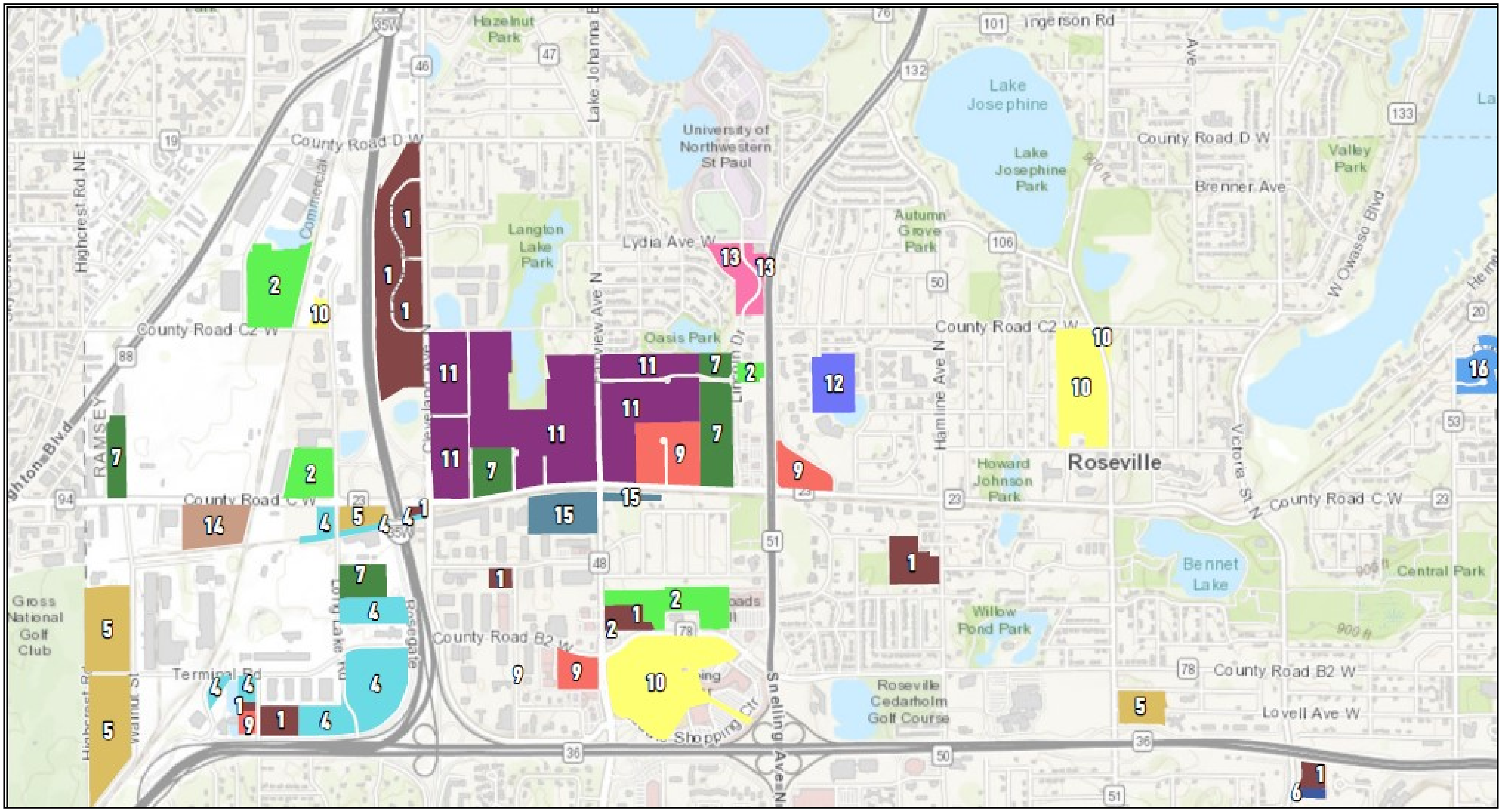
Geographic Enlargements

MN Statute 469.175 subd. 4 (f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. Since certification of this district is currently pending, the five-year deadline is unknown at this time.

Recommendations

None at this time.

Map of Historical TIF Districts (1-16)



Map of Historical TIF Districts (17-22)