

**ROBBINSDALE ECONOMIC DEVELOPMENT AUTHORITY
AGENDA**

TUESDAY, SEPTEMBER 20, 2016

**Immediately following the city council meeting
which begins at 7:00 p.m.**

**Council Chambers
Special Meeting**

1. **CALL TO ORDER:**
2. **ROLL CALL:** Backen, Murphy, Rogan, Selman, President Blonigan
3. **NEW BUSINESS:**
 - A. **Refinancing Cunningham Apartment – Subordination Agreement Request..... 2**
 - B. **4165 Hubbard Ave N – Acquisition /Grant Application... 3-4**
4. **ADJOURNMENT**

New Business: Refinancing Cunningham Apartment – subordination agreement request

Background:

On Tuesday, Staff was contacted by Allison Brandenburg of Best & Flanigan representing NHHI, indicating that the Cunningham Apartment is being refinanced and a new subordination agreement is needed and that more information would be forthcoming.

In 2006 the refinancing request was accompanied by a request for a waiver to the Development/Assessment/Equity Participation Agreement for the Cunningham Apartment Building at 4556 Lake Drive. The Equity Participation Agreement calls for sharing proceeds from the sale of the property with the HRA. This Equity Participation also applies should the owners re-finance the property.

Update:

In 2006, REDA executed both a Subordination Agreement – confirming that all of the equity pulled out in the refinancing would be reinvested in the building, and a separate Agreement noting that the Equity Participation Agreement was still in full force and that the subordination was specific to the one transaction. The 2006 loan original principal amount was \$1,138,400. The second agreement specifically required the expected \$68,000 payment from Hennepin County, related to CR81/CR9 takings, would also be invested in the building.

The 2016 loan amount is \$1,560,400. 2016 refinancing would extract \$121,000 to be used to fund “non-critical repairs” plus a 10% contingency. Of that \$105,000 would be used to repair and modernize the elevator system and the rest would be used for concrete and siding repairs. The HUD distribution also shows \$508,197 going into a Replacement Reserve account. Use of the reserve account funds is governed by a Regulatory Agreement for Multi-family Projects between NHHI and HUD. A copy of the agreement will be available at the meeting. The agreement identifies \$502,467 as an initial reserve amount plus monthly contributions of \$500.

The subordination agreement provided has the same provisions as the previous agreement other than the much higher loan amount. The independent market appraisal for the property shows a market value of \$1.89M. The loan to value of the new mortgage will be 82.5%.

We are still waiting on confirmation on use of the \$68,000 County payment.

Recommendation

By motion, authorize the Executive Director to execute the Subordination Agreement and additional documents determined necessary by the REDA Attorney.


Marcia Glick, Executive Director



New Business: 4165 Hubbard Acquisition/Grant Application

Background

At the August 10, 2016 meeting the REDA provided negotiation instruction for acquisition of the Northside Oriental Market at 4165 Hubbard Ave N. The purchase agreement has been somewhat complicated by the commercial lease and business sale. A purchase agreement has been prepared and title work will be underway shortly. The Hennepin County Assessing staff confirmed that the price requested by the owner is quite reasonable considering the lease in place. The target closing date is September 30, 2016.

Hennepin County has just issued a fall TOD RFP which is due October 6, 2016.

Discussion

Redevelopment Project Area 10 includes the downtown area between the railroad, 42nd, CR81, and 41st and includes the 4165 Hubbard building.

Board support is an important component of the grant application process, as well as including the development in a redevelopment district, and a resolution has been prepared for this purpose. The TOD Grant does not have a prescribed outcome such as workforce housing or jobs. In this case, the acquisition is related to station area planning for the Metro Blue Line LRT as well as the site being adjacent to REDA owned property at 4161 Hubbard.

The Robbinsdale City Council will be asked to adopt a similar resolution which will be added to the October 4th agenda.

Recommendation

By motion, adopt the resolution of support (Attachment 1) for application to Hennepin County for Fall 2016 Transit Oriented Development Program grant.

Marcia Glick, Executive Director