

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



**Economic Development Authority  
Meeting Agenda  
Monday, November 9, 2020  
6:00pm**

**Address:**  
2660 Civic Center Dr.  
Roseville, MN 55113

**Phone:**  
651-792-7000

**Website:**  
[www.growroseville.com](http://www.growroseville.com)

Following guidance from state health officials, EDA Members will participate in upcoming meetings electronically pursuant to Minn. Stat. § 13D.021.

Members of the public who wish speak during public comment or an agenda item during this meeting can do so virtually by registering at [www.cityofroseville.com/attendmeeting](http://www.cityofroseville.com/attendmeeting)

1. 6:00 P.M. Roll Call  
Voting & Seating Order: Etten, Willmus, Laliberte, Groff, and Roe
2. Pledge Of Allegiance
3. Approve Agenda
4. 6:02 P.M. Public Comment
5. Business Items (Action Items)
  - 5.A. 6:03 PM Adopt 2021 REDA Calendar  
Documents:  
[5A REPORT AND ATTACHMENT.PDF](#)
  - 5.B. 6:08 PM Adopt 2021 REDA Contract With CEE For Energy Audit Services  
Documents:  
[5B REPORT AND ATTACHMENT.PDF](#)
  - 5.C. 6:15 PM Consider Adopting A Resolution Authorizing An Amendment To The Development Agreement With Aeon Regarding TIF #18 – Sienna Green Apartments  
Documents:  
[5C REPORT AND ATTACHMENTS.PDF](#)  
[5C BENCH HANDOUT.PDF](#)
  - 5.D. 6:25 PM Consider Adopting A Resolution Authorizing An Amendment To The Development Agreement With 2720 Fairview MKT, LLC – Tareen Dermatology

Documents:

[5D REPORT AND ATTACHMENTS.PDF](#)

6. 6:35 P.M. Adjourn



# REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 11/09/2020

Item No.: 5.a

Department Approval

Executive Director Approval

*Janice Gundlach*

*Samuel Truogler*

Item Description: Adopt 2021 REDA Meeting Calendar

1 **BACKGROUND**

2 Per the Roseville Economic Development Authority (REDA) by-laws, the REDA is required to hold  
3 regular meetings which are set by the Authority at the final meeting of the year. Staff recommends  
4 scheduling six regular bi-monthly meetings and then allow for additional meetings to be scheduled  
5 as needed. This proposed schedule will allow staff to provide developers and other outside parties  
6 with a clear, identified timeline of when the REDA is scheduled to meet. The draft meeting dates  
7 are aligned with a draft calendar that the Council will be adopting at an upcoming City Council  
8 meeting.

9 **BUDGET IMPLICATIONS**

10 There are no budget implications.

11 **STAFF RECOMMENDATION**

12 Adopt 2021 REDA meeting calendar.

13 **REQUESTED COUNCIL ACTION**

14 Adopt 2021 REDA meeting calendar.

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

Attachments: A: 2021 meeting calendar

**ROSEVILLE**  
**DRAFT 2021 EDA**  
**Meeting Schedule**

The Roseville Economic Development Authority will meet at 6:00 p.m. in the City Council Chambers of Roseville City Hall, 2660 Civic Center Drive, on the following dates:

**January**

11

**July**

19

**March**

15

**September**

20

**May**

10

**November**

5

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Patrick Trudgeon, Executive Director



# REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 11/09/2020

Item No.: 5.b

Department Approval

City Manager Approval

*Janice Gundlach*

*Sam Truog*

Item Description: Approve Contract for Roseville Economic Development Authority CEE Energy Audit Services

1  
2 **BACKGROUND**

3 The Roseville Economic Development Authority (REDA) receives legal, technical, and professional  
4 specialty services annually from third party providers. On December 2, 2019 the REDA approved three,  
5 three-year contract services with the following organizations:

- 6
- 7 A. Financial and Economic Development Consulting Services from Ehlers & Associates, Inc.
- 8 B. Golden Shovel Marketing Services
- 9 C. CEE Home Loan Origination and Home Advisory Services
- 10

11 In addition, the REDA approved ongoing services with the Roseville Finance Department for fiscal  
12 services, with an option to provide a 30-day notice of cancellation. However, last year the REDA was  
13 not able to sign a three-year contract for services with Center for Energy and Environment (CEE) for  
14 energy audits, as Xcel Energy is the main provider of subsidizing the audits and CEE had not finished  
15 negotiating rates for forthcoming years. However, CEE has since completed negotiations with Xcel for  
16 competitive rates effective January 1, 2021 through December 31, 2023. CEE is also suggesting the  
17 REDA to be consistent with all of the other cities they work with for energy audits, recommending the  
18 REDA contribute \$50 per energy audit, with the resident paying \$10. The REDA budgets \$12,000 a  
19 year for energy audit reimbursements and has been subsidizing the full \$60 since 2010. This has allowed  
20 for up to 200 Roseville residents a year to receive free audits. With the proposed rate of \$50 per  
21 resident, this would allow an additional 40 residents a year to receive subsidized audits.

22 **BUDGET IMPLICATION**

23 Contract for CEE energy audits has been included in the budget for 2021.

24 **STAFF RECOMMENDATION**

25 Approve a service contract with CEE for energy audit services January 1, 2021 through December 31,  
26 2023.

27 **REQUESTED REDA ACTION**

28 Approve a service contract with CEE for energy audit services January 1, 2021 through December 31,  
29 2023.

30  
Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086  
Attachment A: CEE Energy Audit Services Contract

## Standard Agreement for Professional Services

This Agreement (“Agreement”) is made on the 1<sup>st</sup> day of January, 2021, between the Roseville Economic Development Authority, a public body corporate and politic and political subdivision of the state of Minnesota (hereinafter “REDA”), and Center for Energy and Environment, with offices at 212 3<sup>rd</sup> Avenue North, Suite 560, Minneapolis, MN 55401 (hereinafter “Consultant”).

### Preliminary Statement

REDA desires to hire the Consultant to render certain legal, technical, and/or professional assistance in connection with REDA’s undertakings. The purpose of this Agreement is to set forth the terms and conditions for the performance of professional services by the Consultant.

REDA and Consultant agree as follows:

1. **Scope of Work Proposal.** The Consultant agrees to provide the professional services shown in Exhibit “A” attached hereto (“Work”) in consideration for the compensation set forth in Provision 3 below. The terms of this Agreement shall take precedence over and supersede any provisions and/or conditions in any proposal submitted by the Consultant.
2. **Term.** The term of this Agreement shall be effective upon the approval of the REDA Board of Commissioners and execution by the President and Executive Director, the date of signature by the parties notwithstanding, and continue through the earlier of December 31, 2023, or the date of termination by either party upon 30-day written notice thereof as provided in paragraph 7 hereof.
3. **Compensation for Services.** REDA agrees to pay the Consultant the compensation described in Exhibit B attached hereto for the Work. Fees shall be paid within 30 days following receipt of a monthly invoice for services performed on an as-needed basis. Consultant will also charge for reasonable out-of-pocket expenses such as reproductions, delivery services, long-distance telephone charges, and similar, subject to the following:
  - A. Any changes in the Work which may result in an increase to the compensation due the Consultant shall require prior written approval of REDA. REDA will not pay additional compensation for Work that does not have such prior written approval.
  - B. Third party independent contractors and/or subcontractors may be retained by the Consultant when required by the complex or specialized nature of the Work, but only when authorized in writing by REDA. The Consultant shall be responsible for and shall pay all costs and expenses payable to such third party contractors unless otherwise agreed to by the parties in writing.

4. **Method of Payment.** The Consultant shall submit to REDA, on a monthly basis, an itemized invoice for Work performed under this Agreement. Invoices submitted shall be paid in the same manner as other claims made to REDA. Invoices shall contain the following:
  - A. For Work reimbursed on an hourly basis, the Consultant shall indicate for each employee, his or her name, job title, the number of hours worked, rate of pay for each employee, a computation of amounts due for each employee, and the total amount due for each project task. The Consultant shall verify all statements submitted for payment in compliance with Minnesota Statutes Sections 471.38 and 471.391. For reimbursable expenses, if provided for in Exhibit A, the Consultant shall provide an itemized listing and such documentation of such expenses as is reasonably required by REDA. Each invoice shall contain REDA's project number and a progress summary showing the original (or amended) amount of the Agreement, current billing, past payments and unexpended balance due under the Agreement.
  - B. To receive any payment pursuant to this Agreement, the invoice must include the following statement dated and signed by the Consultant: "I declare under penalty of perjury that this account, claim, or demand is just and correct and that no part of it has been paid."
5. **Standard of Care.** All Work performed by the Consultant under this Agreement shall be in accordance with the normal standard of care in Ramsey County, Minnesota, for professional services of like kind.
6. **Audit Disclosure.** Any reports, information, data and other written documents given to, or prepared or assembled by the Consultant under this Agreement which REDA requests to be kept confidential shall not be made available by the Consultant to any individual or organization without REDA's prior written approval. The books, records, documents and accounting procedures and practices of the Consultant or other parties relevant to this Agreement are subject to examination by REDA and either the Legislative Auditor or the State Auditor for a period of six (6) years after the effective date of this Agreement. The Consultant shall at all times abide by Minn. Stat. § 13.01 et seq. and the Minnesota Government Data Practices Act, to the extent the Act is applicable to data, documents, and other information in the possession of the Consultant.
7. **Termination.** This Agreement may be terminated at any time by either party, with or without cause, by delivering to the other party at the address of such party set forth in paragraph 22, a written notice at least thirty (30) days prior to the date of such termination. The date of termination shall be stated in the notice. Upon termination the Consultant shall be paid for services rendered (and reimbursable expenses incurred if required to be paid by REDA under this Agreement) by the Consultant through and until the date of termination so long as the Consultant is not in default under this Agreement. If however, REDA terminates the Agreement because the Consultant is in default of its obligations under this Agreement, no further payment shall be payable or due to the

Consultant following the delivery of the termination notice, and REDA may, in addition to any other rights or remedies it may have, retain another consultant to undertake or complete the Work to be performed hereunder.

8. ***Independent Consultant.*** At all times and for all purposes herein, the Consultant is an independent contractor and not an employee of REDA. No statement herein shall be construed so as to find the Consultant an employee of REDA.
9. ***Assignment.*** The Consultant shall not assign this Agreement, nor its rights and/or obligations hereunder, without the prior written consent of REDA.
10. ***Services Not Provided For.*** No claim for services furnished by the Consultant not specifically provided for herein shall be paid by REDA.
11. ***Compliance with Laws and Regulations.*** The Consultant shall abide with all federal, state and local laws, statutes, ordinances, rules and regulations in the performance of the Work. The Consultant and City, together with their respective agents and employees, agree to abide by the provisions of the Minnesota Data Practices Act, Minnesota Statutes Section 13, as amended, and Minnesota Rules promulgated pursuant to Chapter 13. Any violation by the Consultant of statutes, ordinances, rules and regulations pertaining to the Work to be performed shall constitute a material breach of this Agreement and entitle REDA to immediately terminate this Agreement.
12. ***Waiver.*** Any waiver by either party of a breach of any provisions of this Agreement shall not affect, in any respect, the validity of the remainder of this Agreement.
13. ***Indemnification.*** The parties shall indemnify and hold harmless each other and their officials, agents, and employees from any loss, claim, liability, and expense (including reasonable attorney's fees and expenses of litigation) arising out of any action constituting malfeasance or gross negligence of the respective parties in the performance of the service of this Agreement.
14. ***Insurance.***
  - a. During the term of this Agreement, the Consultant shall maintain, at a minimum, comprehensive general liability and professional liability insurance. Comprehensive general liability insurance shall have an aggregate limit of Two Million Dollars (\$2,000,000.00).
  - b. Upon request by REDA, the Consultant shall provide a certificate or certificates of insurance relating to the insurance required. Such insurance secured by the Contractor shall be issued by insurance companies licensed in Minnesota. The insurance specified may be in a policy or policies of insurance, primary or excess.
  - c. Such insurance shall be in force on the date of execution of this Agreement and shall remain continuously in force for the duration of the Agreement.



15. ***Ownership of Documents.*** All plans, diagrams, analysis, reports and information generated in connection with the performance of this Agreement (“Information”) shall become the property of REDA, but the Consultant may retain copies of such documents as records of the services provided. REDA may use the Information for any reasons it deems appropriate without being liable to the Consultant for such use. The Consultant shall not use or disclose the Information for purposes other than performing the Work contemplated by this Agreement without the prior consent of REDA.
16. ***Dispute Resolution/Mediation.*** Each dispute, claim or controversy arising from or related to this Agreement or the relationships which result from this Agreement shall be subject to mediation as a condition precedent to initiating arbitration or legal or equitable actions by either party. Unless the parties agree otherwise, the mediation shall be in accordance with the Commercial Mediation Procedures of the American Arbitration Association then currently in effect. A request for mediation shall be filed in writing with the American Arbitration Association and the other party. No arbitration or legal or equitable action may be instituted for a period of 90 days from the filing of the request for mediation unless a longer period of time is provided by agreement of the parties. Cost of mediation shall be shared equally between the parties. Mediation shall be held in the City of Roseville unless another location is mutually agreed upon by the parties. The parties shall memorialize any agreement resulting from the mediation in a Mediated Settlement Agreement, which Agreement shall be enforceable as a settlement in any court having jurisdiction thereof.
17. ***Annual Review.*** Prior to each anniversary of the date of this Agreement, REDA shall have the right to conduct a review of the performance of the Work performed by the Consultant under this Agreement. The Consultant agrees to cooperate in such review and to provide such information as REDA may reasonably request. Following each performance review the parties shall, if requested by REDA, meet and discuss the performance of the Consultant relative to the remaining Work to be performed by the Consultant under this Agreement.
18. ***Conflicts.*** (a) No salaried officer or employee of REDA and no member of the Board of REDA shall have a financial interest, direct or indirect, in this Agreement. (b) The Consultant agrees to immediately inform, by written notice, the REDA Executive Director of possible contractual conflicts of interest in representing REDA, as well as property owners or developers, on the same project. Conflicts of interest may be grounds for termination of this Agreement.
19. ***Governing Law.*** This Agreement shall be controlled by the laws of the State of Minnesota.
20. ***Counterparts.*** This Agreement may be executed in multiple counterparts, each of which shall be considered an original.

21. **Severability.** The provisions of this Agreement are severable. If any portion hereof is, for any reason, held by a court of competent jurisdiction to be contrary to law, such decision shall not affect the remaining provisions of this Agreement.
22. **Notices.** All notices to be given hereunder shall be in writing and shall be deemed given on the earlier of receipt or three (3) business days after deposit in the United States mail, postage prepaid, addressed to:

Roseville Economic Development Authority  
Attn: Executive Director  
2660 Civic Center Drive  
Roseville, MN 55113

Center for Energy and Environment  
Attn: Ryan Ellis  
212 3<sup>rd</sup> Avenue North, Suite 560  
Minneapolis, MN 554001

23. **Entire Agreement.** Unless stated otherwise in this Provision 26, the entire agreement of the parties is contained in this Agreement. All attachments referenced in this Agreement are attached to and incorporated into this Agreement, and are part hereof as though they were fully set forth in the body of this Agreement. This Agreement supersedes all prior oral agreements and negotiations between the parties relating to the subject matter hereof as well as any previous agreements presently in effect between the parties relating to the subject matter hereof. Any alterations, amendments, deletions, or waivers of the provisions of this Agreement shall be valid only when expressed in writing and duly signed by the parties, unless otherwise provided herein. The following agreements supplement and are a part of this Agreement: None.

IN WITNESS WHEREOF, the undersigned parties have entered into this Agreement as of the date set forth above.

ROSEVILLE ECONOMIC  
DEVELOPMENT AUTHORITY

\_\_\_\_\_  
President

\_\_\_\_\_  
Executive Director

CENTER FOR ENERGY AND  
ENVIRONMENT

By: \_\_\_\_\_  
Stephanie Haddad

Its: \_\_\_\_\_  
Corporate Secretary

## EXHIBIT A

### Scope of Work

#### Perform Standard Energy Audits and Home Energy Squad Enhanced visits

#### **PROGRAM SCOPE**

The purpose of the Home Energy Squad visits and energy audits are to promote energy conservation in residential properties. Energy Planner visits offer installs, diagnostic tests, and follow-up services. Consultant will perform Home Energy Squad Energy Planner visits and energy audits for residents per the fee schedule listed below. Each resident will select between the option of an Energy Planner Visit or an Energy Audit Only.

#### **ELIGIBLE PROPERTIES**

Properties must be residential (from 1-4 units) and located within the geographical boundaries of the City of Roseville. Individual owners of condominiums or town homes are eligible for funding.

#### **CONSULTANT TASKS**

- 1. *Conduct Home Energy Squad Energy Planner Visits.*** Consultant will conduct Home Energy Squad Energy Planner visits to help homeowners identify and implement energy savings opportunities in their homes. The Energy Planner visit will include the direct install of energy-saving materials where possible, including high-efficiency showerheads, faucet aerators, door weather stripping, programmable thermostats and LED light bulbs. In addition, it will include a blower door test to check for air leaks, visual inspection of insulation levels with use of infrared camera as weather permits, heating system and hot water heater combustion safety tests and a report to the homeowner on recommended energy upgrades (if resident is a renter, permission from the landlord may be required for doing these additional diagnostic services).
- 2. *Conduct Energy Audits.*** Consultant will conduct a blower door test to check for air leaks, visual inspection of insulation levels with use of infrared camera as weather permits, heating system and hot water heater combustion safety tests and a report to the homeowner on recommended energy upgrades (if resident is a renter, permission from the landlord may be required for doing these additional diagnostic services).
- 3. *Providing Air Sealing and Insulation quotes.*** If air sealing and/or insulation are recommended at a Home Energy Squad Energy Planner visit, Consultant may provide a quote to the resident that would be honored by participating insulation contractors. Consultant is an independent third party to any transaction between the resident and the insulation contractor. Consultant does not receive any compensation from insulation contractors, nor does Consultant, CenterPoint Energy or Xcel Energy accept any liability for any work performed by these contractors. Any agreement for work done by the contractors is solely between the contractor and the resident.

- 4. *Follow-up services and insulation contractor assistance.*** If major upgrades (air sealing, insulation and furnace or boiler replacement) are recommended at the visit, Consultant will follow-up with homeowners through email or by phone to encourage implementation. When a quote is provided Consultant has the ability to schedule insulation work directly with a qualified contractor making it easier for homeowner to move forward with recommendations. CEE will also provide contact information to program participants who have follow-up questions after the home visit.

The co-pay and exact package of services are subject to change based on programmatic considerations, including Consultant's agreement with utilities and other factors which are outside the bounds of this agreement. Consultant will notify the City of Roseville prior to any changes taking effect. Consultant will lead a community-based marketing campaign to promote the program. The City of Roseville shall provide assistance in developing and implementing this campaign.

### **REDA TASKS**

- 1. *Assist and coordinate with Consultant on marketing activities.*** This includes working with Consultant on press releases, articles in REDA newsletters, water bill inserts, promoting program on REDA website, REDA email lists, assistance in coordinating with neighborhood and other REDA leaders, assistance in reserving workshop and event space as needed.

### **CONTACTS**

The following individuals shall be contacts for this program:

REDA:

Jeanne Kelsey, City of Roseville  
Housing and Economic Development Program Director  
Jeanne.Kelsey@cityofroseville.com or 651.792.7086

Consultant:

Stacy Boots Camp, Center for Energy and Environment  
Assistant Outreach Manager  
sbootscamp@mncee.org or 612.244.2429

**EXHIBIT B****Compensation**

Consultant will perform Energy Planner visits OR Energy Audit Only for residents per the fee schedule listed below.


Type of Home Energy Squad Visit	City payment	Resident co-pay
Energy Planner visit	\$50	\$50
Energy Audit Only	\$50	\$10

**PAYMENT**

Consultant shall submit regular invoices to the REDA for activity performed under this agreement. Invoices will be emailed to Jeanne Kelsey.

The REDA will reimburse Consultant \$50 for every Energy Planner Visit completed and \$50 for every Energy Audit Only visit completed, not to exceed \$12,000 per year without further authorization from the REDA.



# REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 11/09/2020

Item No.: 5.c

Department Approval

*Janice Gundlach*

Executive Director Approval

*Samuel Truogler*

Item Description: Consider Adopting a Resolution authorizing an amendment to the Development Agreement with Aeon regarding TIF #18-Sienna Green Apartments

## BACKGROUND

At the March 9<sup>th</sup>, 2020 Roseville Economic Development Authority (REDA) meeting, the REDA authorized staff to work with Aeon to amend the existing Development Agreement governing Sienna Green Apartments, to require affordability reporting through 2038. This amendment would allow generation of additional TIF dollars usable for affordable housing projects throughout the City, which could include NOAH preservation and/or new construction. Staff has received authorization from Aeon to amend the development agreement (Attachment A). The following summary from the TIF management plan (*italicized text*) is provided below, which provided the basis for the REDA direction back in March of this year:

*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 Aeon 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.*

*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:*

- 33 1. *New affordable rental housing as part of redevelopment (20/50 or 40/60 election)*  
34 2. *Renovation of an existing rental housing development (20/50 or 40/60 election)*  
35 3. *Providing subsidy to an existing project that is earmarked for additional affordability*  
36 *(20/50 or 40/60 election)*

37 *Examples of potential owner-occupied projects would include:*

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

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

44 The REDA may recall a previous discussion whereby these funds would have been used to support a  
45 rehab project at the Brittany/Marion Apartments. While that project has not materialized to-date, this  
46 action remains necessary as it secures additional funding for a forthcoming project (not yet  
47 determined), giving the EDA a financial resource not otherwise available.

48  
49 **STAFF RECOMMENDATION**

50 By resolution, approve amending the Development Agreement with Sienna Green II Limited  
51 Partnership.

52  
53 **REQUESTED EDA ACTION**

54 Approve amending the Development Agreement with Sienna Green II Limited Partnership.

55  
56 Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

57 Attachments: A: First Amendment to Development Agreement with Sienna Green II Limited Partnership  
B: Resolution authorizing amendment to the Development Agreement with Sienna Green II Limited Partnership



**FIRST AMENDMENT TO DEVELOPMENT AGREEMENT**

This First Amendment to Development Agreement (the “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 Sienna Green II Limited Partnership, a Minnesota limited partnership (the “Developer”).

WHEREAS, the City of Roseville, Minnesota (the “City”) previously established its Development District No. 1 (the “Development District”) and various tax increment financing districts within the Development District, including Tax Increment Financing District No. 18 (the “TIF District”), and approved a Development Program for the Development District and a Tax Increment Financing Plan for the TIF District; and

WHEREAS, the City and Aeon, a Minnesota nonprofit corporation and the predecessor in interest to Developer (“Aeon”), entered into that certain Development Agreement dated as of June 1, 2011 (the “Agreement”), providing, among other things, for the construction by the Developer of a multifamily rental facility (the “Minimum Improvements”) intended for occupancy, in part, by persons whose incomes do not exceed 60% of the area median income, on the property legally described in Exhibit A hereto (the “Property”) and the issuance by the City of a tax increment revenue note (the “Note”) to reimburse certain public redevelopment costs of the Developer; and

WHEREAS, pursuant to that certain Assignment of Development Agreement dated September 22, 2011, by and among Aeon, City of Roseville, and Developer, Aeon assigned all of its rights, duties, and obligations under the Agreement to Developer; and

WHEREAS, the City established the Authority by enabling resolution on November 30, 2015, and transferred the control and administration of all projects to the Authority by resolution, including the assignment of existing contracts concerning matters of economic development or redevelopment and/or housing, including the Agreement; and

WHEREAS, the parties desire to clarify certain terms of the Agreement by execution of this Amendment.

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 1.1 of the Agreement. The definition of “Termination Date” in Section 1.1 of the Agreement is amended as follows:

“Termination Date” means the earlier of (i) February 1, 2039, (ii) the date on which the Tax Increment Financing District expires or is otherwise terminated, or (iii) the date this Agreement is terminated or rescinded in accordance with its terms.

2. Amendment to Section 3.3(1)(B) of the Agreement. Section 3.3(1)(B) of the Agreement is amended as follows:

Notwithstanding payment in full of the TIF Note, the limits described in clause (A) must be satisfied through the Termination Date. Income for occupants of units described in clause (A) shall be adjusted for family size in accordance with Section 142(d) of the Internal Revenue Code and related regulations.

3. Miscellaneous. Except as amended by this Amendment, the Agreement shall remain in full force and effect. Developer shall pay all Legal and Administrative Expenses related to the negotiation and drafting of this Amendment.

(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 \_\_\_\_\_, 2020, 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 Development Agreement**

**SIENNA GREEN II LIMITED PARTNERSHIP**

By: Aeon, its General Partner

By \_\_\_\_\_

STATE OF MINNESOTA        )  
  )  SS  
COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2020, by \_\_\_\_\_ of Aeon, a Minnesota nonprofit corporation, the General Partner of Sienna Green II Limited Partnership, a Minnesota limited partnership, on behalf of the limited partnership.

\_\_\_\_\_  
Notary Public

THIS DOCUMENT DRAFTED BY:

Kennedy & Graven, Chartered  
150 South 5<sup>th</sup> Street, Suite 700  
Minneapolis, MN 55402  
(612) 337-9300

Developer Signature Page to First Amendment to Development Agreement

**EXHIBIT A**

**Property**

Lot 1, Block 1, Sienna Green Addition, Ramsey County, Minnesota

AND

Lot 1, Block 1, Sienna Green 2nd Addition, Ramsey County, Minnesota.

1  
2 **EXTRACT OF MINUTES OF MEETING**  
3 **OF THE**  
4 **ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**

5  
6 \* \* \* \* \*

7  
8 Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners  
9 (the “Board”) of the Roseville Economic Development Authority (“REDA”) was duly  
10 held on the 9th day of November, 2020, at 6:00 p.m.

11  
12 The following members were present:

13  
14 and the following were absent: .

15  
16 Member introduced the following resolution and moved its adoption:

17  
18 **RESOLUTION No.**

19  
20 **RESOLUTION APPROVING FIRST AMENDMENT TO**  
21 **DEVELOPMENT AGREEMENT BETWEEN THE**  
22 **ROSEVILLE ECONOMIC DEVELOPMENT**  
23 **AUTHORITY AND SIENNA GREEN II LIMITED**  
24 **PARTNERSHIP**

25  
26 WHEREAS, The City of Roseville (“City”) and Aeon (“Aeon”) executed a certain  
27 Development Agreement dated as of June 1, 2011 (the “Agreement”),  
28 whereunder the City agreed to provide certain tax increment financing  
29 assistance to Aeon in connection with the construction of an affordable  
30 multifamily rental facility (the “Minimum Improvements”) on certain  
31 property in the City; and  
32

33 WHEREAS, pursuant to an Assignment of Development Agreement dated September 22,  
34 2011, by and among Aeon, City of Roseville, and Sienna Green II Limited  
35 Partnership (“Developer”), Aeon assigned all of its rights, duties, and  
36 obligations under the Agreement to Developer; and  
37

38 WHEREAS, the City established the Roseville Economic Development Authority by  
39 enabling resolution on November 30, 2015, and transferred the control and  
40 administration of all projects to the Authority by resolution, including the  
41 assignment of existing contracts concerning matters of economic  
42 development or redevelopment and/or housing, including the Agreement;  
43 and  
44

45 WHEREAS, the Authority and Developer have agreed to extend the term of the income  
46 limitations provided in the Agreement and to modify certain other terms of  
47 the Agreement through a First Amendment thereto (the “Amendment”) in  
48 substantially the form presented to the Board of Commissioners of the  
49 Authority for approval; and  
50

51 WHEREAS, the Board finds that execution of the Amendment is necessary and  
52 desirable and is in the best interest of the City as a whole because it will  
53 allow for a greater use of pooled tax increment for qualified housing  
54 purposes within the City.  
55

56 NOW, THEREFORE, BE IT RESOLVED as follows:  
57

58 1. The Amendment as presented to the Board is hereby in all respects  
59 approved, subject to modifications that do not alter the substance of the  
60 transaction and that are approved by the President and Executive Director,  
61 provided that execution of the Amendment by such officials shall be  
62 conclusive evidence of approval. The President and Executive Director  
63 are hereby authorized to execute, on behalf of the Authority, the  
64 Amendment.

65 2. Authority staff and officials are authorized to take all actions necessary to  
66 perform the Authority’s obligations under the Amendment and under the  
67 Agreement as a whole, all as described in the Amendment and Agreement.  
68

69  
70 The motion for the adoption of the foregoing resolution was duly seconded by Member  
71

72 , and upon a vote being taken thereon, the following voted in favor thereof:  
73

74 and the following voted against the same:  
75

76 WHEREUPON said resolution was declared duly passed and adopted.  
77

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 November 9, 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 November, 2020.

\_\_\_\_\_  
Patrick Trudgeon, Executive Director  
Roseville Economic Development  
Authority



## 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 activities 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	B Election		
Fiscal Disparities	288		
County Number			
Frozen Rate	UTA #1	99.368%	0.000%
	UTA #2	0.000%	0.000%
	UTA #3	0.000%	

ASSUMPTIONS	
Interest Income	0.75%
Admin Expense	2.00%

RECOMMENDATIONS

Current Year 2019

	TIF PLAN BUDGET ANALYSIS															
	Decertifies				Revenues						Expenditures					
	City Approved	Cert Request	Certified	Legal Term	Expected Term	Tax Increment	Interest Income	Transfer In	Other Revenue	TOTAL REVENUES	Transfer Out	PAYGO	Admin	County Admin	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													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	Transfer In	Other Revenue	TOTAL REVENUES	Transfer Out	PAYGO	Admin	County Admin	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		
<b>TEST 1:</b>	Admin per TIF Plan	260,223
<b>TEST 2:</b>	Estimated TIF Admin Allowable (10%)	\$262,723
	Estimated Total TIF Revenues per TIF Plan	\$2,627,233
<b>TEST 3:</b>	Cumulative TIF Admin Allowable (10%)	\$257,435
	Total TIF Revenues for the Project	\$2,574,351
<b>RESULTS: Cumulative TIF Admin Allowable (10%)</b>		
	Actual Admin Expenses	43,314
	<b>Available Admin</b>	<b>\$214,121</b>
	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)						
TIF Year	Year	Accumulated Totals			Tax Increment		20% for Qualified			Available for Pooling	
		Admin. Expenses	Total	% Allowable	Current Year	Cumulative	Admin Costs	Costs	Spent Outside		Cumulative
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
<b>8/1/2019</b>	<b>15,945.47</b>	<b>52,361.09</b>	<b>49,743.03</b>	<b>33,797.56</b>	<b>\$ 716,577.68</b>
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
<b>TOTAL</b>	<b>251,495.73</b>	<b>1,198,482.01</b>	<b>1,107,837.73</b>		





# REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 11/09/2020  
Item No.: 5.d

Department Approval

Executive Director Approval

Item Description: Consider Adopting a Resolution authorizing an amendment to the Development Agreement with 2720 Fairview MKT, LLC– Tareen Dermatology

**BACKGROUND**

On September 19, 2019, the Roseville Economic Development Authority (REDA) entered into a Development Agreement with 2720 Fairview MKT, LLC, known as Tareen Dermatology.

Tareen Dermatology now requests additional assistance to aid them in providing a competitive proposal for leasing the first floor of their building. They currently are negotiating a Letter of Intent to lease the space to the Epilepsy Foundation of MN, which would provide the following quantity and type of jobs:

- 12 -- MD physicians (income > \$200K+)
- 5 -- neuropsychologists (\$100K+)
- 5 -- Physician Assistants/Nurse Practitioners (\$100K+)
- 40 -- Social workers, EEG technicians, Nurses (\$50K+)
- 20 -- support staff (medical assistants, administrative assistants) (\$40K+)

Ehlers reviewed the additional request, which consists of reimbursement of eligible environmental contamination costs in the amount of \$93,999. Ehlers supports the request, but suggests it be provided subject to the Epilepsy Foundation executing a lease for the space (attachment A). The additional funding would be paid for from tax increment generated by the City’s existing Hazardous Substance Subdistrict (HSS), which allows for 25% pooling of dollars outside of the district. The REDA should note, a final lookback of all assistance will be reviewed upon stabilization of the project at 90% occupancy, to ensure all given assistance was justified.

Lastly, the resolution does provide language such that the REDA would be supportive of considering this same assistance for another tenant if Tareen Dermatology and the Foundation are not successful in reaching an agreement. This language includes review and recommendation of specific terms by EDA staff and consultants, and formal approval of an amendment to the Development Agreement by the REDA.

**STAFF RECOMMENDATION**

By resolution, authorize the First Amendment to the Contract for Private Redevelopment between the Roseville Economic Development Authority and 2720 Fairview MKT LLC.

**REQUESTED EDA ACTION**

33 Approve the First Amendment to the Contract for Private Redevelopment between the Roseville  
34 Economic Development Authority and 2720 Fairview MKT LLC.

35  
36 Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

37  
Attachments: A: Ehlers underwriting memo  
B: Resolution authorizing amendment to the Development Agreement with Fairview MKT, LLC

# Memo

**To:** Jeanne Kelsey  
**From:** Stacie Kvilvang - Ehlers  
**Date:** February 28, 2020  
**Subject:** Updated Request for Assistance – 2720 Fairview Avenue Office Building

On September 16, 2019, the EDA entered into an agreement with 2720 Fairview MKT LLC. (Tareen Dermatology) to redevelop a portion of the above referenced property into a two-story medical office building containing approximately 40,000 sq/ft. The main tenant would be Tareen Dermatology (2<sup>nd</sup> floor) that is currently located in the City and needed additional space to expand their business. The remaining 20,000 sq/ft of first floor would be leased in the future (anticipated it would be leased by multiple tenants) and would take up to 4 years.

The EDA agreed to provide the office development \$650,000 in PAYGO TIF to offset costs of demolition, debris removal, abatement and storm water management. Tareen Dermatology has requested additional funding of approximately \$94,000 in up front HSS funds to offset some of the above referenced costs, which would bring the total assistance to approximately \$744,000, or 5.59% of total sources. It should be noted that Tareen Dermatology is providing approximately 24% in equity and 74% in debt (first mortgage plus TIF Note) to finance the project, which is typical for office development of this size.

SOURCES		
	Amount	Pct.
First Mortgage	9,350,000	70.25%
TIF Note	650,000	4.88%
HSS Grant	93,999	0.71%
Developer Equity	3,215,675	24.16%
<b>TOTAL SOURCES</b>	<b>13,309,674</b>	<b>100.00%</b>

The request for additional up-front assistance is to allow them more dollars for tenant improvements to provide a competitive package to secure MN Epilepsy as their second tenant in the building. MN Epilepsy is currently working on a fit plan for the entire first floor. ***The up-front funding would be conditioned on them receiving a signed lease from MN Epilepsy.***

Overall, the full funding amount will be reviewed upon stabilization of the project (90% occupied) and the amount of the PAYGO TIF (\$650,000) may be reduced pursuant to the lookback contained in the contract (reduction in TIF note if they receive a 7% cash-on-cost return).

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

**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 9th day of November, 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 AUTHORIZING FIRST AMENDMENT TO CONTRACT FOR PRIVATE REDEVELOPMENT BETWEEN THE ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY AND 2720 FAIRVIEW MKT LLC**

WHEREAS, pursuant to Minnesota Statutes, Sections 469.174 to 469.1794 (the “TIF Act”) and 469.090 to 469.1081 (the “EDA Act”), the Roseville Economic Development Authority (“REDA”) is authorized to create and administer tax increment financing districts within the City of Roseville (the “City”); and

WHEREAS, REDA and 2720 Fairview Mkt LLC (the “Redeveloper”) previously entered into a Contract for Private Redevelopment dated as of September 16, 2019, pursuant to which REDA will issue and deliver a TIF Note to the Redeveloper to reimburse the Redeveloper for certain qualified costs related to the development of a medical office building to be occupied by the Redeveloper and one or more tenants on certain property within the City (the “Redevelopment Property”); and

WHEREAS, the Epilepsy Foundation (the “Foundation”) has entered into discussions with the Redeveloper regarding the long-term lease of a portion of the Redevelopment Property, and the Redeveloper has identified the Foundation as a desirable tenant and has requested certain additional tax increment assistance from REDA, which would allow the Redeveloper to negotiate a long-term lease with the Foundation that will likely result in lower than projected lease revenues; and

46 WHEREAS, REDA's municipal advisor, Ehlers and Associates, has performed a pro  
47 forma analysis and has determined that additional assistance for costs of  
48 environmental remediation, in an amount of up to \$93,999, is warranted, if  
49 the Redeveloper and the Foundation successfully negotiate and execute a  
50 Letter of Intent to enter into a lease for a portion of the Redevelopment  
51 Property for a term of at least ten years.  
52

53 NOW, THEREFORE, BE IT RESOLVED, that subject to (i) the successful negotiation  
54 and execution by the Redeveloper and Foundation of a letter of intent to  
55 enter into a lease with a term of at least ten years; (ii) certification by the  
56 Redeveloper of qualified remediation costs, including abatement of  
57 hazardous materials, removal of rubble, debris and contaminated soils, and  
58 excavation related to soil removal, accompanied by evidence of such costs  
59 in a total amount of at least \$93,999; (iii) negotiation and approval of a First  
60 Amendment to Contract for Private Redevelopment that incorporates the  
61 terms and conditions under which REDA will provide the financial  
62 assistance set forth in this resolution and the sources of such financial  
63 assistance; and (iv) ratification of such First Amendment by REDA at a  
64 future meeting; REDA approves said financial assistance as provided in the  
65 TIF Act and the EDA Act.  
66

67 BE IT FURTHER RESOLVED, that if the Redeveloper and the Foundation do not  
68 successfully negotiate and execute a letter of intent as described above,  
69 REDA is supportive of considering additional assistance to the Redeveloper  
70 in connection with a long-term lease with another tenant or tenants to be  
71 identified, subject to review and recommendation of specific terms by  
72 REDA staff and consultants and formal approval of a First Amendment  
73 memorializing such terms by REDA.  
74  
75

76 The motion for the adoption of the foregoing resolution was duly seconded by Member  
77

78 , and upon a vote being taken thereon, the following voted in favor thereof:  
79

80 and the following voted against the same:  
81

82 WHEREUPON said resolution was declared duly passed and adopted.  
83

Certificate

I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, 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 November 9, 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 November, 2020.

\_\_\_\_\_  
Patrick Trudgeon, Executive Director  
Roseville Economic Development  
Authority