



Minutes
Roseville Economic Development Authority (REDA)
City Council Chambers, 2660 Civic Center Drive
Monday, January 14, 2019 – 6:00 p.m.

1. Roll Call

President Dan Roe called to order a meeting of the Roseville Economic Development Authority (REDA) in and for the City of Roseville at approximately 6:00 p.m. Voting and Seating Order: Etten, Willmus, Laliberte, Groff and Roe.

Present: President Dan Roe and Board Members Jason Etten, Wayne Groff, and Lisa Laliberte.

Absent: Board Member Robert Willmus

Others Present: Attorney Martha Ingram, Executive Director Pat Trudgeon, Assistant City Manager Rebecca Olson, and Housing & Economic Development Program Manager Jeanne Kelsey

2. Pledge of Allegiance

3. Approve Agenda

Groff moved, Laliberte seconded, approval of the agenda as presented.

Roll Call

Ayes: Etten, Laliberte, Groff and Roe.

Nays: None.

4. Public Comment

5. Business Items

a. Election of Officers

Executive Director Pat Trudgeon stated Commissioners should elect the following officer positions per Minnesota State Statute 469.096, Subdivision 2: President, Vice President, Treasurer, Secretary and Assistant Treasurer.

President Roe reviewed the requirements for election of officers. He deferred to the Board Members and asked if the Board would like to offer nominations for each individual executive position or a slate.

Member Etten supported the slate with Dan Roe as President, Lisa Laliberte as Vice President, Wayne Groff as Treasurer, Patrick Trudgeon as Secretary, and Chris Miller as Assistant Treasurer.

Etten moved, Laliberte seconded, approval of a slate of officers, electing Dan Roe as President, Lisa Laliberte as Vice President, Wayne Groff as Treasurer, Patrick Trudgeon as Secretary and Chris Miller as Assistant Treasurer of the Roseville Economic Development Authority.

Member Discussion

Member Laliberte indicated she was fine with the election selections but stated Member Groff could state he is not willing to be Treasurer if he did not feel comfortable with the position.

Member Groff indicated he was fine with being elected Treasurer as he had read through some of the responsibilities and understood Mr. Miller would be in charge of finances and does the work.

Ayes: 4

Nays: 0

Motion carried.

- b. Consider Adopting A Resolution Authorizing Sale of 1125 Sandhurst Drive West to Twin Cities Habitat for Humanity**
 - i. Hold Public Hearing for Sale of Property**
 - ii. Consider Approval of Development Agreement with Twin Cities Habitat for Humanity**

Housing and Economic Development Program Manager Jeanne Kelsey provided a brief summary of this request as detailed in the staff report and attachments dated January 14, 2019.

If there is agreement to sell the property at the meeting, Ms. Kelsey advised that the next steps would be to hold a public hearing tonight, which the City has made notice of.

Ms. Kelsey stated in the packet are the terms of the agreement presented to and agreed upon by the Board. She reviewed the agreement with the Board and public.

Member Etten stated either way, theoretically, the City is choosing to spend \$49,000 to make this an affordable situation, clean up the home, and improve the property. He asked if there was any advantage to Roseville having the second mortgage, other than affordability.

Ms. Kelsey stated as provided in other circumstances, the CDBG funds have been paid back when it did not meet the thirty-year affordability, which is how the City did recuperate CDBG funds. If the property would sell prior to the thirty years and Twin Cities Habitat decided to not keep it in its ownership or an affordability component for the next owner, ultimately the City would be

out versus getting paid back because it did not meet the affordability requirement.

Member Groff asked whether this would not be a deed restriction, it is a second mortgage that guarantees it.

Ms. Kelsey indicated it will have both the deed restriction and the second mortgage. On advice of Legal Counsel, it has been challenging for title companies when a title search is done that, it is recognizing the deed restriction does exist.

President Roe asked whether the mechanism when there is a transfer of the property, the people involved know there is that restriction of the income is because the terms of the second mortgage require City approval of that sale.

Ms. Kelsey stated that was correct because the City would have to subordinate on an on-going basis. When the first mortgage is acquired from Twin Cities Habitat, the City will be subordinating on that document at that time.

Member Groff asked if the City has worked with Habitat for Humanity before.

Ms. Kelsey indicated the City has. She stated the City has actually built two brand new homes when the HRA existed in 2004, out at Applewood Court, the very first Applewood in Roseville.

Member Etten felt the core action should be split up with a motion to do a public hearing.

President Roe stated the public hearing was noticed so he believed there will be a public hearing tonight without requiring a motion.

Mr. Kelsey indicated that was correct.

President Roe reviewed public hearing protocol and opened and closed the public hearing at approximately 6:10 p.m. for the purpose of receiving public input on the above-referenced sale of 1125 Sandhurst Drive West to Twin Cities Habitat for Humanity; with no one appearing for or against.

President Roe stated the question is if the Board wanted to have the second mortgage as a part of this sale or not.

Etten moved, Laliberte seconded, adoption of REDA Resolution No. 32 (Attachment C) entitled, "Resolution Approving A Purchase and Development Contract Between the Roseville Economic Development Authority and Twin Cities Habitat for Humanity, Inc." using a second mortgage on the property.

Member Discussion

Member Etten thought this provided the City with the greatest ability to have the impact the City wanted to handle.

Member Laliberte concurred and knew the concept of having this be affordable property was important to the City and this ensures that.

Member Groff stated he was pleased to see the City is doing something about affordable housing in Roseville.

Ayes: 4

Nays: 0

Motion carried.

c. Review Previous Business Loan Program and Discuss Possible Future Business Loan Program

Housing and Economic Development Program Manager Jeanne Kelsey provided a brief summary of this request as detailed in the staff report and attachments dated January 14, 2019.

If the request is approved tonight, Ms. Kelsey advised that the next steps would be to work the EDA Legal Counsel to make sure the City is adjusting today's terms and requirements from a Minnesota State Statute but also deed has restrictions on how the City can do business subsidies as well.

Member Groff asked why the loan program was discontinued.

Ms. Kelsey stated it was really never discontinued, the funds sat in a TIF balance and then the TIF balance was used for a different project.

Member Etten asked if staff had thoughts on some of the fine details of interest rates, fixed versus something that will shift after a five-year fix. He wondered how that would be structured to make it worthwhile for businesses while making sure that the City is protected.

Ms. Kelsey stated she would work with the EDA Legal Counsel regarding that. The biggest thing is the City would probably want to do below interest rates, in addition to if there is refinancing at the five years, because sometime that is what is done if the fixed rate changes. It would be a subordinate loan on that. The maximum term in the past was ten years and City Staff would need to make sure that the City could underwrite that in today's conventional mortgage. She thought it could still work based upon it being only a five-year term on the first mortgage. She stated she was looking forward to working

with North American Banking, who does have the experience to give the City guidance on what will work in today's climate and also how to structure it.

Member Etten asked if a loan program has ever come up in discussions between the City and businesses.

Ms. Kelsey stated it has in the past and in one particular situation, a business meeting the City zoning requirements indicated that they would like assistance for enhancements to its structure.

Member Laliberte stated she appreciated the information that the previous Roseville HRA funds are useable for this type of program. She thought the Board still had a lot of questions to bring back and get answered but she did know there were a lot of businesses in the community that could use some redevelopment and new life breathed in them. She thought the City wanted to have a vital business area and businesses to improve and expand and sometimes that is just a matter of freshening up.

Member Laliberte stated the City has had some conversation about the industrial areas by Terrace and what could be done there from a design and façade perspective. She was supportive of getting more information from the bank and from Council.

Member Groff asked if this would be for smaller businesses, which he thought was a crucial part of what was being discussed. He indicated once answers came back from research, he would be open to this.

Ms. Kelsey indicated that was correct.

President Roe agreed with the Board Members and indicated he remembered talking to someone in another community that looked at a program similar to this. What that city had focused on with the initial offering was improving things like security cameras because that city had a business area that tended to have more crime so this was a way to help businesses that would not otherwise have a security system. He agreed with the area off Terrace Drive and converting older buildings to give businesses an opportunity for where the business wants to go.

President Roe stated he talked to a previous owner of a retail condo building at one point who wanted a parking lot replacement and wondering if there was a program like this out there. He noted the individual was looking for a grant or interest free loan as opposed to a loan program. He thought one of the other parts that staff could do is some outreach in the business community to see if there is any interest.

Ms. Kelsey indicated the issue with business outreach is that the business previously discussed wants to start redeveloping the property sooner than later and for staff to get the word out to businesses, staff would not have the capability in time to meet the deadline that the business is looking at to close on the property and move forward with their design element.

President Roe asked if this item will come back to an upcoming Council meeting to approve this as an EDA action.

Ms. Kelsey stated that was correct and it would be coming forward in the next month.

President Roe thought it would still make sense to do the outreach after to the extent that modifications might need to be made at that point but maybe having something available in the near term to deal with this business.

Member Laliberte stated she wanted to make sure the City is pursuing this as an avenue for all of the City's businesses. Her comments previously were not about this particular business. She stated she did not want the Board to take action just because of the one business.

President Roe stated the City does have a number of tools available for financial assistance and the City may decide to do a grant program along these lines as well.

Member Etten asked if there would be an advantage as the City promotes this to have a list of a tools available for the businesses.

Ms. Kelsey stated the City does have financing tools and it is utilized in order to list all of the financing subsidy programs that the City has access to, including Ramsey County, which also has a loan program. However, Ramsey County does utilize CDBG funds for that loan program, so it does have income requirements for job creation at a lower level so sometimes there is not that flexibility in order to utilize it. It also cannot be used towards leased properties, it has to use for equipment enhancements. She stated the biggest thing on this program, as it was structured before, is that the first mortgage underwriter was the one who took care of the loan and loan structuring and also the repayment back to the City at that point. She indicated she would want to have that same thing, so the City is not underwriting themselves and trying to do a loan repayment type of program.

d. Discuss Interest in Acquiring 825 County Road B2 Under the Roseville Housing Replacement Program

Housing and Economic Development Program Manager Jeanne Kelsey provided a brief summary of this request as detailed in the staff report and attachments dated January 14, 2019.

If the request is approved tonight, Ms. Kelsey advised that the next steps would be to bring this forward in a closed meeting to discuss proceeding forward.

President Roe asked on the 1125 Sanders property, what were the source of the funds the City used to purchase that.

Ms. Kelsey indicated it was CDBG funds.

President Roe thought this had some appeal due to the historic nature of the building. This has an interesting aspect to it if the City were to look at the affordable angle on that property. He was not sure how feasible that is and did like the notion of having a second lot that could be split off and developed.

Ms. Kelsey stated the family is trying to do something good in the community, which is why the property owners brought it forward for direction. She indicated she told the family that the private market could take care of this as well.

President Roe asked what the appeal would be for an older structure in terms of rehabilitation in the market place. He wondered if there were people out there willing to take that on.

Member Groff thought it depended on the condition of the building and whether or not it has amazing woodwork and other items or if it is a basic farmhouse structure. He noted that typically the market is into new housing and does not want the problems of old houses anymore. He noted the other things to consider is that this property is on a major road.

Member Etten stated he did not see paying the price of \$230,000-\$250,000, as put out there with a tear down of the existing house. He asked what the City would do with the lots because he did not see them selling near what the City would be paying.

Ms. Kelsey stated the appraisal of the property will guide the City on what the purchase price would be and that may not be what the assessed value is on the property.

Member Etten stated he was not sure if affordable housing on the lots would work financially. He would want to know more about how the City would navigate the purchase.

Ms. Kelsey indicated she has not approached any affordable housing developer on this property because she wanted to give the EDA the opportunity to determine if this was something the EDA would be interested in acquiring. She noted there is a CDBG account balance that could be used.

President Roe thought from an affordability point of view, three smaller lots would get more money which is another way to look at this.

President Roe stated the CDBG fund is just shy of \$300,000 according to the memo from Mr. Miller so purchasing this property at anywhere near the amount in the packet would be using a large chunk of that fund. He wondered if the City was continuing to get CDBG funds back into the City for use.

Ms. Kelsey stated there are amounts out on a second mortgage for some properties listed in the memo and those are the restricted funds. As those are paid back, those funds go into the restricted CDBG account balance so those funds can be kept non-collateral with other funds. She noted CDBG funds will never come back to the City going forward. What the City has now for CDBG funds are old programs and if the funds are ever paid back, the funds will go to the County.

Member Laliberte stated the City did try to work with owners of more historical properties and that would be ideal when it made sense, but she was not sure this particular property made sense. She stated it has been helpful to hear that the funds are not coming in flush from new sources which is a consideration. Another thing to consider is if the City were to purchase the property for its historical nature, and then if the City went to three lots, there would not be any historical nature of it. She thought the City had interest in paying attention to the affordable housing the City can do in Roseville and she was not sure this is the right use for those funds.

Member Etten stated unless this could be turned around into three lots that could be mixed and quality affordable single-family housing, he could not support this.

Member Groff stated if the City were able to do that, then he could see it as being viable and something he could support. Otherwise, this might be better sold at market value.

President Roe stated the City would be using two-thirds of the available CDBG funds for one project, which he was not sure would be the best use in this situation.

Board consensus was to not pursue the acquisition of 825 County Road B2.

e. **Review Participation of Partnership with the St. Paul Area Chamber of Commerce with the Small Business Series for 2019**

Housing and Economic Development Program Manager Jeanne Kelsey provided a brief summary of this request as detailed in the staff report and attachments dated January 14, 2019.

Member Laliberte asked if the City was always asking the Radisson Hotel to host this, is it a hardship for the hotel or the City or does this highlight their business. She thought if the City was going to highlight businesses, then maybe this should be located at Cederholm and have businesses there a couple times a year.

Ms. Kelsey stated the Chamber of Commerce made the arrangement and paid for the space and breakfast, which is part of what the registration fees will cover.

Member Laliberte stated potentially the City would be offering up community space and the other two communities would be doing the same yet the fees of the St. Paul Chamber are actually going up while the costs might actually be going down.

Ms. Kelsey stated currently she has provided the Chamber space opportunity in Roseville and the Chamber would have to pay to lease the space.

President Roe asked on the existing program when there were ten to twelve business people from Roseville, were other businesses from outside Roseville paying full price and not being subsidized.

Ms. Kelsey stated that was correct. Those people were mainly St. Paul Area Chamber Members and the City was averaging between thirty and forty people to attend these breakfasts so one-fourth of the participants were local people.

President Roe thought this was a good program and it made sense to try to participate, especially if it will not be a local hotel offering the space to showcase Roseville space. He was not sure about the subsidy for local businesses. He noted it was nice to offer it but he was not sure how it enters into the bottom line.

Member Etten stated he tended to agree with that. If the City is moving away from the Radisson for a reason, he would go to the Cederholm building, which is a fantastic place for all kinds of groups and businesses to use and if food is being brought in, a kitchen is available and there is flexibility of space. He thought that made a lot of sense and he would look at incentivizing the fee and agree to pay fifty percent.

Member Groff thought it was important for people to have some 'skin in the game' because he did not like the idea of people registering for an event and not showing up.

Member Laliberte agreed and asked how this was promoted to Roseville businesses. He also asked if the businesses know Roseville is subsidizing their memberships.

Ms. Kelsey stated the businesses knew. She noted the City was doing Evites and knew the City was paying for up to forty businesses to attend.

Member Laliberte stated the businesses will know that the City is not subsidizing this any longer if that decision is made.

Ms. Kelsey stated that was correct but if the City is subsidizing this, it is also something staff can communicate to the businesses.

President Roe asked what member thoughts were on subsidizing fifty percent.

Member Laliberte indicated she was leaning towards a fixed amount so that way, if the business is not a member then the business will be paying the difference, which may be a higher number than fifty percent. She was fine with the twenty dollars that the City is already subsidizing and stated she did like the idea of the City showcasing their space two times out of the year.

Member Etten stated he would be supportive of Member Laliberte's suggestion and asked if the City were to run over the \$2,000 amount, what happens at that point.

Ms. Kelsey stated if the funds were not being utilized for other programs, then all of the funds could be used for this.

President Roe stated it made sense to him and he would continue to support the program and offering Cederholm two times a year with a \$20 subsidy to Roseville businesses.

Ms. Kelsey stated she would suggest using Cederholm with the dates suggested.

f. Consider Adoption of a Resolution Authorizing an Interfund Loan for An Advance of Certain Costs in Connection with Proposed Tax Increment Financing District No. 17a – Twin Lakes Hazardous Substance Sub-District (HSS)

Housing and Economic Development Program Manager Jeanne Kelsey provided a brief summary of this request as detailed in the staff report and attachments dated January 14, 2019.

Member Etten asked if the \$157,000 stated in Attachment A, article 3, is the amount being discussed or is it something significantly more.

Ms. Kelsey stated the City committed a total overall of \$1.5 million to them, which is in section 3.5. That was the City gapping out the remaining amount of the TIF, original TIF balance amount is approximately \$1.316 million, which is in section 3.4 on the note. The remaining amount being gapped out in environmental remediation is \$184,000.

President Roe thought the interfund loan was up to \$200,000.

Ms. Kelsey stated that was correct, but the City just wanted to cover themselves.

President Roe thought the Resolution states the interfund loan is coming from the EDA General Fund and he was not sure what that was.

Ms. Kelsey stated she was talking about the \$1.6 million Multi-Family Loan fund. She stated this can be used for this type of expense because it is a redevelopment.

Laliberte moved, Groff seconded, adoption of REDA Resolution No. 33 (Attachment C) entitled, "Resolution Authorizing Interfund Loan for Advancement of Certain Environmental Remediation Costs by The Roseville Economic Development Authority in Connection with Certain Property Within Development District No. 1."

Member Discussion

Member Laliberte noted the City is going to work as hard as it can at the Legislature this year to cover that, but this is the stop gap that the City is committed to providing.

Ayes: 4

Nays: 0

Motion carried.

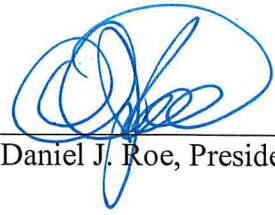
6. Adjourn

Laliberte moved, Groff seconded, adjourning the REDA meeting at approximately 6:58 p.m.

Ayes: 4

Nays: 0

Motion carried.



Daniel J. Roe, President

ATTEST:



Patrick Trudgeon, Executive Director

