



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 3/08/2021
Item No.: 5.c

Department Approval

Executive Director Approval

Janice Gundlach

[Signature]

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

BACKGROUND

On November 9, 2020, the Roseville Economic Development Authority (REDA) provided a resolution of support (Attachment A) to amend the Development Agreement with 2720 Fairview MKT, LLC, known as Tareen Dermatology. This support was contingent on Tareen Dermatology signing a long-term lease of 10 years with the Epilepsy Foundation of MN for the build-out and occupancy of the first floor of the newly constructed building. The Epilepsy Foundation of MN 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+)

2720 Fairview MKT, LLC has executed a 10 year lease with the Epilepsy Foundation of MN dated January 21, 2021. The Development Agreement is being amended to memorialize the reimbursement of eligible environmental contamination costs in the amount of \$93,999. Ehlers has reviewed the need and supported the additional assistance, subject to Tareen Dermatology executing a lease for the space with the Epilepsy Foundation. 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 to be spent outside 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. This will be upon the Certificate of Occupancy of the Epilepsy Foundation, as they will be occupying the full first floor of 2720 Fairview Avenue in the fall of 2021.

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

Adopt a Resolution authorizing execution the First Amendment to the Contract for Private Redevelopment between the Roseville Economic Development Authority and 2720 Fairview MKT LLC.

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

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Attachments: A: Resolution of support for providing assistance with additional extraordinary costs
B: 1st Amendment to the Development Agreement with Fairview MKT, LLC
C: Resolution authorizing entering into the 1st Amendment to the DA with Fairview MKT, LLC

**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: Etten, Laliberte, Groff, and Roe

and the following were absent: Willmus.

Member Laliberte introduced the following resolution and moved its adoption:

RESOLUTION No. 74

**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

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

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

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

The motion for the adoption of the foregoing resolution was duly seconded by Member Groff, and upon a vote being taken thereon, the following voted in favor thereof:

Etten, Laliberte, Groff, and Roe

and the following voted against the same: None.

WHEREUPON said resolution was declared duly passed and adopted.

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

Etten, Laliberte, Groff, and Roe

and the following voted against the same: None

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this 10th day of November, 2020.



Patrick Trudgeon, Executive Director
Roseville Economic Development
Authority

FIRST AMENDMENT TO CONTRACT FOR PRIVATE REDEVELOPMENT

This Amendment is made as of _____, 2021, 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 2720 Fairview MKT LLC, a Minnesota limited liability company (the “Redeveloper”).

WHEREAS, the Authority and the Redeveloper entered into that certain Contract for Private Redevelopment dated as of September 16, 2019 (the “Agreement”), providing, among other things, for the construction by the Redeveloper of certain improvements (the “Minimum Improvements”) on the property legally described in Exhibit A hereto (the “Property”) and the issuance by the Authority of a tax increment revenue note (the “Note”) to reimburse certain public redevelopment costs of the Redeveloper; and

WHEREAS, due to worse-than-anticipated environmental conditions discovered on the Redevelopment Property in the construction of the Minimum Improvements, which have led to additional extraordinary costs to remediate such conditions, the Redeveloper has requested and the Authority has agreed to provide additional assistance in the form of pooled increment from Tax Increment Hazardous Substance Subdistrict No. 17A, as described herein.

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 add Section 3.7 to the Agreement. The Agreement is amended to add Section 3.7 as follows:

Section 3.7. HSS Grant.

(a) In recognition of higher-than-anticipated costs of environmental remediation on the Redevelopment Property that the Redeveloper has actually incurred and for which the Redeveloper has provided evidence satisfactory to the Authority as of the date of this Agreement, the Authority will apply a portion of tax increment generated from its Tax Increment Hazardous Substance Subdistrict No. 17A to reimburse the Redeveloper for a portion of the extraordinary costs of environmental remediation required to redevelop the Redevelopment Property pursuant to the Response Action Plan in effect for the Redevelopment Property, in the amount of \$93,999 (the “HSS Grant”).

(b) The Redeveloper and Minnesota Epilepsy Group, P.A. (the “Tenant”) have entered into an Office Lease dated January 21, 2021, pursuant to which the Redeveloper will lease certain space within the Minimum Improvements to the Tenant. Authority will pay the HSS Grant to the Redeveloper in one lump sum upon issuance by the City of a construction permit for the improvements necessary to build out the portion of the Minimum Improvements to be occupied by the Tenant.

2. Miscellaneous. Except as amended by this Amendment, the Agreement shall remain in full force and effect. Redeveloper shall pay all Administrative Costs 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 _____, 2021, 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 _____, 2021, 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 Contract for Private Redevelopment

2720 FAIRVIEW MKT LLC

By _____
Its _____

STATE OF MINNESOTA)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2021, by _____, the _____ of 2720 Fairview MKT LLC, a limited liability company under the laws of Minnesota, on behalf of the company.

Notary Public

THIS DOCUMENT DRAFTED BY:

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

Redeveloper Signature Page to First Amendment to Contract for Private Redevelopment

EXHIBIT A

Property

Lot 2, Block 1, FAIRVIEW AVENUE ADDITION, according to the recorded plat thereof, Ramsey County, Minnesota.

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

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8 Pursuant to due call and notice thereof, a special meeting of the Board of Commissioners
9 (the “Board”) of the Roseville Economic Development Authority (“REDA”) was duly
10 held on the 8th day of March, 2021, at 6:00 p.m.

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12 The following members were present:

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14 and the following were absent: .

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16 Member introduced the following resolution and moved its adoption:

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18 **RESOLUTION No.**

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20 **RESOLUTION APPROVING FIRST AMENDMENT TO**
21 **CONTRACT FOR PRIVATE REDEVELOPMENT**
22 **BETWEEN THE ROSEVILLE ECONOMIC**
23 **DEVELOPMENT AUTHORITY AND 2720 FAIRVIEW**
24 **MKT LLC**

25 WHEREAS, pursuant to Minnesota Statutes, Sections 469.174 to 469.1794 (the “TIF
26 Act”) and 469.090 to 469.1081 (the “EDA Act”), the Roseville Economic
27 Development Authority (“REDA”) is authorized to create and administer
28 tax increment financing districts within the City of Roseville (the “City”)
29 and to enter into contracts for the development or redevelopment of
30 property within such districts; and
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32 WHEREAS, REDA and 2720 Fairview Mkt LLC (the “Redeveloper”) previously
33 entered into a Contract for Private Redevelopment dated as of September
34 16, 2019 (the “Contract”), pursuant to which REDA will issue and deliver
35 a TIF Note to the Redeveloper to reimburse the Redeveloper for certain
36 qualified costs related to the development of a medical office building to
37 be occupied by the Redeveloper and one or more tenants on certain
38 property within the City (the “Redevelopment Property”); and
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40 WHEREAS, the Authority previously authorized the negotiation of a first amendment
41 to the Contract (the “Amendment”) providing for additional assistance to
42 the Redeveloper in the amount of \$93,999, subject to the negotiation and
43 execution of a long-term commercial lease (the “Lease”) for a portion of
44 the Redevelopment Property; and

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WHEREAS, the Redeveloper and Minnesota Epilepsy Group P.A. have successfully negotiated and executed the Lease; and

WHEREAS, the Board finds that execution of the Amendment is necessary and desirable and is in the best interest of the City as a whole because it will facilitate the retention of a high-quality long-term medical tenant within the City.

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 the Authority, the Amendment.

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

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 March 8, 2021.

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 March, 2021.

Patrick Trudgeon, Executive Director
Roseville Economic Development
Authority