ROBBINSDALE
ECONOMIC DEVELOPMENT AUTHORITY
AGENDA
7:00 P.M.
TUESDAY, JUNE 8, 2021
VIA WebEx

- **The public may participate in this meeting by emailing MGLICK@CI.ROBBINSDALE.MN.US or calling Marcia Glick, Executive Director by 4:00 pm on the date of the meeting at 763-531-1258.**
- **The public will be able to listen to this meeting by calling +1-312-535-8110, and then enter access code # 177-779-4335. If prompted, hit #.**
- **The public can also view and hear the meeting on CCX TV.**

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1. MEETING CALLED TO ORDER

2. MICROPHONE CHECK:

3. ROLL CALL: Blonigan, Kline, Webb, Selman, President Backen

4. CONSENT AGENDA:
   Pursuant to REDA policy, one motion, non-debatable, will approve the recommendation noted. Any member of the REDA Board may ask for an item to be taken from the Consent Agenda for discussion and separate action. Such items removed from the Consent Agenda shall be considered immediately following approval of the balance of the Consent Agenda:

   A. **Motion** to approve and order placed on file minutes of the following:
      - **Regular Meeting Minutes of May 11, 2021**...................... **2-4**

   B. **Motion** to approve **Disbursement Requests** for period ending **June 8, 2021**.. **5**

5. PUBLIC HEARING:
   A. None scheduled.

6. OLD BUSINESS:
   A. Redevelopment Plan Area 13 and TIF District No. 15 – 4600 Lake Road **6-22**

7. NEW BUSINESS:
   A. None scheduled.

8. OTHER BUSINESS:
   A. None scheduled.

9. INFORMATION ONLY:
   A. Project Update…………………………………………………………….. **23**

10. REDA GENERAL COMMUNICATIONS

11. ADJOURNMENT

Marcia E. Glick

Marcia Glick, Executive Director

ROBBINSDALE
ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES
TUESDAY, MAY 11, 2021
VIA WebEx

AGENDA ITEM #4A
June 8, 2021

CALL TO ORDER:
1. The Robbinsdale Economic Development Authority (REDA) meeting was called to order by President Backen at 7:40 p.m.

MICROPHONE CHECK:
2. Complete.

ROLL CALL:
3. Members Present: Selman, Blonigan, Kline, Webb, President Backen
Members Absent: None
Staff Present: Marcia Glick, Executive Director
Rick Pearson, Community Development Coordinator
Ron Batty, EDA Attorney
Others Present: Nick Hennen, Momentum Design Group
Ari Parritz, Reuter Walton
Jeff Wrede, Architect, Momentum Design Group
Jim LaValle, developer partner

#4A-B CONSENT AGENDA:
4. **MOTION** by Member Selman, seconded by Member Kline to approve and place on file the Consent Agenda Items #4A-B:
A. Motion to approve and order placed on file minutes of the following:
- **Regular Meeting Minutes of April 13, 2021**;

B. Motion to approve **Disbursement Requests** for period ending May 11, 2021.
ROLL CALL:
Yea: Selman, Blonigan, Kline, Webb, President Backen
Nay: None
The vote was unanimous and the motion carried.

#7A: NEW BUSINESS: 4600 Lake Road – Design Refinements Update:
5. Glick gave a brief presentation outlined in the staff report.

6. **Ari Parritz, Reuter Walton**, noted that they are still working with the original architects. He shared views of the site from the lake and a concept of the building looking similar to high-end homes. They will keep the majority of mature trees. The lakeside patio and swimming pool are at the same level. There will also be a dog park, fire pit and dock. The building elevation will be moved up one foot to move the basement away from the water table. The first floor will be 6 inches higher than previous submission. The project will be heavily landscaped. The pool area will have heated pavers and is essentially a big hot tub. The building design will be simple; less expensive to build. The price of materials continues to climb.

7. Member Blonigan applauded the timeless design, saving all the trees and improving the trails. He asked what the percentage of units are studios, etc.? Why did you change the exterior design from curvy to linear? Do all the units have a deck?
8. **Jim LaValle,** replied that all the units will have decks. Changed to linear design to match the vision of their clients.
9. **Nick Hennen** listed the number of units: there will be 6 three-bedrooms, 18 two-bedrooms, 9 one bedrooms plus den, 52 one bedrooms, 27 one-bedroom juniors, and 6 alcoves. Studios, one bedrooms, one-bedroom juniors and 6 alcoves will be about 72%. This distribution is typical for most rental properties.
10. Member Blonigan asked about traffic from commercial business. LaValle replied that traffic study has been performed and he would locate the information. Generally, commercial use is heavier. Traffic usage likely to change as more people working at home some days.
11. Member Selman liked the changes that have been made to the project.
12. President Backen liked the new look and "modern farmhouse style."
13. Glick noted other items expected to be in the agreement: the site/exterior plans approved by REDA, no motorized boat storage, adding canoe/kayak racks, roof top patio and exterior lighting review. The June meeting will consider adoption of TIF plan before public hearing at City Council June 15th. She noted the developer may be asking City Council to consider WAC (water access charge) payment deferral.
14. Member Blonigan and President Backen supported spreading out the payments.
15. Member Blonigan congratulated the team noting the timeless design; responsive to the neighborhood concerns. He brought to the attention of the REDA attorney that the property next door encroaches on the development site.
16. **MOTION** by Member Selman, seconded by Member Blonigan to approve the plans for the Robbinsdale Twin Lakes Apartments located a 4600 Lake Road as presented. **ROLL CALL:**
    Yea: Selman, Blonigan, Kline, Webb, President Backen
    Nay: None
    The vote was unanimous and the motion carried.

#9: Information Only: Project updates

17. No action required.
18. Glick noted that the plans for 3359 Halifax are being revised. Need to make sure the finished plan matches the square footage in the agreement. Anticipate closing in late May.
19. Glick also noted the demo bid for 3933 West Broadway came in at about $17K and Salon Halo will be moving into their expanded space on June 1.
20. President Backen requested a copy of the plans for 3359 Halifax Ave N.

#10: REDA General Communications

21. Member Blonigan noted that he signed a proclamation declaring National Police Week which acknowledged the death of Robbinsdale Police Officer Scanlon on Valentine's Day 36 years ago. He thanked police officers for protecting us and officers who have given their lives.

22. President Backen noted the meeting with Commissioner Lunde was very productive. More news coming on federal funding.

#11: ADJOURNMENT:

23. **MOTION** by Member Selman seconded by Member Webb to adjourn the meeting at 8:23 p.m.
ROLL CALL:
Yea: Selman, Blonigan, Kline, Webb, President Backen
Nay: None
The vote was unanimous and the motion carried.

____
Marcia Glick, Recording Secretary

____
Pat Backen, REDA President

AGENDA ITEM #4B
June 8, 2021

CONSENT AGENDA: Disbursement Requests for period ending June 8, 2021

This information will be distributed at the meeting.

Old Business: **Redevelopment Plan Area 13 and TIF District No. 15-4600 Lake Road**

BACKGROUND:
On 4-13-21 the REDA directed staff to prepare a new TIF district for a multi-family development on the north shore of South Twin Lake- 4600 Lake Road. The development was approved through the planning process on November 5, 2019 with a conditional use permit for alteration to the lake shoreline.

ANALYSIS/CONCLUSION:
The Modification to the Redevelopment Plan No. 13 and Tax Increment Financing (TIF) Plan document (**Attachment A***) has been prepared by Ehlers. It includes:

- The modification to the area of Redevelopment Plan 13. The map showing the amendment is on the document's **Appendix A.**
- Tax Increment Financing Plan for TIF District No. 15. This describes the **full potential** for generation of Tax Increments throughout the maximum allowed life of the district. Estimated cash flow is shown in **Appendix B.**
- **Appendix C** provides the findings that the redevelopment and increased market value of the site would not reasonably be expected to occur solely through private investment.
- The Report of Inspection Procedures and Results for Determining Qualifications of a Tax Increment Financing District as a Redevelopment District is included as **Appendix D.**

Attachment B is a summary of the project supplied by REDA's financial consultant Ehlers.

The assistance requested by the Developer is documented in a Contract for Private Redevelopment between REDA and Reuter Walton Development as a pay-as-you-go TIF note of $3,280,000. Per previous discussion with REDA, it would have a final payment no later than 15 years. This note would have first payment on August 1, 2023 and final payment on the earliest of February 1, 2038 or when principal and interest at 3.75% have been paid or an earlier date related to default. The contract also includes:

- Documenting the $37,500 deposit received from the developer which is being applied to the analysis and development of documents related to the TIF plan,
- The preliminary plans which are expected to substantially conform to the construction plans (subject to written REDA approval for modifications)
- Look back provision – assuring that the financial details at the front end confirm with the actual costs of construction\
- Limitation of boat storage – and that requirement being an event of default if not continued during the TIF Note.

Final details for the development contract are still being negotiated- the draft was only presented to the Reuter Walton on June 1st. There is no commitment from REDA with respect to future issuance of a TIF note until the Development Agreement is approved. It is expected to be presented on the July 13th agenda. This is similar to other projects.

Approval of the Redevelopment Area modification and TIF Plan is required before the public hearing at the City Council meeting, which has been scheduled and posted for June 15, 2021.

The Planning Commission approved a resolution affirming that the plans conform with the Comprehensive Plan at their meeting on May 20, 2021.

Attachment C is the resolution prepared for adoption of the Redevelopment Project Area and Tax Increment Financing Plan.

RECOMMENDATION:

Motion to waive the reading and approve REDA Resolution No. 21-__ "RESOLUTION APPROVING A MODIFICATION TO THE REDEVELOPMENT PLAN FOR PROJECT NO. 13 AND A TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 15."

Marcia Glick

Marcia Glick, Executive Director

* Full Modification to the Redevelopment Plan 13 and TIF plan 15 is available on the City Website on the Robbinsdale Economic Development Authority page or https://www.robbinsdalemn.com/home/showpublisheddocument/13036/637582176107392582

Adoption Date: June 15, 2021

Robbinsdale Economic Development Authority

City of Robbinsdale, Hennepin County, Minnesota

MODIFICATION TO THE REDEVELOPMENT PLAN

Redevelopment Project No. 13

&

Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing District No. 15
(a redevelopment district)

EHLERS
PUBLIC FINANCE ADVISORS

Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

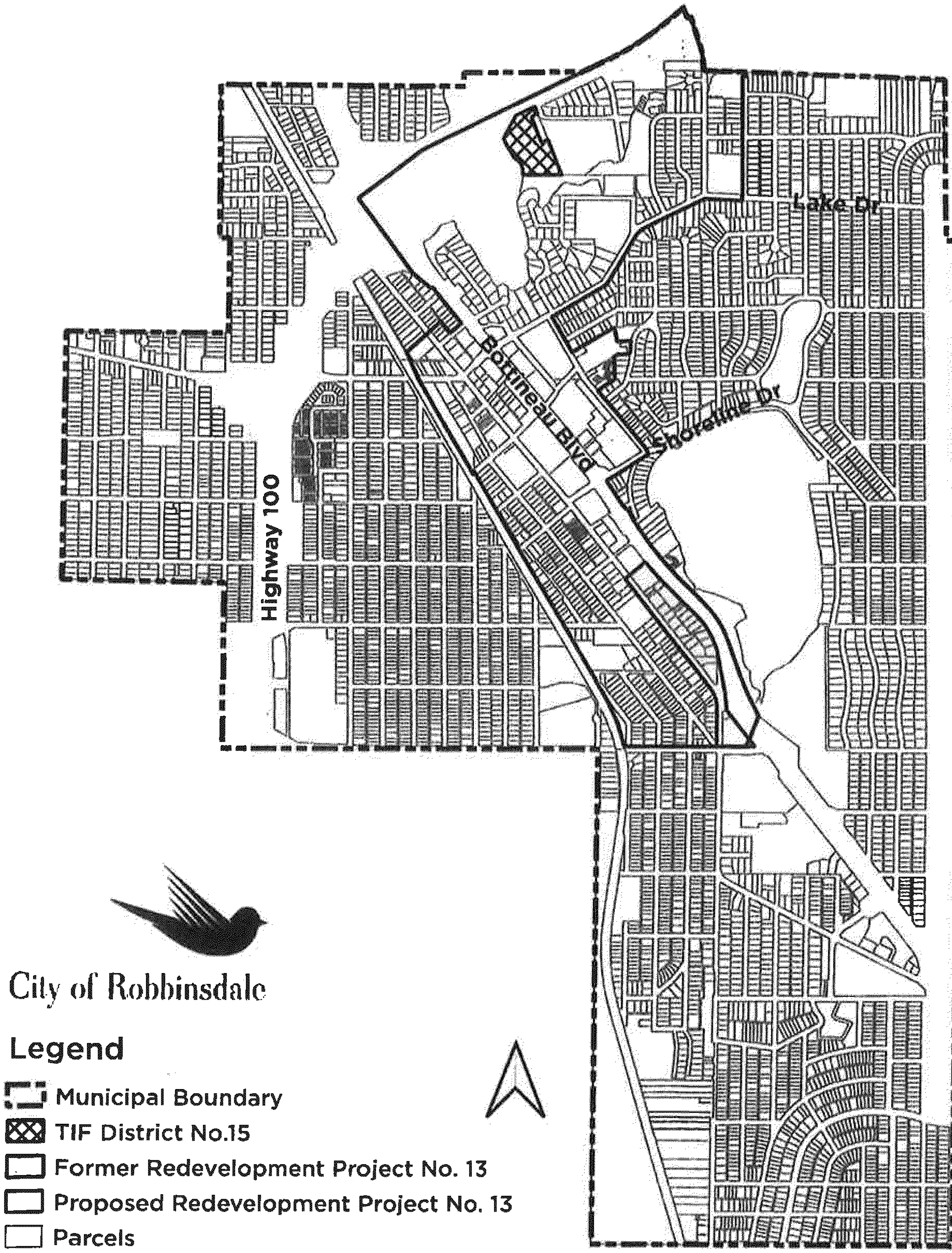
Note:

BUILDING COMMUNITIES. IT'S WHAT WE DO.

* Full Modification to the Redevelopment Plan 13 and TIF plan 15 is available on the City Website on the Robbinsdale Economic Development Authority page or https://www.robbinsdalemn.com/home/showpublisheddocument/13036/637582176107392582

Tax Increment Financing District No. 15 Appendix A
Redevelopment Project No. 13

City of Robbinsdale
Hennepin County, Minnesota



5/28/2021

TIF District #15 - 2% Inflation

City of Robbinsdale, MN

118 units Market Rate Rental

EHLERS PUBLIC FINANCE ADVISORS

ASSUMPTIONS AND RATES

DistrictType:	**Redevelopment**	
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	**2021**	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	**2.00%**	
Interest Rate:	**3.00%**	
Present Value Date	**1-Aug-22**	
First Period Ending	1-Feb-23	
Tax Year District was Certified:	**Pay 2021**	
Cashflow Assumes First Tax Increment For Development:	2023	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2048	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	**Inside(B)**	
Incremental or Total Fiscal Disparities	**Incremental**	
Fiscal Disparities Contribution Ratio	31.8446%	Pay 2021
Fiscal Disparities Metro-Wide Tax Rate	139.5040%	Pay 2021
Maximum/Frozen Local Tax Rate:	124.538%	Pay 2021
Current Local Tax Rate: (Use lesser of Current or Max.)	124.538%	Pay 2021
State-wide Tax Rate (Comm /Ind. only used for total taxes)	35.9780%	Pay 2021
Market Value Tax Rate (Used for total taxes)	0.24121%	Pay 2021

Tax Rates

Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First	$150,000	1.50%
Over	$150,000	2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First	$174,000	0.75%
Over	$174,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First	$500,000	1.00%
Over	$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First	$500,000	1.00%
Over	$500,000	1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	10-118-21-33-0025	C&L Mgmt.	4600 Lake Road	808,000	812,000	1,620,000	100%	1,620,000	Pay 2021	C/I Pref.	31,650	Rental	20,250	1
				808,000	**812,000**	**1,620,000**		**1,620,000**			**31,650**		**20,250**	

Note:

1. Base values are for pay 2021 based upon review of County website on 3-25-21.
2. Located in SD #281 and WS #8

Appendix B

TIF District #15 - 2% Inflation

City of Robbinsdale, MN
118 units Market Rate Rental

EHLERS PUBLIC FINANCE ADVISORS

PROJECT INFORMATION (Project Tax Capacity)

Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2021	Percentage Completed 2022	Percentage Completed 2023	Percentage Completed 2024	First Year Full Taxes Payable
1	Apartments	205,000	205,000	118	24,190,000	Rental	302,375	2,563	25%	100%	100%	100%	2024
TOTAL					24,190,000		302,375						
Subtotal Residential				118	24,190,000		302,375						
Subtotal Commercial/Ind.				0	0		0						

Note:
1. Market values are based upon estiamtes from the County Assessor.

TAX CALCULATIONS

New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	302,375	0	302,375	376,572	0	0	58,349	434,920	3,685.77
TOTAL	302,375	0	302,375	376,572	0	0	58,349	434,920	

Note:
1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?

Total Property Taxes	434,920
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(58,349)
less Base Value Taxes	(25,219)
Annual Gross TIF	351,353

MARKET VALUE BUT / FOR ANALYSIS

Current Market Value - Est.	1,620,000
New Market Value - Est.	24,190,000
Difference	22,570,000
Present Value of Tax Increment	7,475,815
Difference	15,094,185
Value likely to occur without Tax Increment is less than:	15,094,185

EHLERS PUBLIC FINANCE ADVISORS

TIF District #15 - 2% Inflation

City of Robbinsdale, MN

118 units Market Rate Rental

TAX INCREMENT CASH FLOW

% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-	-			02/01/23
100%	75,594	(20,250)	-	55,344	124.538%	68,924	34,462	(124)	(3,434)	30,904	29,997	0.5	2023	08/01/23
							34,462	(124)	(3,434)	30,904	59,552	1	2023	02/01/24
100%	302,375	(20,250)	-	282,125	124.538%	351,353	175,676	(632)	(17,504)	157,540	207,983	1.5	2024	08/01/24
							175,676	(632)	(17,504)	157,540	354,221	2	2024	02/01/25
100%	308,423	(20,250)	-	288,173	124.538%	358,884	179,442	(646)	(17,880)	160,917	501,386	2.5	2025	08/01/25
							179,442	(646)	(17,880)	160,917	646,376	3	2025	02/01/26
100%	314,591	(20,250)	-	294,341	124.538%	366,566	183,283	(660)	(18,262)	164,361	792,281	3.5	2026	08/01/26
							183,283	(660)	(18,262)	164,361	936,030	4	2026	02/01/27
100%	320,883	(20,250)	-	300,633	124.538%	374,402	187,201	(674)	(18,653)	167,874	1,080,682	4.5	2027	08/01/27
							187,201	(674)	(18,653)	167,874	1,223,196	5	2027	02/01/28
100%	327,300	(20,250)	-	307,050	124.538%	382,394	191,197	(688)	(19,051)	171,458	1,366,601	5.5	2028	08/01/28
							191,197	(688)	(19,051)	171,458	1,507,887	6	2028	02/01/29
100%	333,846	(20,250)	-	313,596	124.538%	390,547	195,273	(703)	(19,457)	175,113	1,650,053	6.5	2029	08/01/29
							195,273	(703)	(19,457)	175,113	1,790,117	7	2029	02/01/30
100%	340,523	(20,250)	-	320,273	124.538%	398,862	199,431	(718)	(19,871)	178,842	1,931,050	7.5	2030	08/01/30
							199,431	(718)	(19,871)	178,842	2,069,900	8	2030	02/01/31
100%	347,334	(20,250)	-	327,084	124.538%	407,344	203,672	(733)	(20,294)	182,645	2,209,607	8.5	2031	08/01/31
							203,672	(733)	(20,294)	182,645	2,347,250	9	2031	02/01/32
100%	354,281	(20,250)	-	334,031	124.538%	415,995	207,997	(749)	(20,725)	186,524	2,485,738	9.5	2032	08/01/32
							207,997	(749)	(20,725)	186,524	2,622,180	10	2032	02/01/33
100%	361,366	(20,250)	-	341,116	124.538%	424,819	212,410	(765)	(21,164)	190,480	2,759,457	10.5	2033	08/01/33
							212,410	(765)	(21,164)	190,480	2,894,705	11	2033	02/01/34
100%	368,593	(20,250)	-	348,343	124.538%	433,820	216,910	(781)	(21,613)	194,516	3,030,778	11.5	2034	08/01/34
							216,910	(781)	(21,613)	194,516	3,164,839	12	2034	02/01/35
100%	375,965	(20,250)	-	355,715	124.538%	443,001	221,500	(797)	(22,070)	198,633	3,299,715	12.5	2035	08/01/35
							221,500	(797)	(22,070)	198,633	3,432,598	13	2035	02/01/36
100%	383,485	(20,250)	-	363,235	124.538%	452,365	226,183	(814)	(22,537)	202,831	3,566,284	13.5	2036	08/01/36
							226,183	(814)	(22,537)	202,831	3,697,994	14	2036	02/01/37
100%	391,154	(20,250)	-	370,904	124.538%	461,917	230,958	(831)	(23,013)	207,114	3,830,498	14.5	2037	08/01/37
							230,958	(831)	(23,013)	207,114	3,961,044	15	2037	02/01/38
100%	398,977	(20,250)	-	378,727	124.538%	471,660	235,830	(849)	(23,498)	211,483	4,092,373	15.5	2038	08/01/38
							235,830	(849)	(23,498)	211,483	4,221,761	16	2038	02/01/39
100%	406,957	(20,250)	-	386,707	124.538%	481,597	240,799	(867)	(23,993)	215,939	4,351,923	16.5	2039	08/01/39
							240,799	(867)	(23,993)	215,939	4,480,162	17	2039	02/01/40
100%	415,096	(20,250)	-	394,846	124.538%	491,733	245,867	(885)	(24,498)	220,483	4,609,165	17.5	2040	08/01/40
							245,867	(885)	(24,498)	220,483	4,736,261	18	2040	02/01/41
100%	423,398	(20,250)	-	403,148	124.538%	502,072	251,036	(904)	(25,013)	225,119	4,864,111	18.5	2041	08/01/41
							251,036	(904)	(25,013)	225,119	4,990,073	19	2041	02/01/42
100%	431,866	(20,250)	-	411,616	124.538%	512,618	256,309	(923)	(25,539)	229,848	5,116,779	19.5	2042	08/01/42
							256,309	(923)	(25,539)	229,848	5,241,613	20	2042	02/01/43
100%	440,503	(20,250)	-	420,253	124.538%	523,375	261,688	(942)	(26,075)	234,671	5,367,183	20.5	2043	08/01/43
							261,688	(942)	(26,075)	234,671	5,490,897	21	2043	02/01/44
100%	449,313	(20,250)	-	429,063	124.538%	534,347	267,173	(962)	(26,621)	239,590	5,615,338	21.5	2044	08/01/44
							267,173	(962)	(26,621)	239,590	5,737,940	22	2044	02/01/45
100%	458,300	(20,250)	-	438,050	124.538%	545,538	272,769	(982)	(27,179)	244,608	5,861,260	22.5	2045	08/01/45
							272,769	(982)	(27,179)	244,608	5,982,758	23	2045	02/01/46
100%	467,466	(20,250)	-	447,216	124.538%	556,953	278,477	(1,003)	(27,747)	249,727	6,104,964	23.5	2046	08/01/46
							278,477	(1,003)	(27,747)	249,727	6,225,365	24	2046	02/01/47
100%	476,815	(20,250)	-	456,565	124.538%	568,597	284,298	(1,023)	(28,327)	254,947	6,346,466	24.5	2047	08/01/47
							284,298	(1,023)	(28,327)	254,947	6,465,778	25	2047	02/01/48
100%	486,351	(20,250)	-	466,101	124.538%	580,473	290,237	(1,045)	(28,919)	260,273	6,585,781	25.5	2048	08/01/48
							290,237	(1,045)	(28,919)	260,273	6,704,012	26	2048	02/01/49
Total							11,500,157	(41,401)	(1,145,876)	10,312,881				
	Present Value From 08/01/2022			Present Value Rate	3.00%		7,475,815	(26,913)	(744,890)	6,704,012				

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Tax Increment Financing District No. 15 (the "District"), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 15 is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

   The District consists of one parcel and vacant right-of-way, with plans to redevelop the area for an existing site for construction of 118 units of market rate rental housing in the City. Parcels consisting of 70 percent of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 15 permitted by the TIF Plan.*

   The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcel currently occupied by a substandard building, the incompatible land uses at close proximity, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a pro forma as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan: This finding is justified on the grounds that the cost of demolition and site improvements and utilities add to the total redevelopment cost. Historically, construction costs, site and public improvements costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is $0.

b. If the proposed development occurs, the total increase in market value will be $22,570,000.

c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be $7,475,815.

d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than $15,094,185 (the amount in clause b less the amount in clause c) without tax increment assistance.

3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

   The Planning Commission reviewed the TIF Plan on 05/20/2021 and found that the TIF Plan conforms to the general development plan of the City. **OR** The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 15 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Redevelopment Project No. 13 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State and add a high-quality development to the City.

Through the implementation of the TIF Plan, REDA or the City will increase the availability of safe and decent life-cycle housing in the City.

Appendix D

REPORT OF INSPECTION PROCEDURES AND RESULTS FOR
DETERMINING QUALIFICATIONS OF A
TAX INCREMENT FINANCING DISTRICT AS A REDEVELOPMENT DISTRICT

4600 LAKE ROAD REDEVELOPMENT TIF DISTRICT

ROBBINSDALE, MINNESOTA

May 19, 2021

Prepared by:

LHB, Inc.
701 Washington Avenue North, Suite 200
Minneapolis, Minnesota 55401

Prepared for the

CITY OF ROBBINSDALE

LHB Project No. 210296

This appendix is part of the Redevelopment Plan 13 and TIF plan 15 is available on the City Website on the Robbinsdale Economic Development Authority page or https://www.robbinsdalemn.com/home/showpublisheddocument/13036/637582176107392582

Attachment B

EHLERS
PUBLIC FINANCE ADVISORS

MEMORANDUM

TO: Marcia Glick, City Manager
FROM: Jason Aarsvold and Keith Dahl, Ehlers
DATE: 6-2-2021
SUBJECT: Reuter Walton - Tax Increment Financing Request

The City of Robbinsdale received a proposal from Reuter Walton (the "Developer") to redevelop the existing building located a 4600 Lake Avenue. The new project includes construction of a 118-unit market rate apartment building that would contain a mix of studio, 1-bedroom and 2-bedroom units with related indoor and outdoor amenities, including docks along the lake.

Citing a financial gap in the project the Developer is requesting tax increment financing (TIF) assistance to make the project financially feasible. Based on previous policy discussion, we understand the City is willing to consider TIF, provided the duration of assistance does not exceed 15 years. This memo reviews the need for TIF based on our analysis of the Developer's project budget and projections, generally known as a pro forma. We have reviewed the project based on industry standards for construction, land, and project costs, market rate rents, operating expenses, developer fees, underwriting and financing criteria, and return on investment.

The table below depicts the Developer's proposed sources and uses for the project.

SOURCES	Amount	Pct.	Per Unit
First Mortgage	18,418,096	59%	156,086
TIF Mortgage	3,280,000	11%	27,797
Equity	9,299,184	30%	78,807
TOTAL SOURCES	**30,997,280**	**100%**	**262,689**

USES	Amount	Pct.	Per Unit
Acquisition Costs	2,450,000	8%	20,763
Construction Costs	24,764,701	80%	209,870
Professional Services	1,598,846	5%	13,550
Financing Costs	1,280,900	4%	10,855
Developer Fee	902,833	3%	7,651
TOTAL USES	**30,997,280**	**100%**	**262,689**

Pro Forma Analysis

- The Developer proposes to finance the project with a mortgage in the amount of $21.69 million, which is 70% of the total development costs. Of this total amount, we have assumed $3.28 million is supported by a 15-year commitment of tax increment. Based on current underwriting conditions, the Developer is maximizing its amount of first mortgage debt. The Developer is proposing to bring $9.3 million in equity, which is 30% of total project costs. The proposed financing meets expectations for a project of this nature.

- The total development costs are $30,997,280, or $262,000 per unit. For market rate rental projects like this one, we would anticipate total development costs would range between $225,000 and $275,000 per unit. Based on our review, we conclude the projected total development cost for this project is within an acceptable range.

- The developer fee of $902,833 is 3% of total development costs. For projects requesting City assistance, we would expect to see a developer fee of no more than 3% to 5%. The proposed developer fee is acceptable.

- Proposed rents range between $1,300 per month for a studio unit, to $2,050 per month for a 2-bedroom unit. On a per square foot basis, rents range between $2.03 to $2.26, averaging $2.09. Projected rents for recent suburban market rate rental projects are ranging between $1.80 and $2.25 per square foot depending on location, unit size and amenities. The proposed rents are below the anticipated range of other suburban rental projects.

- The Developer's total projected operating expenses (before management fees, property taxes, and replacement reserves) are $495,876 per year. This equates to approximately $4,202 per housing unit per year. For a project of this nature, we would expect operating costs to range between $3,500 and $4,500 per unit per year. The proposed operating costs for the project are within industry standards.

- The proposed management fee is 3.08% of effective gross income (EGI) and reasonable for the product type. The typical range is between 3% to 5% of EGI. Replacement reserves are $250 per unit, which is within the typical range of $250 to $500 per unit per year.

Projected Return on Investment

As part of this analysis, we want to make sure that any public assistance in the project does not result in a return on investment greater than what is typical within the industry. In this case, the Developer prefers to use a cash on cost return on investment metric. This measure is simply the projected annual net operating income from the project ÷ the total development cost. For this project, the Developer is seeking to achieve a return on cost of 7%, which is consistent with industry standards.

Based on our analysis, the projected cash on cost return on investment for the project in year three (when the project is stabilized) is 5.9% without TIF assistance and 4.8% with TIF assistance. Assuming annual TIF payments continue over a 15-year period, the average annual return on cost is projected to be 6.6%. Once TIF payments stop, the project's annual self-supporting return on cost is 6.8%, slightly below the 7% threshold the Developer is seeking.

Recommendation

Based on our review of the Developer's pro forma and under current market conditions, the proposed development may not reasonably be expected to occur solely through private investment within the reasonably near future. The cost associated with developing the site as market rate rental housing makes the project feasible only through assistance, in part, from City contributions. We conclude that providing the requested level of assistance is necessary for financial feasibility and will help facilitate a successful project without unduly enriching the Developer.

Our recommendation is based on projections, our knowledge of general industry metrics, and the Developer's best estimates about the anticipated cost, income, and expenses for the project. We recommend including a provision in the City's development agreement providing for a review the project's financials once it is complete. This is commonly referred to as a "look-back" provision.

Inclusion of a look-back provision will allow the City to reconcile the actual project performance against the projections and adjust its TIF assistance as necessary. This ensures the final amount of City assistance is based on the actual performance of the project, rather than relying solely on estimates and projections.

Please contact either of us at 651-697-8500 if you have questions or comments.

Attachment C

Member ___________ moved and Member _____________ seconded a motion that the following resolution be read and adopted this 8th day of June, 2021.

ROBBINSDALE ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. _______

RESOLUTION APPROVING A MODIFICATION TO THE REDEVELOPMENT PLAN FOR REDEVELOPMENT PROJECT NO. 13 AND A TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 15

Be It Resolved by the Board of Commissioners of the Robbinsdale Economic Development Authority as follows:

Section 1. Recitals

1.01. REDA previously determined the need to establish Redevelopment Project No. 13 (the "Redevelopment Project") pursuant to Minnesota Statutes, Sections 469.001 through 469.047; (the "HRA Act"), and adopted a document entitled "Redevelopment Plan for Redevelopment Project No. 13 (the "Redevelopment Plan").

1.02. REDA has now decided to expand the geographic boundaries of the Redevelopment Project and to modify the Redevelopment Plan to include an additional tax increment financing district.

1.03. In response to a new opportunity, REDA has also determined to create Tax Increment Financing District No. 15 (the "TIF District") within Redevelopment Project No. 13 pursuant to Minnesota Statutes, sections 469.174 through 469.1794 (the "TIF Act") and has proposed using tax increment financing to facilitate the redevelopment of the site of a structurally substandard building to accommodate 118 units of market rate rental housing. The new facility will be located within the proposed TIF District, which is a redevelopment tax increment financing district within the meaning of Minnesota Statutes, Section 469.174, subd. 10(a)(1).

1.04. To this end, REDA has caused to be prepared a document entitled "Modification to the Redevelopment Plan, Redevelopment Project No. 13 and Tax Increment Financing Plan for Tax Increment Financing District No. 15".

1.05. The Modification to the Redevelopment Plan and the TIF Plan have been reviewed by the Robbinsdale Planning Commission, which on May 20, 2021 determined that they conform to the general plan for the development and redevelopment of the city of Robbinsdale (the "City") as a whole.

1.06. Notice of REDA's intent to establish the TIF District was delivered to the County Commissioner who represents the area at least 30 days before publication of the notice of the public hearing to be held before the Robbinsdale City Council.

1.07. A copy of the Modification to the Redevelopment Plan and the TIF Plan, including estimates of the fiscal and economic implications of the TIF District, was provided to Independent School District No. 281 and Hennepin County at least 30 days before the date of the public hearing.

1.08. REDA has fully reviewed the contents of the Modification to the Redevelopment Plan and the TIF Plan.

Section 2. Findings; Modification of Redevelopment Project No. 13

2.01. The Redevelopment Plan is intended to afford maximum opportunity, consistent with the needs of the City as a whole, for the redevelopment of the Redevelopment Project by private enterprise and to conform to the general plan for the development and redevelopment of the City as a whole.

2.02. REDA finds that the Modification to the Redevelopment Plan will continue to guide development and redevelopment within an expanded portion of the City which has been identified as benefitting from such assistance and provides for the establishment of an additional tax increment financing district to accomplish such goals and objectives.

Section 3. Findings; TIF District No. 15

3.01. REDA hereby finds that it is necessary and desirable for the sound and orderly development and redevelopment of the Redevelopment Project and the City as a whole, and for the protection and preservation of the public health, safety, and general welfare, that the authority granted to REDA pursuant to the TIF Act be exercised to establish the TIF District within the Redevelopment Project.

3.02. REDA further finds and it is the reasoned opinion of REDA that the redevelopment proposed in the TIF Plan for the TIF District could not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.

3.03. The Plan for the TIF District conforms to the general plan of development for the City as a whole.

3.04. The Plan for the TIF District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment of the TIF District and the Redevelopment Project by private enterprise.

3.05. The TIF District is a redevelopment tax increment financing district under Minnesota Statutes, Section 469.174, Subdivision 10(a)(1), based on the findings described in the TIF Plan. Those findings include the Report of Inspection Procedures and Results for the TIF District dated May 19, 2021 and prepared by LHB, Inc., which findings are incorporated herein by reference.

3.06. Additional reasons and facts supporting the findings regarding the TIF District are stated in the TIF Plan. REDA has also relied upon the reports and recommendations of its staff and consultants as well as the personal knowledge of the board of commissioners of REDA in reaching its conclusions regarding the TIF District.

Section 4. Modified Redevelopment Plan and TIF Plan Adopted

4.01. The Modified Redevelopment Plan and the TIF Plan are hereby approved and adopted.

4.02. The geographic boundaries of the Redevelopment Project and of the TIF District are as described in the Modified Redevelopment Plan and the TIF Plan, respectively, and are incorporated herein by reference.

4.03. The Executive Director is authorized and directed to transmit a copy of this resolution together with a copy of the Modified Redevelopment Plan and the TIF Plan to the Robbinsdale City Council with a request that the City Council conduct such hearings as required by law and approve said plans as soon hereafter as possible.

The question was on adoption of the resolutions 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 this 8th day of June, 2021.

Pat Backen, President

Attest:

Marcia Glick, Executive Director

AGENDA ITEM #9A
June 8, 2021

INFORMATION ONLY: Project Updates

ADDRESS	COMMENTS
3359 Halifax (TIF 2000-9) (Peterson)	Garage will come in at basement level vs 4 feet down once topography further explored with the survey. Current target is a July 14th closing. Agreement has not been signed pending final building plan details.
3917 Vera Cruz (TIF 2000-10)	Sold. Landscaping soon through escrow at closing.
4136 Regent – Garages *(Pendergast)*	TIF Project 8: Mortgage payments for acquisition started 6/2016.
3933-39 W. Broadway	Working on site clearance & *Developer Roundtable with Ehlers*
42nd/W Broadway	*Parking lot pending development.* ***Working on Developer Roundtable with Ehlers***
3600 France –Parker Station Flats	Model unit open; open house planned in about a month. TIF note when completed. Third grant payment request will be final –expected after all testing and MPCA reporting finalized- - summer 2021.
Parker Village Bonds	Bond refinanced Final payment 2/1/2032 – decertify 12/31/2031.
Broadway Court	Final bond payment 2/1/2029. Opportunity to call in 2026.
MNDOT Misc. (lots to acquire)	1. Vera Cruz between 41 & 42. 2 buildable lots available. 2. 42xx Toledo-lot on new street/new alley – appraisal requested 3. Easement Only – aging title commitment – on hold:38th & Vera Cruz
3760 Lee – sale to city	Sale to city in 2021 once ready for conversion to open space/garden.
3108-12 Grimes; 4212 Grimes	Holding.
OPEN TO BUSINESS	By appointment only. Multi-year contract with ability to cancel.
4614 41 ½ Ave N *(Mitchell Realty)*	2 year lease; month to month starting August 2022 to 12/31/2022 signed.
4165 Hubbard *NSide Oriental Mkt*	lease through 4/30/2022 – payments with rent relief on schedule.
4501 Orchard	REDA has right to review plans for through 2028. Lot owned by neighbor.
Salon HALO	Exercised extension through 6/30/2024.
GO Health	Lease through 12/31/2021; working on lease extension for 5 more years.
Lions Gym Façade loan	Projects completed–forgiven after 10 years (January 2022)
EMI Rehab Façade loan	Projects completed –forgiven after 10 years (January 2022)
Wicked Wort Façade loan	Project completed – forgiven after 10 years (December 2025)
Golden Age Design Façade loan	Project completed – forgiven after 10 years (December 2026)
Birdhouse Building Façade loan	Project completed –forgiven after 10 years (March 1, 2031)
Hy-Vee TIF District	Pay-as-you-go TIF agreement. Projected decertification 12/31/2044.
Clare Housing TIF District	Pay-as-you-go TIF agreement. Projected decertification 7/1/2042.
Birdtown Flats TIF District	Pay-as-you-go TIF agreement. Projected decertification 7/1/2033.
Parker Station Flats TIF District TIF	Pay-as-you-go TIF after project completion – est. on REDA Agenda August 2021
4600 Lake Road	Review and consider TIF District 15/expanded Redevelopment District 13 expected to be considered at City Council public hearing on June 15. ***See Agenda Item.***

Marcia Glick

Marcia Glick, Executive Director

06/08/2021 11:39 AM
User: jyang
DB: Robbinsdale

INVOICE GL DISTRIBUTION REPORT FOR CITY OF ROBBINSDALE
EXP CHECK RUN DATES 05/13/2021 - 06/09/2021
JOURNALIZED
PAID

INVOICE GL DISTRIBUTIONI REPORT FOR ROBBINSDALE ECONOMIC DEVELOPMENT AUTHORITY

GL Number	Invoice Line Desc	Vendor	Invoice Description	Amount	Check #
			Fund Totals:		
			Fund 2005 BUSINESS & H	12,735.29	
			Total For All Funds:	12,735.29	

INVOICE GL DISTRIBUTION REPORT FOR CITY OF ROBBINSDALE
EXP CHECK RUN DATES 05/13/2021 - 06/09/2021
JOURNALIZED
PAID

INVOICE GL DISTRIBUTIONI REPORT FOR ROBBINSDALE ECONOMIC DEVELOPMENT AUTHORITY

GL Number	Invoice Line Desc	Vendor	Invoice Description	Amount	Check #
Check 113					
2005-2005-6139.00000	COMMISSIONER STIPEND	BACKEN, PAT	REG MEETING 05/11/2021	60.00	113
		Total For Check 113		60.00	
Check 114					
2005-2005-6139.00000	COMMISSIONER STIPEND	BLONIGAN, WILLIAM	REG MEETING 05/11/2021	60.00	114
		Total For Check 114		60.00	
Check 115					
2005-2005-6139.00000	COMMISSIONER STIPEND	SELMAN, GEORGE	REG MEETING 05/11/2021	60.00	115
		Total For Check 115		60.00	
Check 205988					
2005-2005-6410.00000	GAS SERVICE	CENTERPOINT ENERGY MINNE	3933 W BROADWAY GAS SERVICE	11.42	205988
		Total For Check 205988		11.42	
Check 206159					
2005-2005-6414.00000-00005	WATER & SEWER SERVICE	CITY OF ROBBINSDALE-UTIL	WATER UTILITY 02/23-04/23	38.38	206159
2005-2005-6414.00000-00005	WATER & SEWER SERVICE	CITY OF ROBBINSDALE-UTIL	WATER UTILITY 02/23-04/23	38.38	206159
2005-2005-6414.00000-00005	WATER & SEWER SERVICE	CITY OF ROBBINSDALE-UTIL	WATER UTILITY	38.38	206159
2005-2005-6414.00000-00005	WATER & SEWER SERVICE	CITY OF ROBBINSDALE-UTIL	WATER UTILITY	343.73	206159
		Total For Check 206159		458.87	
Check 206160					
2005-2005-6310.00000-00005	PROFESSIONAL SERVICES	EHLERS & ASSOCIATES	REUTER WALTON LAKE RD APTS PREP & REV	3,135.00	206160
		Total For Check 206160		3,135.00	
Check 206161					
2005-2005-6358.00000-00005	DEMOLITION	GENE'S WATER & SEWER INC	WATER & SEWER CUT OFFS PER 3933 W BR	6,900.00	206161
		Total For Check 206161		6,900.00	
Check 206162					
2005-2005-6139.00000	COMMISSIONER STIPEND	KLINE, TYLER	REG MEETING 05/11/2021	60.00	206162
		Total For Check 206162		60.00	
Check 206163					
2005-2005-6340.00000-00005	REPAIR & MAINTENANCE	MAJOR MECHANICAL LLC	INSPECTION TRANE UNITS INSTALLED NEW	1,930.00	206163
		Total For Check 206163		1,930.00	
Check 206164					
2005-2005-6139.00000	COMMISSIONER STIPEND	WEBB, SHEILA	REG MEETING 05/11/2021	60.00	206164
		Total For Check 206164		60.00	