



Roseville Economic Development Authority (REDA)

May 8, 2017

Meeting 6:00 p.m.

City Council Chambers

- 6:00 p.m. **1. Roll Call**
Voting & Seating Order: Willmus, Etten, McGehee, Laliberte
and Roe
- 2. Pledge of Allegiance**
- 3. Approve Agenda**
- 6:02 p.m. **4. Public Comment**
- 5. Items Removed from Consent Agenda**
- 6. Business Items (Action Items)**
- 6:03 p.m. a. Authorize Development Agreement for 196 McCarrons
Blvd S. through the Single-Family Housing
Replacement Program.
- 6:08 p.m. b. Approve resolution of support for use of CDBG funds,
TIF, Ramsey County HOME funds, and application to
LCDA for proposed Multi-Family Lifestyle
Development on Old Highway 8 by Sands Company,
Inc.
- 6:28 p.m. **7. Approve Minutes**
 a. Approve EDA Minutes – April 18, 2017
- 8. Approve Consent Agenda**
- 6:30 p.m. **9. Adjourn to City Council meeting**

All meetings at Roseville City Hall, 2660 Civic Center Drive, Roseville, MN unless otherwise noted.



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 5/8/2017
Item No.: 6.a

Department Approval

Executive Director Approval

Item Description: Consider Entering Into Development Agreement with Journey Home Minnesota

BACKGROUND

The Roseville Economic Development Authority (REDA) approved the sale of 196 McCarrons Boulevard South to Journey Home MN on April 18, 2017. Journey Home MN is a non-profit organization founded in 2008, which provides affordable housing in safe neighborhoods for families at risk, military veterans and their families. The next step is for the REDA to approve the development agreement which provides the terms of the sale.

POLICY OBJECTIVE

The board determined that 196 S. McCarrons Boulevard meets the guidelines of the Housing Replacement Program which strives to bring new investment and improvements to the City's neighborhoods.

BUDGET IMPLICATIONS

REDA agreed to the sale price of \$115,000 as a deferred loan that would be an accounts receivable on the property.

STAFF RECOMMENDATION

Make motion to adopt resolution approving development agreement.

REQUESTED EDA BOARD ACTION

Make motion to adopt resolution approving development agreement.

Prepared by: Jeanne Kelsey, Housing Economic Development Program Manager, 651-792-7086
Attachments: A: Development Agreement
B: Resolution approving development agreement

PURCHASE AND DEVELOPMENT CONTRACT

Between

ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

and

JOURNEY HOME MINNESOTA

for property located at

196 McCarrons Boulevard South, Roseville MN 55113

This Instrument Drafted by:

KENNEDY & GRAVEN, Chartered (MNI)
470 US Bank Plaza
Minneapolis, Minnesota 55402
Telephone: 612-337-9300

41
42 **PURCHASE AND DEVELOPMENT CONTRACT**
43
44

45 **THIS AGREEMENT**, made and entered into as of this 8th day of May, 2017, by and
46 between the Roseville Economic Development Authority, a public body corporate and politic
47 under the laws of the State of Minnesota (“Authority”) and Journey Home Minnesota, a
48 Minnesota nonprofit corporation (“Developer”).
49

50 **WITNESSETH:**
51

52 **WHEREAS**, the City of Roseville (“City”) and the Housing and Redevelopment
53 Authority in and for the City of Roseville (the “HRA”) have previously created and established a
54 Redevelopment Project (“Project”) pursuant to the authority granted in Minnesota Statutes,
55 Sections 469.001 through 469.047 (the “HRA Act”); and
56

57 **WHEREAS**, pursuant to the Act, the City and the Authority have previously adopted a
58 redevelopment plan for the Project (“Redevelopment Plan”); and
59

60 **WHEREAS**, the HRA has transferred the control and administration of the Project to the
61 Authority, which is authorized to exercise the powers of a housing and redevelopment authority
62 under Minnesota Statutes, Sections 469.090 through 469.1081, as amended (the “Act”); and
63

64 **WHEREAS**, in order to achieve the objectives of the Redevelopment Plan and
65 particularly to make specified land in the Project available for development by private enterprise
66 for and in accordance with the Redevelopment Plan, the Authority has determined to provide
67 substantial aid and assistance to finance development costs in the Project; and
68

69 **WHEREAS**, the Developer has proposed a development as hereinafter defined within
70 the Project which the Authority has determined will promote and carry out the objectives for
71 which the Project has been undertaken, will assist in carrying out the obligations of the
72 Redevelopment Plan, will be in the vital best interests of the City and the health, safety and
73 welfare of its residents and is in accord with the public purposes and provisions of the applicable
74 state and local laws and requirements under which development in the Project has been
75 undertaken and is being assisted.
76

77 **NOW, THEREFORE**, in consideration of the mutual covenants and obligations of the
78 Authority and the Developer, each party does hereby represent, covenant and agree with the
79 other as follows:
80

81 **ARTICLE I.**
82

83 **DEFINITIONS, EXHIBITS, RULES OF INTERPRETATION**
84

85 **Section 1.1. Definitions.** In this Agreement, the following terms have the meaning
86 given below unless the context clearly requires otherwise:

Building Plans. Detailed plans for the Improvements to be constructed on the Property, as required by the local building official for issuance of a building permit.

Construction Plans. The construction plans approved by the Authority pursuant to Section 4.1 of this Agreement. The Construction Plans include a schedule for construction of the Improvements, preliminary plans and schematics of the Improvements to be constructed, and a landscaping plan.

Development. The Property and the Improvements to be constructed thereon according to the Construction Plans approved by the Authority.

Event of Default. Event of Default has the meaning given such term in Section 8.1.

Guidelines. The Roseville Lot/Sale Replacement Program Overview, approved May 21, 2013 and as it may be amended, attached as Exhibit B to this Agreement.

Homeowner. The individual person or persons purchasing the Property from Developer and who will be living in the home following purchase, and who must meet the requirements of Developer's Journey Home USA Guidelines, which are attached to this Agreement as Exhibit F and incorporated by reference.

Improvements. Each and all of the structures and site improvements constructed on the Property by the Developer, as specified in the Construction Plans to be approved by the Authority.

Letter of Credit. The Letter of Credit or cash escrow required to be provided by the Developer at closing on the Property, pursuant to Section 5.1.

Minimum Market Value. \$425,000, which is the minimum market value for the land and Improvements as confirmed by the Ramsey County Assessor.

Mortgage. A mortgage granted by a third party lender, or by the Authority, to the Developer in accordance with Sections 3.1 and 7.2 of this Agreement.

Property. The real property legally described as:

The South ½ of the Northwest ¼ of the Southeast ¼ of the Southeast ¼ of Section 13, Township 29, Range 23, County of Ramsey, State of Minnesota, except the West 600 feet thereof, and except the South 256.42 feet thereof; and the east 39 Feet of the North 90 feet of the South 256.42 feet of the East ½ of the Northwest ¼ of the Southeast ¼ of the Southeast ¼ of said Section 13 and that part of the East ½ of the Southeast ¼ of the Southeast ¼ of said Section 13 lying Southwesterly of the center of McCarrons Boulevard as now located and Northwesterly of the centerline of a lane running North 79 degrees 35 minutes west from a point on the east line of said Section 13, distant 575.6 feet North of the Southeast corner thereof, lying Northwesterly of a line running

Northeasterly from said centerline of lane, at right angles thereto and from a point distant 657.74 feet Northwesterly from its point of beginning on said East line of Section 13.

Located on land having a street address of:

196 McCarrons Boulevard South, Roseville, MN 55113

Unavoidable Delays. Delays which are the direct result of strikes, labor troubles, fire or other casualty to the Improvements, litigation commenced by third parties which results in delays or acts of any federal, state or local government, except those contemplated by this Agreement, which are beyond the control of the Developer.

Section 1.2. Exhibits. The following Exhibits are attached to and by reference made a part of this Agreement:

- A. Form of Certificate of Completion
- B. Guidelines
- C. Form of Quit Claim Deed
- D. Well Disclosure
- E. Form of Authority Mortgage
- F. Journey Home USA Guidelines

Section 1.3. Rules of Interpretation.

(a) This Agreement shall be interpreted in accordance with and governed by the laws of the State of Minnesota.

(b) References herein to any particular section or subdivision hereof are to the section or subdivision of this Agreement as originally executed.

(c) Any titles of the several parts, articles and sections of this Agreement are inserted for convenience and reference only and shall be disregarded in construing or interpreting any of its provisions.

ARTICLE II.

REPRESENTATIONS AND UNDERTAKINGS

Section 2.1. By the Developer. The Developer makes the following representations and undertakings:

(a) The Developer has the legal authority and power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by action of its board of directors;

(b) The Developer has the necessary equity capital or has obtained commitments for financing necessary for construction of the Improvements;

(c) The Developer will construct the Improvements in accordance with the terms of this Agreement and all local, state and federal laws and regulations;

(d) The Developer will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, the requirements of all local, state and federal laws and regulations which must be obtained or met before the Improvements may be constructed;

(e) The plans for the Improvements have been prepared by a qualified draftsman or architect; and

(f) The Developer has read and understands the Guidelines and agrees to be bound by them.

Section 2.2. By the Authority. The Authority makes the following representations as the basis for the undertaking on its part herein contained:

(a) The Authority is authorized by law to enter into this Agreement and to carry out its obligations hereunder; and

(b) The Authority will, in a timely manner, subject to all notification requirements, review and act upon all submittals and applications of the Developer and will cooperate with the efforts of the Developer to secure the granting of any permit, license, or other approval required to allow the construction of the Improvements.

ARTICLE III.

ACQUISITION OF PROPERTY; CONVEYANCE TO DEVELOPER

Section 3.1. Purchase of Property by Developer. The Authority agrees to sell the Property to Developer and the Developer agrees to purchase the Property from the Authority in an "as-is" condition. As provided in the Guidelines, the Developer has paid the Authority an application fee of \$500 for payment of administrative costs related to this Agreement. The Authority agrees to convey the Property to the Developer by Quit Claim Deed in the general form of Exhibit C. The Authority's deed to the Developer will contain the right of reverter required in Section 8.3. The purchase price for the Property will be \$115,000 ("Purchase Price"). There will be no payment of earnest money. The Developer will provide the Authority with a promissory note (the "Note") secured by a Mortgage, both in substantially the form attached hereto as Exhibit E, for the Purchase Price (\$115,000) at Closing. The Authority's Mortgage may be subordinated to any Mortgage held by a third party lender for the construction of the Improvements on the Property.

Section 3.2. Title and Examination. As soon as reasonably possible after execution of this Agreement by both parties,

(a) Authority shall surrender any abstract of title and a copy of any owner's title insurance policy for the property, if in Authority's possession or control, to Developer or to Developer's designated title service provider; and

(b) Developer shall obtain the title evidence determined necessary or desirable by Developer or Developer's construction lender, including but not limited to title searches, title examinations, abstracting, a title insurance commitment or an attorney's title opinion, at Developer's selection and cost, and provide a copy to the Authority.

The Developer shall have 20 days from the date it receives such title evidence to raise any objections to title it may have. Objections not made within such time will be deemed waived. The Authority shall have 90 days from the date of such objection to effect a cure; provided, however, that the Authority shall have no obligation to cure any objections, and may inform Developer of such. The Developer may then elect to close notwithstanding the uncured objections or declare this Agreement null and void, and the parties will thereby be released from any further obligation hereunder.

Section 3.3. Taxes and Special Assessments. Real estate taxes will be prorated between the Authority and Developer as of the date of closing. The parties agree that there are no special assessments levied against the Property as of the date of this Agreement, and that it is expected that no special assessments will be levied or pending against the Property on the Closing Date. Pending special assessments, if any, will be paid by the Authority.

Section 3.4. Soil Conditions and Hazardous Wastes. The Developer acknowledges that the Authority makes no representations or warranties as to the conditions of the soils on the Property, its fitness for the construction of improvements or any other purpose for which the Developer may use the Property, or regarding the presence of hazardous wastes on the Property. The Authority will allow reasonable access to the Property for the Developer to conduct such tests regarding soils conditions and hazardous wastes as the Buyer may desire. Permission to enter the Property to conduct such tests must be given in writing under reasonable terms and conditions established by the Authority.

Section 3.5. Site Clearance. The Authority will be responsible for clearance of all buildings as required to prepare the Property for development. All other site preparation is the responsibility of Developer. Developer will comply with all of the provisions of the Guidelines relating to tree protection, preservation and replacement.

Section 3.6. Other Preconditions to Closing. Closing may not take place until the Authority is satisfied that the Development is in all respects in full compliance with the provisions of the Guidelines contained in Exhibit B. If a Homeowner is identified, it is anticipated that the Developer will involve the Homeowner in the various activities required under the Guidelines so that the Homeowner will have an opportunity to contribute suggestions concerning development of the Property.

Section 3.7. Closing. Closing shall take place on or before July 1, 2017 (“Closing Date”), or such other date as may be agreed to by the Developer and Authority in writing. At Closing, the Developer must comply with the provisions of Section 5.1, in addition to providing the Note and Mortgage for the Purchase Price.

Section 3.8. Closing Costs. The Developer will pay: (a) the closing fees charged by its title insurance company or other closing agent, if any, utilized to close the transaction for Developer; (b) title services chosen by Developer pursuant to Section 3.2 above, including the premium for title insurance policy, if any, and (c) the recording fees for this Agreement and the deed transferring title to the Developer. Authority will pay all other fees normally paid by sellers, including (a) any transfer taxes, and (b) fees and charges related to the filing of any instrument required to make title marketable. Each party shall pay its own attorney fees.

Section 3.9. Sewer and Water. Authority warrants that city water is available at the lot line and city sewer is available at the curb.

Section 3.10. ISTS Disclosure. Authority **(is) (is not)** aware of any individual sewage treatment system on the property. Buyer is responsible for all costs of removing any individual sewage treatment system that may be discovered on the Property.

Section 3.11. Well Disclosure. Authority’s knowledge of wells on the Property is disclosed in Exhibit D.

ARTICLE IV.

CONSTRUCTION OF IMPROVEMENTS

Section 4.1. Construction of Improvements. The Developer shall construct the Improvements on the Property in accordance with the Guidelines and the Construction Plans, shall cause the Improvements to meet or exceed the Minimum Market Value specified in Section 1.1, and shall maintain, preserve and keep the Improvements in good repair and condition. The Developer shall provide his or her proposed construction plans to the Authority for review; if the proposed construction plans are in conformity with this Agreement and the Guidelines, the Authority will approve the Construction Plans following review and comment by the Homeowner, if identified.

Section 4.2. Construction Plans. No building permit will be issued by the City unless the Building Plans are in conformity with the Guidelines, the Construction Plans, the Developer’s Minimum Market Value, any other requirements contained in this Agreement, and all local, state and federal regulations. The Developer shall provide the Authority with a set of Building Plans to be used in connection with any application for a building permit. The Authority shall, within 25 days of receipt of the Building Plans, review the same to determine whether the foregoing requirements have been met. If the Authority determines such Building Plans to be deficient, it shall notify the Developer in writing stating the deficiencies and the steps necessary for correction. Issuance of the building permit by the City shall be a conclusive

determination that the Building Plans have been approved and shall satisfy the provisions of this Section 4.2.

Section 4.3. Schedule of Construction. Subject to Unavoidable Delays, construction of the Improvements shall commence no later than six months after Closing, and shall be completed no later than one year after the Closing Date ("Construction Completion Date"). All construction shall be in conformity with the approved Construction Plans and the Guidelines. Periodically during construction the Developer shall make reports in such detail as may reasonably be requested by the Authority concerning the actual progress of construction. If at any time prior to completion of construction the Authority has cause to believe that the Developer will be unable to complete construction of the Improvements in the time permitted by this Section 4.3, it may notify the Developer and demand assurances from the Developer regarding the Developer's construction schedule. If such assurances are not forthcoming or are deemed by the Authority at its sole discretion to be inadequate, the Authority may declare an Event of Default and may avail itself of any of the remedies specified in Section 8.2 of this Agreement.

Section 4.4. Certificate of Completion. After notification by the Developer of completion of construction of the Improvements, the Authority shall inspect the construction to determine whether the Improvements have been completed in accordance with the Construction Plans and the terms of this Agreement, including the date of the completion thereof. In the event that the Authority is satisfied with the construction, and upon closing on the sale of the Property to the Homeowner, the Authority shall furnish the Developer with a Certificate of Completion in the form attached hereto as Exhibit A. Such certification by the Authority shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement, provided that such termination of the agreements and covenants in this Agreement shall not include termination of the Authority's Note and Mortgage, which will be assigned by the Developer to the Homeowner as provided in Section 6.4. Issuance of the Certificate of Completion shall also serve as a satisfaction of any obligation of Developer secured by the Letter of Credit, and the Letter of Credit will be released to the Developer. At the time a Certificate of Completion is issued, the Authority will also provide Developer with a \$5,000 cash rebate if Developer has obtained certification through LEED for Homes, Minnesota GreenStar, or Minnesota Green Communities.

If the Authority shall refuse or fail to provide certification in accordance with the provisions of this Section 4.4, the Authority shall within 15 days of such notification provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Improvements in accordance with the provisions of this Agreement necessary, in the opinion of the Authority, for the Developer to take or perform in order to obtain such certification.

Section 4.5. Failure to Construct. In the event that construction of the Improvements is not completed as provided in Section 4.3 of this Agreement, an Event of Default shall be deemed to have occurred, and the Authority may proceed with its remedies under Section 8.2.

ARTICLE V.

REDEVELOPMENT ASSISTANCE

Section 5.1. Issuance of the Letter of Credit. (a) Developer acknowledges that although it is purchasing the Property at its fair market value as raw land, the Authority has incurred significant costs in acquiring and preparing the Property for development by Developer. At Closing, Developer will deliver to the Authority a Letter of Credit in the principal amount of \$10,000 (the "Letter of Credit"). The Letter of Credit will be in a form, contain provisions and be issued by a banking institution acceptable to the Authority. The obligation to pay the \$10,000 will be forgiven, and the Letter of Credit will be released if: (i) the Developer receives a Certificate of Completion; and (ii) the Developer is not otherwise in default of any of its obligations hereunder. If such have not occurred, an Event of Default shall be deemed to have occurred and the Authority may exercise its remedies under Section 8.2.

(b) In the alternative to a Letter of Credit, if mutually agreed by the parties to this Agreement, Developer will deliver to the Authority \$10,000 to be placed in a non-interest bearing escrow account pursuant to an Escrow Agreement, dated as of the date hereof, between Developer and Authority. The obligation to pay the \$10,000 to the Authority will be forgiven, and the cash in the escrow account will be returned to Developer if: (i) the Developer receives a Certificate of Completion; and (ii) the Developer is not otherwise in default of any of its obligations hereunder. If such have not occurred, an Event of Default shall be deemed to have occurred and the Authority may exercise its remedies under Section 8.2.

ARTICLE VI.

FINANCING

Section 6.1. Financing. Authority acknowledges that Developer has submitted evidence of financing for the Improvements in compliance with the provisions of Section 2.1(b) of this Agreement. Developer must notify Authority immediately of any changes to or withdrawal of the approved financing. Authority shall have 10 days to approve or disapprove changes in financing. If the Authority rejects a change in the approved financing or if the approved financing is withdrawn, the Developer shall have 30 days or such additional period of time as the Developer may reasonably require from the date of the Authority's notification to submit evidence of financing satisfactory to the Authority. If the Developer fails to submit such evidence or fails to use due diligence in pursuing financing, the Authority may terminate this Agreement and both parties shall be released from any further obligation or liability hereunder. Closing shall not take place until Developer has provided Authority with acceptable evidence of financing for construction of the Improvements.

Section 6.2. Copy of Notice of Default to Lender. Whenever the Authority shall deliver any notice or demand to the Developer with respect to any Event of Default by the Developer in its obligations or covenants under this Agreement, the Authority shall at the same time forward a copy of such notice or demand to each holder of any Mortgage authorized by the Agreement at the last address of such holder shown in the records of the Authority.

Section 6.3. Subordination. In order to facilitate obtaining financing for the construction of the Improvements by the Developer, the Authority may, in its sole and exclusive discretion, agree to modify this Agreement in the manner and to the extent the Authority deems reasonable, upon request by the financial institution and the Developer, including subordination of the Authority's Note and Mortgage.

Section 6.4. Assignment of Authority Mortgage to Homeowner. Upon conveyance of the Property and completed Improvements by the Developer to the Homeowner, the Developer shall assign, and the Homeowner shall assume, the Note and Mortgage for the Purchase Price of the Property. Pursuant to the terms of the Note and Mortgage, no payments of principal or interest shall be payable by the Homeowner to the Authority until the date the Property is sold by the Homeowner to a third party not meeting the qualifications for home ownership under the Journey Home USA Guidelines.

ARTICLE VII.

PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER

Section 7.1. Representation as to Redevelopment. The Developer represents and agrees that its undertakings pursuant to the Agreement, are for the purpose of development of the Property and not for speculation in land holding. The Developer further recognizes that, in view of the importance of the Development to the general welfare of the City and the substantial financing and other public aids that have been made available by the Authority for the purpose of making the Development possible, the qualification and identity of the Developer are of particular concern to the Authority. The Developer further recognizes that it is because of such qualifications and identity that the Authority is entering into this Agreement, and, in so doing, is further willing to rely on the representations and undertakings of the Developer for the faithful performance of all undertakings and covenants agreed by the Developer to be performed.

Section 7.2. Prohibition Against Transfer of Property and Assignment of Agreement. For the reasons set out in Section 7.1 of this Agreement, the Developer represents and agrees as follows:

(a) Except as specifically allowed by this section, Developer has not made or created, and, prior to the issuance of the Certificate of Completion, Developer will not make or create, or suffer to be made or created, any total or partial sale, assignment, conveyance, or any trust in respect to this Agreement or the Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, without the prior written approval of the Authority.

(b) This provision shall not be deemed as preventing the Developer from entering into a Purchase Agreement for the sale of the Property to a Homeowner.

(c) This provision does not prohibit conveyances that are only by way of security for, and only for the purpose of obtaining financing necessary to enable the Developer or any successor in interest to the Property, or any part thereof, to perform its obligations with respect to the Development under this Agreement, and any other purpose authorized by this Agreement.

Any Mortgage provided to the Developer by a third-party lender must be disclosed to the Authority, and must be subordinate to this Agreement. The Developer must provide the Authority with an address for the holder of the Mortgage for purposes of providing notices as may be required by this Agreement.

ARTICLE VIII.

EVENTS OF DEFAULT

Section 8.1. Events of Default Defined. The following shall be deemed Events of Default under this Agreement and the term shall mean, whenever it is used in this Agreement, unless the context otherwise provides, any one or more of the following events:

(a) Failure by the Developer to pay when due the payments required to be paid or secured under any provision of this Agreement;

(b) Failure by the Developer to observe and substantially perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder, including the time for such performance;

(c) If the Developer shall admit in writing its inability to pay its debts generally as they become due, or shall file a petition in bankruptcy, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of itself or of the whole or any substantial part of the Property;

(d) If the Developer, on a petition in bankruptcy filed against it, be adjudicated as bankrupt, or a court of competent jurisdiction shall enter an order or decree appointing, without the consent of the Developer, a receiver of the Developer or of the whole or substantially all of its property, or approve a petition filed against the Developer seeking reorganization or arrangement of the Developer under the federal bankruptcy laws, and such adjudication, order or decree shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(e) If the Development is in default under any Mortgage and has not entered into a work-out agreement with the holder of the Mortgage.

Section 8.2. Remedies on Default. Whenever any Event of Default occurs, the Authority may, in addition to any other remedies or rights given the Authority under this Agreement, take any one or more of the following actions following written notice by the Authority to the Developer as provided in Section 9.3 of this Agreement:

(a) Suspend its performance under this Agreement until it receives assurances from the Developer, deemed reasonably adequate by the Authority, that the Developer will cure its default and continue its performance under this Agreement;

(b) Cancel or rescind this Agreement;

(c) Exercise its right under Section 8.3;

(d) Draw the full amount of the Letter of Credit or withdraw all funds in the escrow account established in Section 5.1;

(e) Withhold the Certificate of Completion; or

(f) Take whatever action at law or in equity may appear necessary or desirable to the Authority to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement; provided, however, that any exercise by the Authority of its rights or remedies hereunder shall always be subject to and limited by, and shall not defeat, render invalid or limit in any way (a) the lien of any Mortgage authorized by this Agreement and (b) any rights or interest provided in this Agreement for the protection of the holders of a Mortgage; and provided further that should any holder of a Mortgage succeed by foreclosure of the Mortgage or deed in lieu thereof to the Developer's interest in the Property, it shall, notwithstanding the foregoing, be obligated to perform the obligations of the Developer under this Agreement to the extent that the same have not therefore been performed by the Developer.

Section 8.3. Revesting Interest in Authority Upon Happening of Event of Default Subsequent to Conveyance of Property to Developer. In the event that subsequent to the closing or the sale of the Property to the Developer and prior to the issuance of the Certificate of Completion:

(a) The Developer fails to begin construction of the Improvements in conformity with this Agreement, and such failure is not due to Unavoidable Delays;

(b) The Developer, after commencement of the construction of the Improvements, defaults in or violates obligations with respect to the construction of the Improvements, including the nature and the date for the completion thereof, or abandons or substantially suspends construction work, and such act or actions is not due to Unavoidable Delays;

(c) The Developer or successor in interest fails to pay real estate taxes or assessments on the Property or any part thereof when due, or places thereon any encumbrance or lien unauthorized by this Agreement, or suffers any levy or attachment to be made, or any supplier's or mechanic's lien, or any other unauthorized encumbrance or lien to attach;

(d) There is, in violation of Article VII of this Agreement, any transfer of the Property or any part thereof; or

(e) The Developer fails to comply with any of its covenants under this Agreement, then the Authority shall have the right upon 30 days' written notice to Developer and the Developer's failure to cure within such 30 days period, to re-enter and take possession of the Property and to terminate and revest in the Authority the interest of the Developer in the Property; provided, however, that such revestiture of title shall be subject to the lien of any prior

encumbrance permitted under this Agreement, or any right of a Homeowner pursuant to a valid Purchase Agreement authorized by this Agreement.

Section 8.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Developer to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article VIII.

Section 8.5. No Additional Waiver Implied by One Waiver. In the event of the occurrence of any Event of Default by either party, which Event of Default is thereafter waived by the other party, such waiver shall be limited to the particular Event of Default so waived and shall not be deemed to waive any other concurrent, previous or subsequent Event of Default.

ARTICLE IX.

ADDITIONAL PROVISIONS

Section 9.1. Conflict of Interests; Representatives Not Individually Liable. No Authority officer who is authorized to take part in any manner in making this Agreement in his or her official capacity shall voluntarily have a personal financial interest in this Agreement or benefit financially there from. No member, official, or employee of the Authority shall be personally liable to the Developer, or any successor in interest, for any Event of Default by the Authority or for any amount which may become due to the Developer or successor or on any obligations under the terms of this Agreement.

Section 9.2. Non-Discrimination. The provisions of Minnesota Statutes Section 181.59, which relate to civil rights and non-discrimination, and any affirmative action program of the City shall be considered a part of this Agreement and binding on the Developer as though fully set forth herein.

Section 9.3. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is sent by mail, postage prepared, return receipt requested or delivered personally:

(a) As to the Authority:

Roseville Economic Development Authority
 Attn: Housing and Economic Development Program Manager
 2660 Civic Center Drive
 Roseville, MN 55113

(b) As to the Developer:

Journey Home Minnesota

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section 9.3.

Section 9.4. Counterparts. This Agreement may be simultaneously executed in any number of counterparts, all of which shall constitute one and the same instrument.

Section 9.5. Extensions. Any extension to the Closing Date and/or extension to Construction Completion Date that exceeds 6 months after the date agreed to in Section 3.7 and 4.3, respectively, must be approved by the Authority Board. Authority staff is authorized to extend the Closing Date to a date less than 6 months after the Closing Date agreed to in Section 3.7 and extend the Construction Completion Date to a date less than 6 months after the Construction Completion Date agreed to in Section 4.3.

Section 9.6. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

[signature pages follow]

Authority Signature Page to Purchase and Development Contract

**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 _____, 2017, by _____, 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 _____, 2017, by _____, 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

JOURNEY HOME MINNESOTA

By _____
Its _____

[illegible]

The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by _____, the _____ of Journey Home Minnesota, a nonprofit corporation under the laws of Minnesota, on behalf of the corporation.

Notary Public

EXHIBIT A

FORM OF CERTIFICATE OF COMPLETION

The undersigned hereby certifies that Journey Home Minnesota (the "Developer") has fully and completely complied with its obligations under that document entitled "Purchase and Development Contract" between the Roseville Economic Development Authority and the Developer, dated _____, filed in the office of the Ramsey County Recorder as Document No. _____ (the "Contract"), and that the Developer is released and forever discharged from its obligations under such Contract.

DATED: _____

ROSEVILLE ECONOMIC
DEVELOPMENT AUTHORITY

By: _____
Its: Executive Director

STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this ____ day of _____, 20__, by _____ the Executive Director of the Roseville Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the authority.

Notary Public

This instrument was drafted by:

Kennedy & Graven, Chartered
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402

EXHIBIT B

PROGRAM GUIDELINES – LOT SALE PROGRAM



Roseville Lot/Sale Replacement Program

Program Overview**Program Objectives**

- To remove substandard, functionally obsolete housing on scattered sites throughout the City and replace with new, higher-valued, sustainable housing.
- To eliminate the influence of blight of substandard housing, thus improving residential neighborhoods.
- To facilitate the construction of larger (3+ bedrooms/2+ bathrooms/2-car garage) owner-occupied homes that complement the neighborhood and are designed to expand family opportunities or serve elderly residents.

These objectives will be achieved by the RHRA purchasing and razing substandard homes and selling the lot to a licensed builder or individual for the construction of a single-family, owner-occupied home. **This document is meant to guide program administration and should not be interpreted as constituting any contractual agreement or liability by the Roseville Housing and Redevelopment Authority (RHRA). The RHRA may modify or divert from the guidelines when it deems appropriate.*

Program Basics

- RHRA publishes a list of available vacant lots for purchase including sale price and development criteria.
- A builder with an identified buyer, a buyer with an identified builder, or a builder without an identified buyer proposes a plan consistent with development criteria/program requirements and offers to purchase the lot.
- RHRA Board holds a public hearing to collect public comment then approves or rejects lot sale.
- When HRA approves a lot sale, the lot is sold to Potential Homeowner or Builder/Developer.
- Project must be 100% complete within one year after closing.

Builder Requirements

- Must be a licensed contractor.
- Must demonstrate financial capabilities by providing:
 - a) A statement from a financial institution of sufficient construction capital to complete the project.
 - b) Proof of Builder's Comprehensive General Liability with Property Damage Protection and proof of sufficient worker's compensation insurance coverage by the Builder.
 - c) Written warranty to be provided to the Buyer, which guarantees at minimum, warranted repairs as required by Minnesota State Statute.
- Must provide references from
 - a) 5 satisfied customers
 - b) Building inspectors from 2 cities where Builder has constructed new housing within the past 3 years
- Provide an inventory of all homes currently under construction.

Housing Design and Site Criteria

- Home design must comply with all federal, state, and local building codes.
- Construction on the home must commence within six months after closing. The project must be 100% complete one year after closing.
- All building plans must have been prepared in consultation with an architect or qualified draftsman. All requirements by the Building Inspections Division must be met.
- Home shall be single-family and owner-occupied.
- A minimum of three bedrooms is required. A fourth bedroom or a den is preferred; two full bathrooms are preferred. A home design with 1½ baths will be considered.
- A two-car garage with a paved, hard surface driveway is required.
- Exterior materials (siding, soffit, doors and windows) should be low maintenance and durable. Brick, aluminum, vinyl and fiber cement siding are preferred. Natural cedar lap is acceptable if properly stained or painted. Hardboard panels or hardboard lap siding materials are not acceptable. Roof valleys must have metal valleys and not be woven.
- A full basement shall be provided unless the selected design results in a split-level or walkout basement.
- All air conditioning units must be located in the rear yard of the house.
- Utility meters shall be screened from street view, and the meter locations identified on the plans.
- Unit height and mass of new home shall be compatible with the scale of the surrounding neighborhood. The house building lines, variable roof lines, door and window placement used to minimize wall mass, and house orientation to street must present a balanced and pleasing view from all sides.
- The dominance of the garage door must be minimized through placement, architectural detail, door design and/or utilization and design of windows and must adhere to City Code Chapter 1004.05(A). Garage sidewalls facing the street should appear to contain habitable space. This can be accomplished by incorporating windows and other design elements into the garage wall that are in character with the rest of the dwelling.
- The entire grounds shall be landscaped to be aesthetically pleasing in all seasons. Land forms and plant materials shall be used to define the site and blend with adjoining properties. Specific lot line blending requirements may be required, as appropriate, for specific sites.
- A Tree Preservation Plan (City Code Chapter 1011.04) should be completed and existing trees shall be preserved when possible. Care should also be taken to preserve existing root systems. Construction fencing around root system must be provided on trees directly adjacent to active grading and construction areas.
- Site drainage shall be accommodated on the site so that water is directed away from the new home and the neighborhood properties. The builder must comply with any federal, state or local drainage requirements. Construction of the finished structure must not have a detrimental impact on storm water drainage patterns on the adjoining properties. Roof gutters will be required.

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Housing Design and Site Criteria (continued)

- Soil condition should be verified to assure that the quality of the soil can handle the new constructed home. If modifications are required, proper documentation must be submitted.
- The neighboring property and adjacent public streets shall be kept free of construction debris at all times. The construction site shall be maintained so it does not become a nuisance. Under no circumstance during the construction period shall construction workers, construction equipment, or construction materials enter, disturb, or damage neighboring properties.
- The property shall have a new sanitary service line installed to the City sanitary sewer main consisting of schedule 40 PVC or equivalent. A new PVC wye must be installed at the main. If there is an existing 4" or 6" sewer stub at the property line, it must be lined with 4" schedule 40 PVC or equivalent to the City's sanitary main including through the existing wye. If the stub was tapped into the City main, a PVC wye must be cut into the main and reconnected to the service line. The lining work must be verified with a follow up televising supplied to the City.
- The new home that is constructed must have Green Communities Concepts. Any concepts that will be included must be explained in a written plan submitted with the application. A \$5,000 rebate will be provided to projects that obtain certification through LEED for Homes, Minnesota GreenStar or Minnesota Green Communities. Priorities for Green Communities Concept include the following:
 - a) Protect and conserve water and soil. To reduce water consumption, consider the use of water conserving appliances, fixtures, and landscaping. Steps should be taken to minimize the loss of soil and sediment during construction and occupancy to reduce storm-water sediment and air pollution.
 - b) Minimize energy consumption. Reduce energy consumption by taking advantage of natural heating, cooling, and day lighting, and by using energy-efficient appliances, equipment, and lighting.
 - c) Enhance indoor environmental quality. Use non-toxic materials, ventilation and exhaust systems, and moisture control products and systems.
 - d) Use environmentally preferable materials and resources. Use locally-produced, salvaged, and/or manufactured materials, products with recycled content or from renewable sources, recyclable or reusable materials, and low-VOC-emitting materials.
 - e) Reduce waste. Reduce and manage wastes generated during the construction process and operation of buildings. Sort and recycle leftover materials and debris.

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APPLICATION PROCESS

1. **Interested Applicant** *(a builder with an identified buyer OR a buyer with an identified builder OR a builder without an identified buyer)* **contacts HRA Staff to receive information about the process and criteria.**
2. **The Applicant submits a Preliminary Application, which is reviewed by HRA Staff for suitability then forwarded to the HRA Board. The Preliminary Application includes the following:**
 - Application Form & \$500 Fee *(to be returned if application is not approved by HRA Board)*
 - Copy of signed contract or letter of intent between Builder and Homeowner *(if applicable)*
 - Proposed lot
 - Description of Green Community features and certification program *(projects with LEED, MN GreenStar, or MN Green Communities certification may receive a \$5000 rebate from the City)*
 - Name and experience of builder
 - Preliminary house plans including elevations, number of bedrooms, baths, garage stalls; square footage; materials; expected market value, and any unique features of the proposed house
 - Plan for identifying a buyer *(applies only to Applicants without an identified buyer)*
3. **Preliminary Application is given to HRA Staff in a prearranged meeting to ensure Application is ready for review.**
 - The Preliminary Application will be reviewed within 5 working days by HRA Staff. Concerns that arise during the review will be discussed with the Applicant. HRA Staff has the sole discretion to reject or accept an application. If more than 1 application is submitted for the same lot during the five-working-day review period, both applications will be reviewed and the application that best meets the program guidelines will be selected. The rejected application and fee will be returned.
 - If the Preliminary Application is accepted, it will be placed on the HRA's agenda to be reviewed for approval. A public hearing will also be scheduled regarding the sale of the property.
 - If the Preliminary Application is rejected, the Applicant receives the application and fee back.
4. **Once the HRA Staff accepts a Preliminary Application, the HRA Board will hold a public hearing at its next regular meeting to consider the sale of the property where the house will be built.**
 - If the HRA approves the sale of the property, they will then review and take action on the application. If the proposal is by a builder without an identified buyer, the builder must attend the HRA meeting to present the proposal. If approved, the HRA extends a Contract for Private Development to the Builder/Applicant. The contract is a standard form that includes conditions for acquisition and development of the property. The Contract will also establish a minimum required end-value for the property based on construction estimates provided by the Applicant. The Builder or Buyer is expected to agree to the Contract terms prior to the closing.
 - If the HRA rejects the Preliminary Application, the Applicant receives the application and fee back
5. **Upon HRA approval of a Preliminary Application, Applicant will asked to submit a Final Application.**
 - The lot will be reserved for 30 calendar days; no additional applications will be accepted for the proposed lot while a Final Application is being prepared. Applicants using an architect, HRA may grant additional development time.
6. **When all Final Application documents have been received, the HRA Staff will do a Final review.**
 - The Final Application review will occur within 5 working days and will ensure that the project conforms to all Housing Design and Site Development Requirements.

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7. Upon approval of the application by the HRA, a closing will be scheduled.

- The HRA will prepare all required statements, affidavits, documents, and general release forms.
- The Builder applies for a building permit prior to closing. The Builder is responsible for acquiring the necessary building permits with the City of Roseville Building Inspections Division. If changes to the plans are required by the Building Inspections Division, the Applicant must notify HRA staff.
- At closing, Builder provides a Letter of Credit or cash escrow for \$10,000 to the HRA from a financial institution located in the Twin Cities Metro. The cash escrow will be held in a non-interest bearing account. The Letter of Credit or cash escrow will be released once the construction and landscape work are completed and a final Certificate of Occupancy is issued.
- The Applicant provides evidence to HRA staff that all requirements to proceed with construction as determined in the Contract for Private Development have been met.
- The HRA conveys the property to the Builder/Homeowner or Builder/Developer by Quit Claim Deed. The site will be sold at the fair market value as it appears on the Lot List.

8. Project is completed within one year of the closing.

- Certificate of Completion must be presented to HRA to release the Contract for Private Development obligations.
- If the Builder fails to complete construction as approved by the HRA, the Letter of Credit or cash escrow may be drawn upon by the HRA. In addition, the Contract for Private Development will contain a revert provision, which will enable the HRA to reclaim ownership of the property in the event of default in the Contract.

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Preliminary Application			
Complete	Incomplete	N/A	
☐	☐	☐	Application Form
☐	☐	☐	\$500 Application fee
☐	☐	☐	Copy of signed contract or letter of intent between Builder and Homeowner
☐	☐	☐	Proposed lot
☐	☐	☐	Preliminary house plans, including elevations
☐	☐	☐	Description of Green Community features & name of certification program. <i>Projects that obtain LEED, MN GreenStar, or Minnesota Green Communities certification will receive a \$5,000 rebate from the City.</i>
☐	☐	☐	Name and experience of builder
☐	☐	☐	Number of bedrooms, baths, & garage stalls; square footage; materials; value
☐	☐	☐	Any unique features of the proposed house
☐	☐	☐	Plan for identifying a buyer (<i>applies only to Builders without identified buyer</i>)
Final Application Documents			
☐	☐	☐	Floor Plans (three 11" x 17" copies to scale)
☐	☐	☐	Elevations (three 11" x 17" copies to scale)
☐	☐	☐	Site plan (three 11" x 17" copies to scale)
☐	☐	☐	Landscaping plan (three 11" x 17" copies to scale)
☐	☐	☐	List of materials
☐	☐	☐	Construction timeline
☐	☐	☐	Signed contract between Builder and end-buyer
☐	☐	☐	<u>Financial Capability Statement</u> <i>Homeowners:</i> A statement from a financial institution indicating willingness to provide construction and/or permanent financing. <i>Builders:</i> A statement from a financial institution indicating a willingness to provide sufficient construction capital to complete the project.
☐	☐	☐	<u>Builder References</u> - o 5 satisfied customers - o Building inspectors from two cities where the Builder has constructed new housing within the past 3 years - o Previous positive experience working with the Roseville HRA (if applicable) - o Builder/Developer Only: Inventory of all homes currently under construction
☐	☐	☐	Proof of Builder's Comprehensive General Liability with Property Damage Protection and proof of sufficient worker's compensation insurance coverage by Builder
☐	☐	☐	Proof of sufficient worker's compensation insurance coverage by the Builder
☐	☐	☐	Written warranty program (to be shared with the Buyer, which guarantees, at a minimum, warranted repairs as required by Minnesota State Statute)

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EXHIBIT C

QUIT CLAIM DEED

STATE DEED TAX DUE HEREON: \$_____

Date: _____

FOR VALUABLE CONSIDERATION, Roseville Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota, Grantor, hereby conveys and quit claims to Journey Home Minnesota, a nonprofit corporation under the laws of the State of Minnesota, Grantee, real property in Ramsey County, Minnesota, described as follows:

, according to the map or plat thereof on file or of record in the office of the Ramsey County Recorder.

This deed is subject to that certain Purchase and Development Contract between Grantor and Grantee, dated ___, 2017 (the "Contract"), recorded ___, 20___, in the office of the Ramsey County **Recorder/Registrar of Titles** as Document No. _____. The Contract provides that the Grantee's rights and interest in the real property described above are subject to the Grantor's right to re-enter and revest in Grantor title to the Property under conditions specified therein, including but not limited to termination of the Grantor's right to re-enter and revest upon issuance of a Certificate of Completion as defined in the Agreement.

(if more space is needed, continue on back)
together with all hereditaments and appurtenances.

- ☐ The Seller certifies that the seller does not know of any wells on the described real property.
☐ A well disclosure certificate accompanies this document.
☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

*HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF ROSEVILLE*

Affix Deed Tax Stamp Here

By _____
Its Chairperson

By _____
Its Executive Director

791 STATE OF MINNESOTA

792 } ss.

793 COUNTY OF RAMSEY

794

795 The foregoing was acknowledged before me this ____ day of _____, 20____, by
 796 _____, the Chairperson of the Roseville Economic Development Authority, a public
 797 body corporate and politic under the laws of Minnesota, on behalf of the corporation, Grantor.

798

799 NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RAK)

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804 STATE OF MINNESOTA

805 } ss.

806 COUNTY OF RAMSEY

807

808 The foregoing was acknowledged before me this _____ day of _____, 20____,
 809 by _____, the Executive Director, of Roseville Economic Development Authority, a
 810 public body corporate and politic under the laws of the State of Minnesota, on behalf of the
 811 corporation, Grantor.

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815 NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RAK)

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826 This instrument drafted by:

827

828 Kennedy & Graven, Chartered

829 470 U.S. Bank Plaza

830 200 South Sixth Street

831 Minneapolis, MN 55402

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

Check here if part or all of the land is Registered (Torrens) ☐

Tax Statements for the real property described in this
 instrument should be sent to (include name and
 address of Grantee):

EXHIBIT D

WELL DISCLOSURE

- ☐ The Seller certifies that the seller does not know of any wells on the described real property.
- ☐ A well disclosure certificate accompanies this document.
- ☐ The status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

PROMISSORY NOTE

\$115,000.00

_____, 2017

Journey Home Minnesota (“Maker”), for value received, hereby promises to pay to the Roseville Economic Development Authority, a public body corporate and politic under the laws of Minnesota, or its assigns (collectively referred to herein as “Holder”), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of One Hundred Fifteen Thousand and no/100^{ths} Dollars (\$115,000.00), without interest thereon, in any coin or currency that at the time or times of payment is legal tender for the payment of private debts in the United States of America. The principal of this Note is payable as follows:

1. The entire unpaid balance of principal shall be due and payable upon the earlier of the following: (i) thirty (30) days after written notification by Holder to Maker of the occurrence of an Event of Default as defined in the Purchase and Development Agreement between the Maker and the Holder, dated _____, 2017 (the “Agreement”), or as defined in the Mortgage given by the Maker to the Holder of even date herewith (the “Mortgage”) and demand of payment according to Section 15 of the Mortgage; or (ii) ten (10) days after the Maker makes or allows to be made any total or partial transfer, sale, assignment, conveyance, lease, or transfer in any other mode, of the Property (as defined hereafter), if such transfer is made to any person not meeting the requirements set forth in the Agreement.

2. This Note is given pursuant to the Agreement. If any information in the Agreement is found to be invalid for whatever reason, such invalidity shall constitute an Event of Default hereunder.

3. This Note is secured by the Mortgage regarding the property described in the Agreement (the “Property”). All of the agreements, conditions, covenants, provisions, and stipulations contained in the Agreement and the Mortgage are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If an Event of Default occurs under the Agreement, the Mortgage, or any other instrument securing this Note, then the Holder of this Note may at its right and option, without notice, declare immediately due and payable the principal balance of this Note, together with reasonable attorneys fees and expenses incurred by the Holder of this Note in collecting or enforcing payment hereof, whether by lawsuit or otherwise, and all other sums due hereunder or any instrument securing this Note. The Maker of this Note agrees that the Holder of this Note may, without notice to and without affecting the liability of the Maker, accept additional or substitute security for this Note, or release any security or any party liable for this Note or extend or renew this Note.

4. This Note may only be assigned pursuant to the terms of the Agreement, and only with the written consent of the Holder.

5. The remedies of the Holder of this Note as provided herein, and in the Agreement,

the Mortgage, or any other instrument securing this Note shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Holder of this Note, may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Holder of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

6. If any term of this Note, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

7. If any Event of Default occurs, and if Holder engages legal counsel or others in connection with advice to Holder or Holder's rights and remedies under the Agreement, the Mortgage, or this Note, Maker shall pay all reasonable expenses incurred by Holder for such persons, irrespective of whether any suite or other proceeding has been or is filed or commenced. Any such expenses, costs and charges shall constitute additional principal, payable upon demand, and subject to this Note and the Mortgage.

8. It is intended that this Note is made with reference to and shall be construed as a Minnesota contract and is governed by the laws thereof. Any disputes, controversies, or claims arising out of this Note shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

9. The performance or observance of any promise or condition set forth in this Note may be waived, amended, or modified only by a writing signed by the Maker and the Holder. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed as of the
_____ day of _____, 2017

JOURNEY HOME MINNESOTA

[SIGNATURE PAGE FOR PROMISSORY NOTE]

Mortgage Registration Tax: \$_____

The maximum principal indebtedness secured by this mortgage is \$115,000.

MORTGAGE

THIS MORTGAGE is given on _____, 2017. Borrower is Journey Home Minnesota, a Minnesota nonprofit corporation ("Borrower"). This Mortgage is given to the Roseville Economic Development Authority, a public body corporate and politic (the "Authority"). Borrower owes the Authority the principal sum of \$115,000.00. This debt is evidenced by a promissory note of even date herewith (the "Note"). This Mortgage secures to Authority: (a) the repayment of the debt evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, advanced to protect the security of this Mortgage; (c) the performance of Borrower's covenants and agreements under this Mortgage and the Note; and (d) is subject to the terms and conditions of that certain Purchase and Development Agreement between Borrower and Authority, dated as of _____, 2017. For this purpose, Borrower does hereby mortgage, grant and convey to the Authority, with power of sale, the property located in Ramsey County, Minnesota and fully described in the attached Exhibit A, together with all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Mortgage. All of the foregoing is referred to in this Mortgage as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant, and convey the Property and that the Property is unencumbered, except for encumbrances of record and as set forth in paragraph 17. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

Borrower and the Authority agree as follows:

1. PAYMENT OF PRINCIPAL; LATE CHARGES. Borrower shall promptly pay when due the principal on the debt evidenced by the Note and any late charges due under the Note.

2. CHARGES; LIENS. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which may attain priority over this Mortgage, and leasehold payments or ground rents, if any. Borrower shall pay these obligations on time directly to the person owed payment.

Borrower shall promptly discharge any lien which has priority over this Mortgage and is not listed in paragraph 17, unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner reasonably acceptable to the Authority; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Authority's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to the Authority subordinating the lien to this Mortgage. If the Authority determines that any part of the Property is subject to a lien which may attain priority over this Mortgage, the Authority may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within thirty (30) days of the giving of notice.

3. HAZARD OR PROPERTY INSURANCE. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire and any other hazards for which the Authority requires insurance. This insurance shall be maintained in the amounts and for the periods that the Authority reasonably requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to the Authority's approval, which shall not be unreasonably withheld or delayed. If Borrower fails to maintain coverage described above, the Authority may, at the Authority's option, obtain coverage to protect the Authority's rights in the Property in accordance with paragraph 5.

All insurance policies and renewals shall be reasonably acceptable to the Authority and shall include a standard mortgage clause. If the Authority requires, Borrower shall promptly give to the Authority all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and the Authority. The Authority may make proof of loss if not made promptly by Borrower.

If under paragraph 15 the Property is acquired by the Authority, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to the Authority to the extent of the sums secured by this Mortgage immediately prior to the acquisition.

4. PROTECTION OF THE PROPERTY. Borrower shall not destroy or damage the Property or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in the Authority's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Mortgage or the Authority's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 13, by causing the action or proceeding to be dismissed with a ruling that, in the Authority's good faith determination, precludes forfeiture of Borrower's interest in the Property or other material impairment of the lien created by this Mortgage or the Authority's security interest. Borrower shall also be in default if Borrower gave materially false or

inaccurate information or statements to the Authority in connection with the loan evidenced by the Note.

5. PROTECTION OF AUTHORITY'S RIGHTS IN THE PROPERTY. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or there is a legal proceeding that may significantly affect the Authority's rights in the Property (such as a proceeding in bankruptcy, condemnation or forfeiture), the Authority may do and pay for whatever is necessary to protect the value of the Property and the Authority's rights in the Property. The Authority's actions may include paying any sums secured by a lien which has priority over this Mortgage, appearing in court, paying reasonable attorneys fees and entering on the Property to make repairs. Although the Authority may take action under this paragraph 5, the Authority is not required to do so.

Any amounts disbursed by the Authority under this paragraph 5 shall become additional debt of Borrower secured by this Mortgage. Unless Borrower and the Authority agree to other terms of payment, these amounts shall bear interest from the date of disbursement at a rate equal to the interest rate on the Note and shall be payable, with interest, upon notice from the Authority to Borrower requesting payment.

6. INSPECTION. The Authority or its agent may make reasonable entries upon and inspections of the Property.

7. CONDEMNATION. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Authority.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Mortgage, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Mortgage immediately before the taking, unless Borrower and the Authority otherwise agree in writing, if any, the sums secured by this Mortgage shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and the Authority otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Mortgage whether or not the sums are then due.

The Authority acknowledges this Mortgage is subordinate to the liens specifically referred to in Section 17 hereof.

1117 8. FORBEARANCE BY AUTHORITY NOT A WAIVER. Any forbearance by the
 1118 Authority in exercising any right or remedy shall not be a waiver of or preclude the exercise of
 1119 any right or remedy.

1120
 1121 9. SUCCESSORS AND ASSIGNS BOUND. The covenants and agreements of this
 1122 Mortgage shall bind and benefit the successors and assigns of the Authority and Borrower.

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 1124 10. LOAN CHARGES. If the loan secured by this Mortgage is or becomes subject to
 1125 a law which sets maximum loan charges, and that law is finally interpreted so that the interest or
 1126 other loan charges collected or to be collected in connection with the loan exceed the permitted
 1127 limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the
 1128 charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded
 1129 permitted limits will be refunded to Borrower. The Authority may choose to make this refund by
 1130 reducing the principal owed under the Note or by making a direct payment to Borrower. If a
 1131 refund reduces principal, the reduction will be treated as a partial prepayment under the Note.

1132
 1133 11. NOTICES. Any notice to Borrower provided for in this Mortgage shall be given
 1134 by delivering it personally or by mailing it by first class United States mail, postage prepaid,
 1135 return receipt requested. The notice shall be directed to Borrower at 899 Cobb Road, Shoreview,
 1136 Minnesota 55126, or any other address Borrower designates by notice to the Authority. Any
 1137 notice to the Authority shall be given or mailed to City Hall, 2660 Civic Center Drive, Roseville,
 1138 Minnesota 55113, Attention: Executive Director, or any other address the Authority designates
 1139 by notice to Borrower. Any notice provided for in this Mortgage shall be deemed to have been
 1140 given to Borrower or the Authority when given as provided in this paragraph.

1141
 1142 12. GOVERNING LAW; SEVERABILITY. This Mortgage shall be governed by the
 1143 law of the state of Minnesota. In the event that any provision or clause of this Mortgage or the
 1144 Note conflicts with applicable law, such conflict shall not affect other provisions of this
 1145 Mortgage or the Note which can be given effect without the conflicting provision. To this end,
 1146 the provisions of this Mortgage and the Note are declared to be severable.

1147
 1148 13. BORROWER'S RIGHT TO REINSTATE. If Borrower meets certain conditions,
 1149 Borrower shall have the right to have enforcement of this Mortgage discontinued at any time
 1150 prior to the earlier of: (a) five (5) days before sale of the Property pursuant to any power of sale
 1151 contained in this Mortgage; or (b) entry of a judgment enforcing this Mortgage. Those
 1152 conditions are that Borrower: (a) pays the Authority all sums which then would be due under this
 1153 Mortgage and the Note as if no acceleration had occurred; (b) cures any default of any other
 1154 covenants or agreements; (c) pays all expenses incurred in enforcing this Mortgage, including,
 1155 but not limited to, reasonable attorneys fees; and (d) takes such action as the Authority may
 1156 reasonably require to assure that the lien of this Mortgage, the Authority's rights in the Property
 1157 and Borrower's obligation to pay the sums secured by this Mortgage shall continue unchanged.
 1158 Upon reinstatement by Borrower, this Mortgage and the obligations secured hereby shall remain
 1159 fully effective as if no acceleration had occurred.

1160
 1161 14. HAZARDOUS SUBSTANCES. Borrower shall not cause or permit the presence,
 1162 use, disposal, storage, or release of any hazardous substances on or in the Property, except those

solvents, oils, cleaning materials, and other substances as are used in the ordinary course of Borrower's business. Borrower shall not do, and will use its best efforts not to allow anyone else to do, anything affecting the Property that is in violation of any environmental law.

Borrower shall promptly give the Authority written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any hazardous substance or environmental law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory EDA, that any removal or other remediation of any hazardous substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with that environmental law.

As used in this paragraph 14, "hazardous substances" are those substances defined as toxic or hazardous substances by environmental law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 14, "environmental law" means federal or state laws that relate to environmental protection.

15. ACCELERATION; REMEDIES. The Authority shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Mortgage ("Event of Default"). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than thirty (30) days from the date the notice is given to Borrower by which the default must be cured, provided, however, if Borrower is diligently pursuing a cure, Borrower shall have such additional time as is reasonably necessary to complete the cure; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and sale. If the default is not cured on or before the date specified in the notice, the Authority at its option may require immediate payment in full of any sums secured by this Mortgage without further demand and may invoke the power of sale and any other remedies permitted by law. The Authority shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 15, including, but not limited to, reasonable attorneys fees.

If the Authority invokes the power of sale, the Authority shall cause a copy of a notice of sale to be served upon any person in possession of the Property. The Authority shall publish a notice of sale, and the Property shall be sold at public auction in the manner prescribed by law. The Authority or its designee may purchase the Property at any sale. The proceeds of the sale shall be applied in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable attorneys fees; (b) to all sums secured by this Mortgage; and (c) any excess to the person or persons legally entitled to it.

16. RELEASE OF MORTGAGE. Upon payment or forgiveness of all sums secured by this Mortgage, the Authority shall discharge this Mortgage without charge to Borrower. Authority shall pay any recordation costs.

1208 17. PRIOR LIENS. The Authority acknowledges this Mortgage is subordinate to the
1209 following previously recorded liens on the Property:

1210
1211 (a) [insert if any]
1212

1213
1214
1215
1216
1217 (The remainder of this page is intentionally left blank.)
1218
1219

Its _____

**EXHIBIT A
TO MORTGAGE**

LEGAL DESCRIPTION

The South $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 13, Township 29, Range 23, County of Ramsey, State of Minnesota, except the West 600 feet thereof, and except the South 256.42 feet thereof; and the east 39 Feet of the North 90 feet of the South 256.42 feet of the East $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 13 and that part of the East $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 13 lying Southwesterly of the center of McCarrons Boulevard as now located and Northwesterly of the centerline of a lane running North 79 degrees 35 minutes west from a point on the east line of said Section 13, distant 575.6 feet North of the Southeast corner thereof, lying Northwesterly of a line running Northeasterly from said centerline of lane, at right angles thereto and from a point distant 657.74 feet Northwesterly from its point of beginning on said East line of Section 13.

Located on land having a street address of:

196 McCarrons Boulevard South, Roseville, MN 55113

1287
1288
1289

EXHIBIT F
JOURNEY HOME USA GUIDELINES

**EXTRACT OF MINUTES OF MEETING
OF THE
ROSEVILLE ECONOMIC AUTHORITY**

* * * * *

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners (the “Board”) of the Roseville Economic Development Authority (the “Authority”) was duly held on the 8th day of May, 2017, 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.

**RESOLUTION RATIFYING APPROVAL OF A PURCHASE AND
DEVELOPMENT CONTRACT BETWEEN THE ROSEVILLE ECONOMIC
DEVELOPMENT AUTHORITY AND JOURNEY HOME MINNESOTA**

WHEREAS, the Authority currently administers its Redevelopment Project No. 1 (the “Project”), pursuant to Minnesota Statutes, Sections 469.001 to 469.047 and Sections 469.090 to 469.1081, as amended (the “Act”); and

WHEREAS, To facilitate the redevelopment of certain property in the Project, the Authority has negotiated the terms of a Purchase and Development Contract (the “Contract”) between the Authority and Journey Home Minnesota (the “Developer”), pursuant to which among other things the Authority will convey to the Developer certain property within the Project described as follows (the “Development Property”):

The South ½ of the Northwest ¼ of the Southeast ¼ of the Southeast ¼ of Section 13, Township 29, Range 23, County of Ramsey, State of Minnesota, except the West 600 feet thereof, and except the South 256.42 feet thereof; and the east 39 Feet of the North 90 feet of the South 256.42 feet of the East ½ of the Northwest ¼ of the Southeast ¼ of the Southeast ¼ of said Section 13 and that part of the East ½ of the Southeast ¼ of the Southeast ¼ of said Section 13 lying Southwesterly of the center of McCarrons Boulevard as now located and Northwesterly of the centerline of a lane running North 79 degrees 35 minutes west from a point on the east line of said Section 13, distant 575.6 feet North of the Southeast corner thereof, lying Northwesterly of a line running Northeasterly

45 from said centerline of lane, at right angles thereto and from a point distant 657.74
46 feet Northwesterly from its point of beginning on said East line of Section 13; and
47

48 WHEREAS, on April 18, 2017, the Authority conducted a duly noticed public hearing
49 regarding the sale of the Development Property to Developer, at which all
50 interested persons were given an opportunity to be heard, and approved
51 the general terms of conveyance of the Development Property to the
52 Developer; and
53

54 WHEREAS, the Authority has now reviewed the Contract providing for the sale of the
55 Development Property and the construction of single-family housing by
56 the Developer on said property,
57

58 NOW, THEREFORE, BE IT RESOLVED as follows:
59

60 1. The Board hereby ratifies its approval of the conveyance of the
61 Development Property to the Developer, and confirms its finding that conveyance
62 by the Authority of the Development Property to the Developer pursuant to the
63 Contract is for a public purpose and is in the public interest because it will
64 revitalize and diversify housing stock, provide housing opportunities for low- to
65 moderate-income residents, and eliminate potential blighting factors in the City of
66 Roseville.
67

68 2. The Contract as presented to the Board is hereby in all respects approved,
69 subject to modifications that do not alter the substance of the transaction and that are
70 approved by the President and Executive Director, provided that execution of the
71 Contract by such officials shall be conclusive evidence of approval.
72

73 3. Authority staff and officials are authorized to take all actions necessary to
74 perform the Authority's obligations under the Contract as a whole, including without
75 limitation execution of any documents to which the Authority is a party referenced
76 in or attached to the Contract, and any deed or other documents necessary to convey
77 the Development Property to Developer, all as described in the Contract.
78
79

80 The motion for the adoption of the foregoing resolution was duly seconded by Member
81

82 , and upon a vote being taken thereon, the following voted in favor thereof:
83

84 and the following voted against the same: none.
85

86 WHEREUPON said resolution was declared duly passed and adopted.
87
88
89

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 regularly held meeting thereof on May 8, 2017.

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.

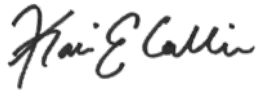
Witness my hand as the Executive Director of the Authority this ___ day of May, 2017.

Executive Director
Roseville Economic Development
Authority

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: 5/8/2017
Item No.: 6.b

Department Approval



City Manager Approval



Item Description: Consider Sand Development, LLC Request for Resolutions of Financial Support for a Proposed Multi-Family Lifestyle Community Located Near the Southeast Corner of County Rd D and Old Highway 8

BACKGROUND

On April 18, 2017 Sands Development, LLC presented to the Roseville Economic Development Authority (REDA) a proposal to build a 209 mixed-income rental housing development on a 8.71 acre residential site located near the southeast corner of County Rd. D and Old Highway 8. The property is surrounded by commercial to the north, high density to the south, commercial and medium density residential to the west and Highway 88 to the east (attachment A). The property is zoned HDR-1 (High Density Residential) which allows for the development of multi-family rental housing.

The proposal includes three multi-family buildings along with a community building. The multi-family buildings will have multiple story heights to break up the building elevations, but no building will be greater than four-stories. The community building will serve the whole development and includes a management/leasing office, fitness room, conference room, maintenance office, storage space, reception area, and a pool area with sundeck (attachment B).

Sand Development, LLC is seeking funding from various sources, including the City of Roseville, and a summary of the request is outlined below:

HOME Funds

The developer has made application to Ramsey County for HOME investment funds. Fund award determinations will be made by Ramsey County on May 9, 2017. The REDA will need to express support for the developer's application by adopting a Resolution at this meeting (attachment C) to be eligible for fund consideration.

Livable Communities Demonstration Account (LCDA) Funds

Sand Development is requesting the City/REDA submit an application applying for Livable Communities Demonstration Account (LCDA) grant funds from the Metropolitan Council to incorporate the enhanced storm water management systems that would capture run-off water for irrigation of the site, the incorporation of a solar energy system, and connections with sidewalks to Sandcastle Park and bus stops on County Road D.

At this time, REDA staff has submitted to the Metropolitan Council a, "Project Concept Plan" (PCP) which was due May 4, 2017. The PCP served as a preliminary application to the Metropolitan

Council for review of the project. The Metropolitan Council will review whether the project is suited for LCDA funds, to review eligible and ineligible grant activities, and allow Metropolitan Council staff to provide general project feedback. This preliminary application does not commit the REDA, or the City, to apply for LCDA funds in the event the REDA chooses to not pursue support of the project this evening.

In the event the REDA does want to continue support for the project, a Resolution supporting application for LCDA funds is included as attachment D. If the Metropolitan Council determines that the project's overall concept meets LCDA intentions then the REDA will be notified by June 2, 2017 to submit an application for LCDA funds that will be due by June 29, 2017.

Minnesota Housing Finance & Local Funding Sources

The only other application that will be due is to Minnesota Housing Finance for Housing Tax Credits and additional gap funding by June 15, 2017. A separate Resolution is not needed specifically for this funding request, however, a Resolution of financial support or letter is needed documenting the creation of a Tax Increment Financing (TIF) district and the commitment of the REDA Community Development Block Grant (CDBG) funds to the project (attachment E).

A timeline and summary of the applications can be found as attachment F.

POLICY OBJECTIVE

The City of Roseville and Roseville Economic Development Authority (REDA) adopted Public Financing and Business Subsidy Policy on October 17, 2016 (attachment G).

BUDGET IMPLICATIONS

The table below outlines the funds being sought for the financing of the proposed development. The developer is requesting the City contribute \$1,006,000 of TIF and \$350,000 of REDA CDBG funds. The CDBG funds are restricted funds that need to be used for qualifying activities, which this proposed development would meet.

<i>Funding Sources</i>		<i>Percentage of Financing</i>
<i>Funding Requested of City of Roseville</i>		
City - Tax Increment Financing	\$1,006,000	
City - Community Development Block Grant (CDBG)	<u>\$350,000</u>	
<i>Total City Investment</i>	\$1,356,000	2.92%
<i>Other Funding Sources</i>		
MHFA - Application Deadline <u>June 15, 2017</u>	\$1,420,214*	3.06%
LCDA – A PCP submitted on <u>May 4, 2017 and full application due June 29, 2017</u>	\$1,044,000*	2.25%
Ramsey County HOME - A Resolution of Support would be needed by <u>May 9, 2017</u>	\$ 100,000	.22%
Mortgage, Owner Equity, Energy Rebates, Deferred Fees	<u>\$42,540,021*</u>	91.55%
<i>Total Other Investment</i>	\$45,104,235*	
<i>Total Development Cost with City Contribution</i>	\$46,460,235*	100%

*Denotes rough estimates as of April 20, 2017.

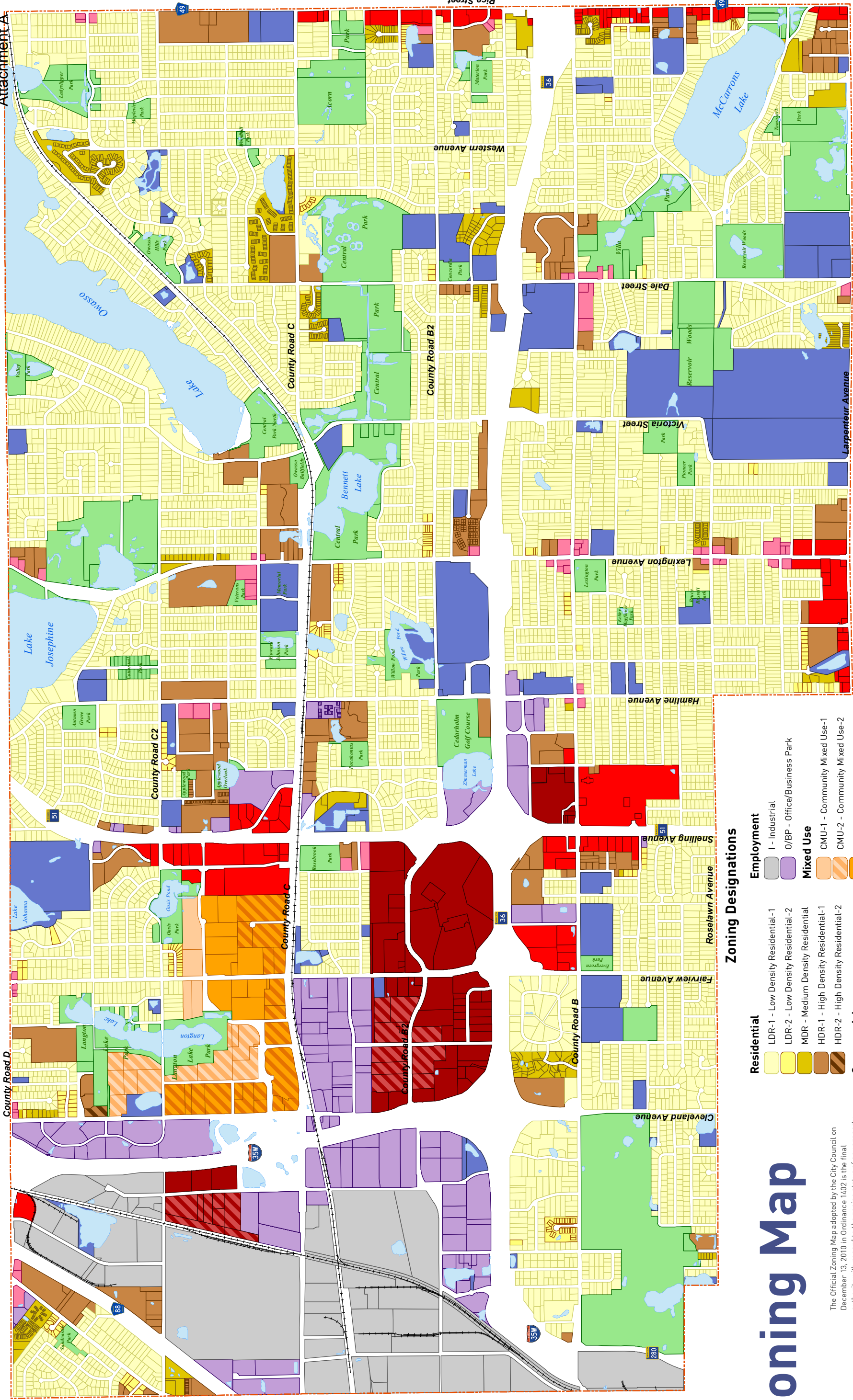
STAFF RECOMMENDATION

Staff recommends the REDA adopt Resolutions supporting the creation of a TIF district and dedicating Roseville CDBG funds, a Resolution supporting Ramsey County Home Funds Application, and a Resolution authorizing staff to submit a full application for LCDA funds.

REQUESTED COUNCIL ACTION

Motion to Adopt Resolutions supporting the creation of a TIF district and dedicating Roseville CDBG funds, a Resolution supporting Ramsey County Home Funds Application, and a Resolution authorizing staff to submit a full application for LCDA funds.

Prepared by: Jeanne Kelsey, 651-792-7086, Housing and Economic Development Program Manager
Attachments: A: Zoning
B: Application for public subsidy
C: Resolution supporting HOME funds from Ramsey County
D: Resolution applying for LCDA funds
E: Resolution financial support of TIF and CDBG
F: Applications and timeline for funding
G: Public Financing and Business Subsidy Policy



Zoning Map

The Official Zoning Map adopted by the City Council on December 13, 2010 in Ordinance 1402 is the final authority with regard to the zoning status of any property. It is on file in the Community Development Department at City Hall.

The zoning designations shown on this map must be interpreted by the Community Development Department. See Water Management Overlay District Map for additional boundaries.

Zoning Designations

- | | |
|------------------------------------|-------------------------------|
| Residential | Employment |
| LDR-1 - Low Density Residential-1 | I - Industrial |
| LDR-2 - Low Density Residential-2 | O/BP - Office/Business Park |
| MDR - Medium Density Residential | |
| HDR-1 - High Density Residential-1 | Mixed Use |
| HDR-2 - High Density Residential-2 | CMU-1 - Community Mixed Use-1 |
| | CMU-2 - Community Mixed Use-2 |
| | CMU-3 - Community Mixed Use-3 |
| | CMU-4 - Community Mixed Use-4 |
| Commercial | Public / Institutional |
| NB - Neighborhood Business | INST - Institutional |
| CB - Community Business | PR - Park and Recreation |
| RB - Regional Business | |
| RB-2 - Regional Business-2 | |

Data Sources
* Ramsey County GIS Base Map (1/4/2017)
* City of Roseville Community Development

Disclaimer
This map is neither a legally recorded map nor a survey and is not intended to be used as one. This map is a compilation of records, information and data located in various city, county, state and federal offices and other sources regarding the area shown, and is to be used for reference purposes only. The City does not warrant that the Geographic Information System (GIS) data used to prepare this map is accurate, complete, current, or that the map is free of errors or omissions. The City is not responsible for any errors or omissions, including but not limited to, errors or omissions in the data, or for any damages, including but not limited to, direct, indirect, or consequential damages, arising from the use of this map. The City is not responsible for any damages, including but not limited to, direct, indirect, or consequential damages, arising from the use of this map. The City is not responsible for any damages, including but not limited to, direct, indirect, or consequential damages, arising from the use of this map.





Edison Multifamily Community

Roseville, Minnesota

Prepared for:



Prepared by:



366 South Tenth Avenue
PO Box 727
Waite Park, Minnesota 56387-0727
www.SandCompanies.com



4931 West 35th Street, Suite 200
St. Louis Park, Minnesota 55416
www.civilsitegroup.com

Edison Multifamily Community

Roseville, Minnesota

Executive Summary

According to the 2030 Comprehensive Plan of Roseville, diverse, affordable and high quality housing and neighborhoods are critical components in defining Roseville. They help maintain a healthy tax base and attract and retain residents and businesses to the community. Healthy neighborhoods bring vitality and promote investment in the larger community, providing a firm foundation plan for Roseville's future.

The 209 unit life-style community of Edison will incorporate innovative design, create community connections and will also encourage healthy living activities. The high quality housing development will serve residents with a wide range of incomes while at the same time offering all residents similar amenities and quality building components. When complete, Edison will expand and diversify Roseville's tax base, provide additional housing opportunities to sustain employment for Roseville's businesses and also encourage significant private investment.

Sand Development, LLC

Sand Development, LLC, a subsidiary of Sand Companies, Inc., and its related entities (Sand), have earned a reputation for professionalism, thoroughness and proven results in the development, design, construction and property management industries. Sand's reputation and accomplishments can be attributed to the many successful partnerships formed over the years.

Since inception in 1991, Sand has successfully completed the construction and/or development of 74 multifamily housing developments (3,741 units), 30 hotels (2,468 guest rooms), 18 commercial projects, 6 residential subdivisions (239 lots) and various other projects. Sand also manages over \$350 million in assets including 34 residential housing developments (1,430 units), 16 hotels (1,599 guest rooms) and 8 commercial/restaurant/conference facilities.

Sand has significant experience in completing large scale luxury apartment developments including Park Place (176 units) and Heritage Park (150 units) in Saint Cloud, The Preserve at Commerce (192 units) in Rogers, Shadow Hills Estates (322 units) in Plymouth and Monument Ridge Estates (135 units) in Inver Grove Heights. Along with market rate housing, Sand has successfully completed the development of 31 affordable communities (1,228 units).

Site Location

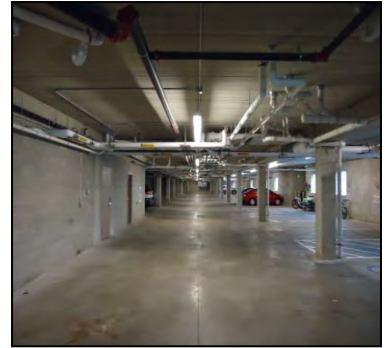
The 8.71 acre residential site is located near the southeast corner of County Road D and Old Highway 8. The property is bounded by commercial to the north, high density residential to the south, medium density residential and commercial to the west and Highway 88 and industrial to the east. The property is zoned HDR-1 High Density Residential with the proposed development a permitted use.



Building Description

The 209 units of residential housing will be incorporated into three multifamily buildings along with a central community building. The multifamily buildings will have multiple story heights to break up the building elevations, but no building will be greater than four-stories at the buildings' highest point.

Beneath each of the multifamily buildings will be underground parking with approximately one space for each apartment unit. Upper floor construction will incorporate wood frame assembly with the parking garage being constructed with concrete walls/floors and precast columns and beams supporting hollow core concrete floor slabs.



Exterior walls finishes will be clad in several long lasting materials including a concrete masonry component, a cement or fiber board panel system and cement or fiber lap siding. All units will have patios or balconies depending on grade heights. Balconies will be prefinished aluminum decking with powder coated painted railings.

Interior apartment unit walls will be fully finished with painted gypsum board with accent colors. Unit floors will be covered with residential carpeting in the bedrooms, living room and closets. Floor finishes in the baths, kitchens and laundry area will be tile or vinyl. Custom cabinetry will be placed in the baths and kitchens. Each unit will have individual central, gas fired heating and air conditioning along with a full appliance package including range/oven combination, microwave, dishwasher, refrigerator and front load washer and dryer.

Corridors and stairs will be carpeted with mats used at all entrances. Public entries including lobby area and stair towers will be tile with insert mats as appropriate. Domestic hot water will be supplied from high efficiency central boilers and water storage tanks. Building public areas will be heated with gas fired central heating and air conditioning.



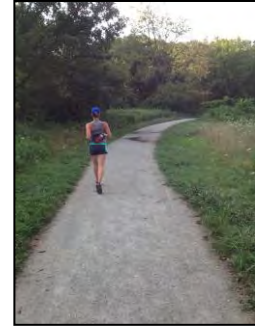
The one-story, wood-framed community building will serve the overall Edison development. Management functions within the building will include administration and leasing activities, workroom, conference room, maintenance office, storage and reception area. Resident features of the community building are still in the pre-design stage, but anticipated features include coffee bar, fitness studio, lounge, restrooms and an outdoor seasonal pool with sundeck. The community building will be open to residents during posted operational hours and will also be available for residents to rent for private use.

Site Design

The site design is based on the idea of great place which brings together multiple aspects of healthy living with balanced housing, open space, density, environmental stewardship and recreational opportunities in a pedestrian scaled environment. The buildings were designed in an efficient manner to minimize impact to existing trees along with other natural areas of the existing site.

The access point into the site will be from Old Highway 8. Interior, private drives will provide interior access to the buildings along with providing adequate surface parking for residents and guests. The site will be extensively landscaped and storm water will be handled with a series of rain gardens and soil depressions for both rate control and filtration.

Outdoor activities for the residents will be encouraged which will enhance the sense of community within the Edison development. Site amenities are explicitly designed to serve all the residents from pre-school up to adults. A tot lot area will serve younger children, a picnic/recreation area with benches and grills will serve families as they enjoy the outdoors, a large open green space will serve older children and adults to throw balls and enjoy lawn games and a pool area and sundeck will serve all residents including adults.



Walking trails can make connections and also provide a sense of place and promote livable communities. They also provide affordable and safe exercise opportunities along with encouraging engagement and neighbor interaction. Edison will incorporate a 1,730 lineal foot gravel walking trail around the perimeter of the site that will be open to the public. Access to the trail for Edison residents will be at various locations throughout the development while trail access for the public will be from two locations along Old Highway 8.

Connectivity – LCDA Funding

The Met Council's LCDA funds innovative development projects that efficiently link housing, jobs, services and transit in an effort to create inspiring and lasting livable communities. LCDA will assist the project in making a number of community connections and place making features:

- Linkage to Sandcastle Park – Creating a link from Sandcastle Park with a pedestrian crossing at Old Highway 8 to a newly constructed public sidewalk which will take pedestrians north to the Edison walking trail.
- Linkage to Transit – Creating a link and connecting Edison via a new public sidewalk along Old Highway 8 to the Metro transit stop on County Road D.
- Place Making – Creating place making features along Old Highway 8 at the two entrance points of the walking trail at Edison. These place making features, such as message boards or kiosks, will invite the public to access the trail, learn about the community and also an opportunity to post local messages. There will also be exercise and resting nodes at various locations along the walking trail to encourage the full use of the trail system by the public.



The location of Edison will also have great connectivity to local jobs with the many nearby manufacturing facilities and also connections to other locations including a quick commute to Downtown Minneapolis via Highway 88.

Storm Water Enhancement – LCDA Funding

The Met Council's LCDA also provides funding for storm water management enhancements. Best Management Practices can be utilized to minimize and control pollutant runoff from entering rivers, lakes and wetlands which will improve local water quality. Edison will look to utilize these practices that go above and beyond standard storm water management including features for:

- Rainwater Harvesting – Capturing rain water from building rooftops and the solar carports to be used for landscape watering needs to reduce the use of potable water.
- Raingardens – Will allow rainwater runoff from impervious areas the opportunity to be absorbed into the ground which reduces erosion, water pollution, flooding and diminished ground water.



Solar Energy – LCDA Funding

Unlike conventional energy sources, solar produces clean energy for decades beyond its initial installation. The use of solar energy for multifamily projects in Minnesota is still in the early stages. Nearly all only utilize solar energy to off-set the building's common area energy usage. Because solar energy is typically tied to one subscriber (one meter), it is typically the building owner that realizes the savings not the residents.

Edison will look to design a solar system that will not only allow the building owner to see the benefits of solar, but also the residents. To do this, Edison will create a community solar garden which residents can subscribe to. This is an easy way for residents to subscribe and get paid for the solar energy produced by the solar garden. The residents would still buy and use energy as they always have, but they would receive a payment for their portion of the garden's solar energy produced as a credit on their monthly energy bill.



Edison is in the early stages of its solar design, but a community solar garden will take a substantial area to accomplish the needed solar array. One option, which would be the first in Minnesota for this type of development, is solar carports. Solar carports have many advantages including keeping vehicles cooler and reducing their sunlight exposure, protecting vehicles from weather such as hail, snow and rain and reducing maintenance costs to parking spaces beneath the solar carports.



Because of oil, sand, salt and other contaminants, rain water run-off from parking lots cannot typically be utilized for harvesting and reuse. With the solar carports, water run-off can be captured with gutters and then piped to the underground water cisterns.

Mixed Income Development

Goal 1 for Housing and Neighborhoods in Roseville's 2030 Comprehensive Plan is to provide a wide variety of housing options in order to retain and attract a diverse mix of people and family types with a varying economic statuses, ages and abilities. Edison is a development that meets this goal by providing a large mix of market rate housing, workforce housing for families and also housing for Veterans and residents that have experienced long term homelessness.

One of the many goals of mixed income developments is to provide housing options for residents with a wide range of incomes while still offering housing that has similar qualities, design, amenities and location. Challenges are typical with mixed income developments particularly related to financing structures. Some of the challenges can be overcome with off-setting costs through density bonuses, relaxed zoning policies and other land regulations. But most the most common approach to overcome financing challenges is to obtain a wide variety of sources including pairing local, state and federal funding.

Despite the challenges, successful mixed income developments in Minnesota have been and can be completed by experienced developers that can garner financing options from multiple sources. Edison's goal will be to provide the community with a high quality and well maintained mixed income development. The table below provides a preliminary mix of incomes and units to be served, subject to change as financing sources are secured.

Mixed Income Development Breakdown

	# of Units	Income Limit %	Income Limit \$
Market Rate – General Occupancy	149	NA	NA
Workforce – Singles/Families	53	60% of AMI	* \$ 51,840
^ Long-Term Homeless – Veteran	4	60% of AMI	** \$ 46,380
^^ Long-Term Homeless – Individual	3	60% of AMI	***\$ 36,060

Table Notes:

* 60% or less of area median income of Ramsey County effective 3/28/2016 with household of four persons

** 60% or less of area median income of Ramsey County effective 3/28/2016 with household of three persons

*** 60% or less of area median income of Ramsey County effective 3/28/2016 with household of one person

^ Units targeted with Veteran preference

^^ Units targeted for individuals Ramsey County priority

Journey Home Minnesota

Founded in 2008, Journey Home provides access to affordable homes in safe neighborhoods that have positive educational opportunities for struggling populations. Its unique operating model assists at risk families, individuals and Veterans who are not able to find and purchase a home or maintain a household in a traditional neighborhood. Edison is working with Journey Home to provide rental assistance for the four units with a Veteran's preference.



2660 Civic Center Drive • Roseville, MN 55113 • Phone (651) 792-7000 • www.cityofroseville.com

APPLICATION FOR PUBLIC FINANCING

Applicant Information

1. **Applicant Name:** Sand Development, LLC / Golden Valley Land Company
(Name should be the officially registered name of the business entity.)
Address: 366 South Tenth Avenue, PO Box 727

Telephone: 320-202-3100 **Email Address:** JJThelen@SandCompanies.com
2. **Name of Person Completing the application:** Jamie Thelen
Address: 366 South Tenth Avenue, PO Box 727

Telephone: 320-202-3100 **Email Address:** JJThelen@SandCompanies.com
3. **Names and Addresses of Attorney, Architect, Engineer, and General Contractor for this project:**
Attorney Name: To be determined
Address: _____
Telephone: _____ **Email Address:** _____

Architect Name: Sand Architects, LLC; Brad Haroldson
Address: 366 South Tenth Avenue, PO Box 727, Waite Park, MN 56387-0727
Telephone: 320-202-3100 **Email Address:** BDHaroldson@SandCompanies.com

Engineer Name: Civil Site Group, Inc.; Matt Pavsek
Address: 4931 W. 35th Street, Suite 200, St. Louis Park, MN 55416
Telephone: 612-615-0060 **Email Address:** mpavsek@civilsitegroup.com

General Contractor Name: Sand Construction, LLC; Roger Gertken
Address: 366 South Tenth Avenue, PO Box 727, Waite Park, MN 56387-0727
Telephone: 320-202-3100 **Email Address:** RWGertken@SandCompanies.com
4. **If the applicant is a corporation, please name officers, directors, or stockholders holding more that 5% of the stock of the corporation. If the corporation is not formed, provide as much information as possible concerning potential officers, directors, or stockholders:**
N/A

- 4a. If the applicant is a general partnership, name of the general partners and if a limited partnership, state the general partners and limited partners with more than 5% interest in the limited partnership. If the partnership is not formed, provide as much information as possible concerning potential officers, directors or stockholders.

Sand Development, LLC is wholly owned subsidiary of Sand Companies, Inc.

- 4b. Has the applicant ever been in bankruptcy? If yes, please describe the circumstances.

Yes (please Explain): _____

No: X

- 4c. Has the applicant ever been convicted of a felony? Is yes, please describe the circumstances.

Yes (please Explain): _____

No: X

- 4d. Has the applicant ever defaulted on any bond or mortgage commitment?

Yes (please Explain): _____

No: X

Project Information

1. PID#'s, legal description, address, and size of project site:

PID#: 052923210007

Address: xxx Old Highway 8, Roseville, MN 55113

Legal Description: _____

Size of Project Size (Acres): **8.71 acres**

2. Current ownership of the site: George Reiling

- 3. Do you have current control of the site:**

Yes: X

No: _____

- #### 4. Project description.

The 209 unit Edison life-style community will be a high quality housing development serving residents with a wide range of income levels. Although the community will serve residents with multiple incomes, the development will offer all residents access to similar amenities and quality building components. When complete, Edison will expand and diversify Roseville's tax base, provide additional housing opportunities to sustain employment for Roseville's businesses and also encourage private development with sustainable designs.

- 5. If property is to be subdivided or replatted, please describe.**

Yes, it is anticipated that the site will be subdivided into not less than two lots to allow for different financing structures or phases.

6. **Estimated project costs:** (Please see enclose detailed sources and uses and 15-year operating Pro Forma).

- | | | |
|----|--|--------------------------|
| a. | Land Acquisition: | \$ See attachment |
| b. | Environmental/Soil Corrections: | |
| c. | Surveys: | |
| d. | Public Improvements: | |
| e. | Site Development: | |
| f. | Demolition: | |
| g. | Building(s): | |
| | Shell (if applicable) | |
| | Tenant Improvements
(if applicable) | |
| h. | FF&E: | |
| i. | Architectural & Engineering Fees: | |
| j. | Legal Fees/Other Consulting Fees: | |
| k. | Financing Costs: | |

- l. Construction Interest: _____
 - m. Title Insurance: _____
 - n. Mortgage Registration: _____
 - o. Bank/Borrower Legal: _____
 - p. Recording/Closing: _____
 - q. Construction Loan Fees: _____
 - r. SAC/WAC: _____
 - s. Park Dedication: _____
 - t. Appraisal: _____
 - u. Taxes: _____
 - v. Contingencies (construction): _____
 - w. Contingencies (soft): _____
 - x. Other: _____
- TOTAL \$** _____

7. Source of Financing

- a. Equity: \$ See attachment _____
 - b. Bank Financing: _____
 - c. Public Financing: _____
(TIF or Tax Abatement)
 - d. Other governmental loans/grants: _____
 - e. Deferred Developer Fees: _____
 - f. Other: _____
- TOTAL \$** _____

Terms of Financing (years): _____

Rate of Financing: _____

Cap Rate: _____

8. Project Construction Schedule:

See attachment

- a. Construction Start Date: _____
- b. Construction Completion Date: _____

c. If Phased Project :

January 2, (year) _____ % Completed _____

January 2, (year) _____ % Completed _____

9. Total Estimated Market Value of Project upon completion \$ 26,970,000

10. Please indicate whether or not the project meets one or more of Roseville's Desired Qualifications as identified in section 4.2 of the City's Public Financing Criteria and Business Subsidy Policy (identify desired qualification and state reason):

Yes. The project will meet the following:

A - High ratio of private investment.

B - Significantly will increase the amount of property taxes.

C4b - Need will be demonstrated with market studies for the project

C4c - Multifamily workforce housing with similar amenities to market rate

C4d - Innovative development in its unique nature of mixed income

12 - Project will have enhancements including green building practices

11. Will any public official of the City, either directly or indirectly, benefit from the issuance of public financing within the meaning of Minnesota Statutes, Section 412.311 or 471.87? If yes, please explain the circumstances.

Yes (please Explain): _____

No: X

Public Financing Request

1. Amount of public financing and term.

Amount: \$1,356,000

Term (years): TIF > term to pay off; CDBG 30 year deferred, 0% interest

2. Describe the purpose for which public financing (TIF, Tax Abatement, etc.) is required.
\$350,000 of CDBG & \$1,006,000 of Tax Increment Financing

3. Please submit an itemized list of project costs for which public financing is being requested.

See attachment

4. State specific reasons why, "but for" the use of public financing, this project would not be possible.

But for the public financing, the mixed income project would not be feasible.

Application Process

1. The following documents must accompany the Application:

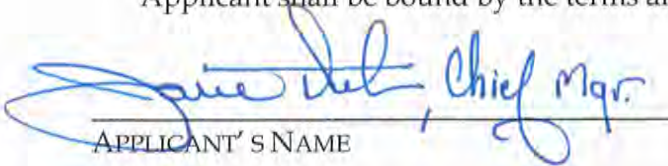
- A. A detailed sources & uses statement and 15-year project *Pro Forma*
- B. Parcel Map depicting the proposed redevelopment area
- C. Site plans and floors plans (as available)
- D. Significant information may be requested at any time by the City/EDA and in addition to the materials outlined in this application. The Applicant shall be required to submit any and all information as requested by the City/EDA.

2. Applicant acknowledges and agrees to pay the \$1,500 Public Financing Application Fee, which is **non-refundable**, at the time the application is submitted

3. The application will be reviewed by the City's Municipal Advisor, and upon favorable review, City/EDA staff will prepare a preliminary development agreement for review and approval by the Applicant and the City/EDA. If the Applicant and the City/EDA approve the preliminary development agreement, the Applicant shall deposit \$15,000 with the City/EDA to cover administrative costs, defined as legal and consultants' costs incurred as part of conducting any required fiscal analysis, negotiating and drafting a development agreement, and establishing a tax increment financing district or granting an abatement. Upon written notice from the City/EDA, the Applicant shall be responsible for paying administrative costs incurred exceeding applicant's initial \$15,000 deposit, if any.

4. The Applicant shall hold the City/EDA, its officers, consultants, attorneys, and agents harmless from any and all claims arising from or in connection with the Project or Public Financing Application, including but not limited to, any legal or actual violations of any State or Federal securities laws.
5. The Applicant agrees and acknowledges that the City/EDA reserves the right to deny any application for Public Financing at any stage prior to formal City/EDA action to approve the Public Financing, that the Applicant is not entitled to rely on any preliminary actions by the City/EDA prior to formal approval of a definitive development agreement, and that all expenditures, obligations, costs, fees, or liabilities incurred by the Applicant in connection with the application are incurred by the Applicant at its sole risk and expense and not in reliance on any actions of the City/EDA.

The undersigned, a duly authorized representative of the Applicant, hereby certifies that the foregoing information is true, correct, and complete as of the date hereof and agrees that the Applicant shall be bound by the terms and provisions herein.

 Chief Mgr.
APPLICANT'S NAME

4/20/17
DATE

CITY ACCEPTANCE OF APPLICATION

DATE

\$ _____
FEE AMOUNT REMITTED

DATE



Application for Public Financing

Sources & Uses Statement 10 Year Project Pro Forma



Edison Multifamily Community

Roseville, Minnesota

Sources of Funds	Amount	
First Mortgages	24,956,000	53.71%
Owner Equity & Deferred Fees	17,569,021	37.82%
HOME Loan - Ramsey County	100,000	0.22%
Energy Rebates	15,000	0.03%
CDBG Loan - City of Roseville	350,000	0.75%
TIF - City of Roseville	1,006,000	2.17%
Deferred Loans	1,420,214	3.06%
*Met Council	1,044,000	2.25%
Total Sources of Funds	46,460,235	100.00%

Uses of Funds	Amount
Site Acquisition	3,150,000
*Construction	35,045,600
*Construction Contingency	1,193,790
Environmental Assessment/Energy Consultant	25,000
Geotechnical Reports	15,000
Market Study/Cost Certifications	22,500
Civil Engineering/Surveying	60,000
Local Fees	928,000
Architectural/Structural/Mechanical/Electrical	1,057,000
Metro SAC Fees	553,355
Appraisals	16,500
Legal/Organization/Development	2,365,000
Construction Interest/Finance Fees/Title/Closing	1,142,250
Real Estate Taxes/Insurance	270,000
Furniture, Fixtures & Equipment	150,000
PreOpening/Marketing/Reserves	387,740
Tax Credit Fees	78,500
Total Uses of Funds	46,460,235

*The amount of solar, solar capacity and cost of the solar components are still in the early stages of development & subject to change.

Tentative Project Schedule:

149 Units & Community Building >>>	June 2018	Project Start
	December 2019	Project Substantially Complete
	October 2020	Lease Up
60 Unit Building >>>	June 2018	Project Start
	June 2019	Project Substantially Complete
	December 2019	Lease Up

NOTE: FOR DISCUSSION PURPOSES ONLY. THESE PROJECTIONS ARE BASED ON ESTIMATES. ACTUAL RESULTS MAY DIFFER OR MAY BE AFFECTED BY FUTURE OR UNFORESEEN EVENTS.

Edison Multifamily Community
Roseville, Minnesota

	<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>Yr 4</u>	<u>Yr 5</u>	<u>Yr 6</u>	<u>Yr 7</u>	<u>Yr 8</u>	<u>Yr 9</u>	<u>Yr 10</u>
Total Net Revenues	3,333,678	3,846,180	3,919,960	3,995,216	4,071,976	4,150,272	4,230,134	4,154,417	4,237,505	4,322,255
General & Administrative	371,887	427,239	439,123	451,345	463,915	476,842	490,137	503,811	517,875	532,340
Repair & Maintenance	267,395	322,404	332,076	342,038	352,300	362,869	373,755	384,967	396,516	408,412
Utilities & Others	177,265	198,500	204,455	210,589	216,906	223,413	230,116	237,019	244,130	251,454
Insurance	66,000	68,000	70,040	72,141	74,305	76,535	78,831	81,196	83,631	86,140
Real Estate Taxes	267,500	442,400	455,672	469,342	483,422	497,925	512,863	528,249	544,096	560,419
Total Operating Expenses	1,150,047	1,458,543	1,501,366	1,545,455	1,590,848	1,637,584	1,685,702	1,735,242	1,786,248	1,838,765
Replacement Reserves	27,000	64,500	64,500	64,500	64,500	64,500	64,500	64,500	64,500	64,500
Operating Income	2,156,631	2,323,137	2,354,094	2,385,261	2,416,628	2,448,188	2,479,932	2,354,675	2,386,757	2,418,990
Debt Service	1,552,165	1,857,546	1,857,546	1,857,546	1,857,546	1,857,546	1,857,546	1,700,369	1,700,369	1,700,369
Cash Flow	604,466	465,591	496,548	527,715	559,082	590,642	622,386	654,306	686,388	718,621
Debt Service Coverage Ratio	1.39	1.25	1.27	1.28	1.30	1.32	1.34	1.38	1.40	1.42

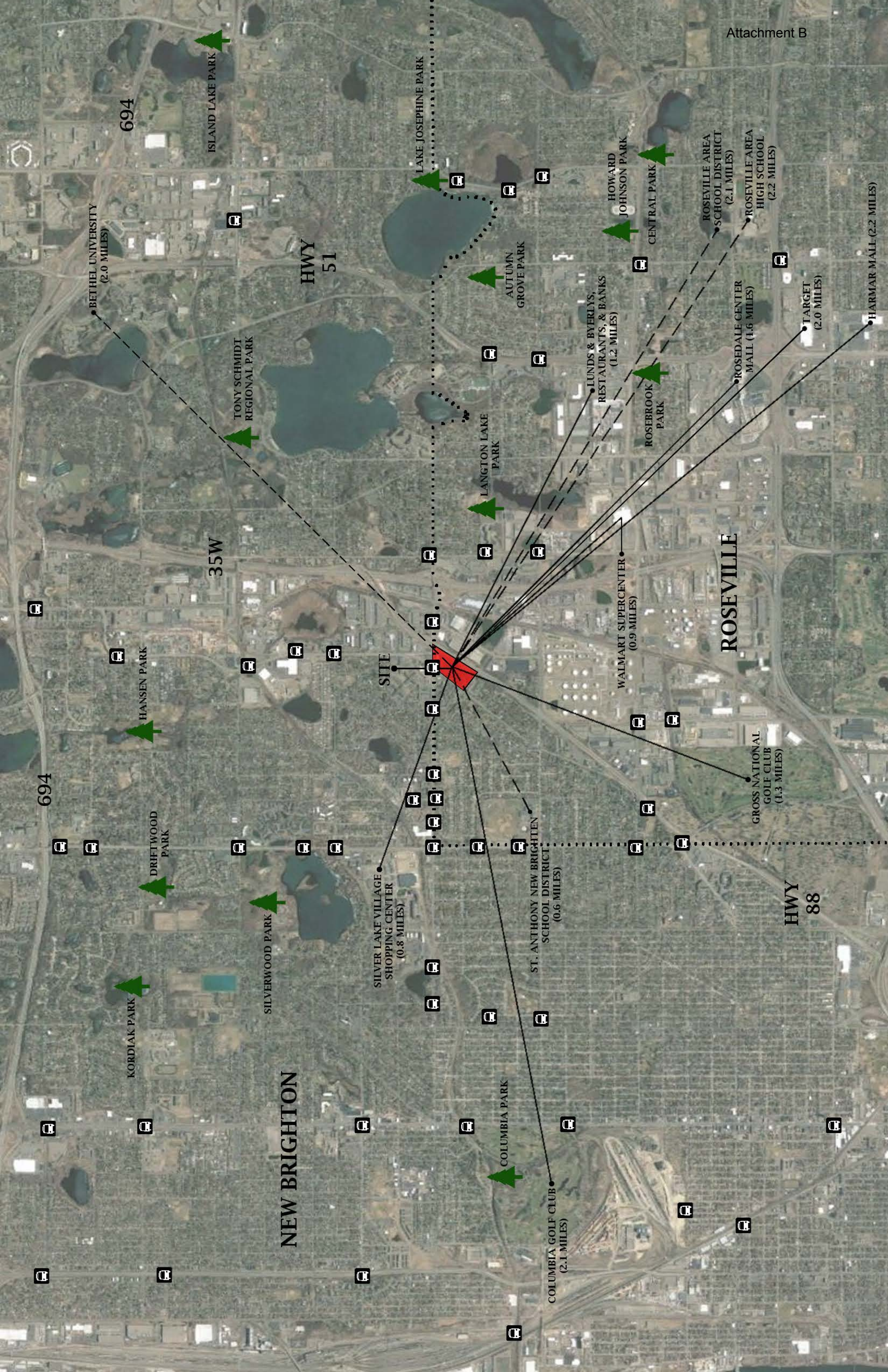
NOTE: FOR DISCUSSION PURPOSES ONLY. THESE PROJECTIONS ARE BASED ON ESTIMATES. ACTUAL RESULTS MAY DIFFER OR MAY BE AFFECTED BY FUTURE OR UNFORESEEN EVENTS.



Application for Public Financing

Parcel Map



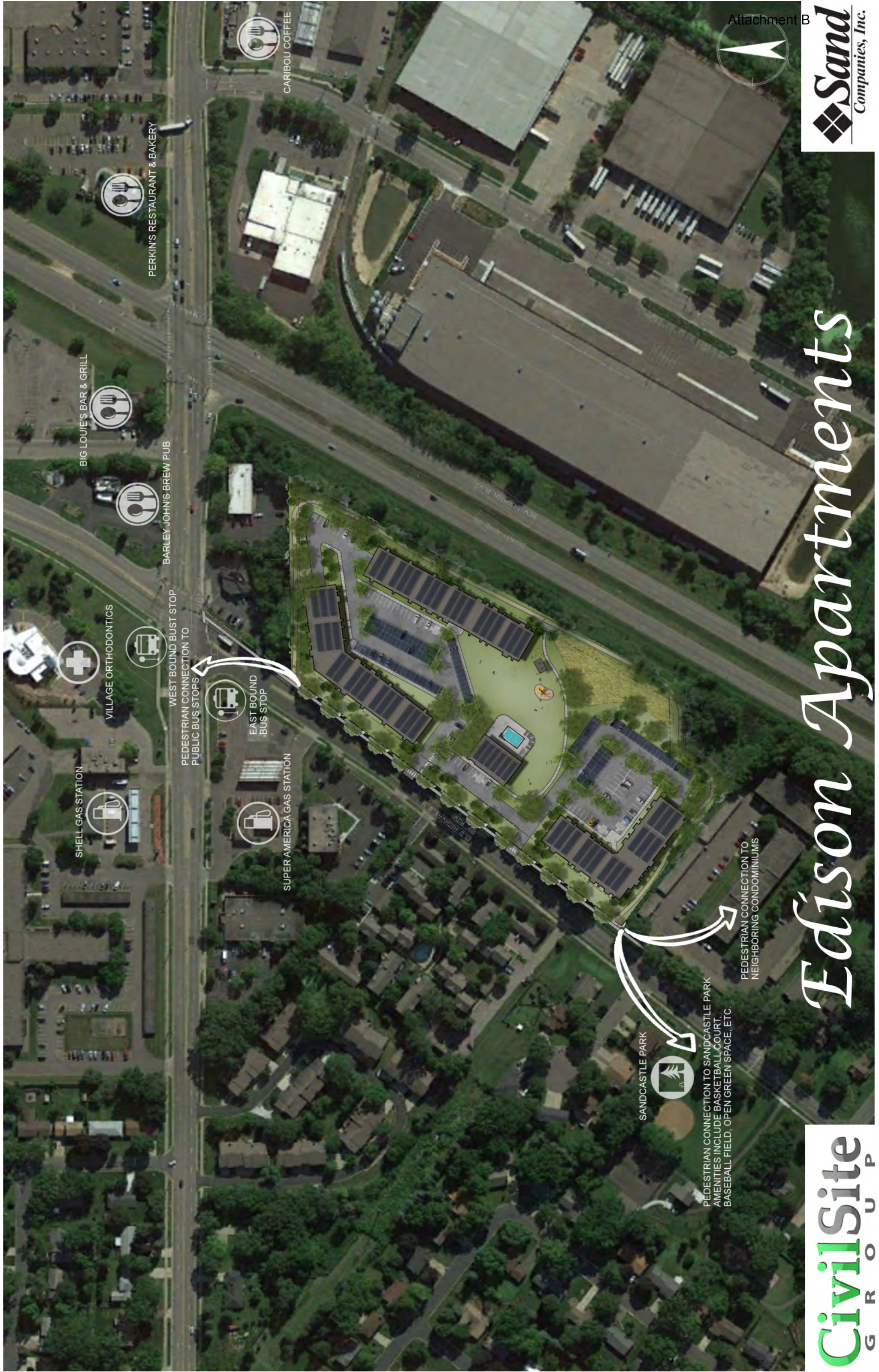




Application for Public Financing

Preliminary Site Plan





Attachment B



Edison Apartments



SHELL GAS STATION



VILLAGE ORTHODONTICS



WEST BOUND BUST STOP

PEDESTRIAN CONNECTION TO PUBLIC BUS STOPS



EAST BOUND BUS STOP

SUPER AMERICA GAS STATION



BIG LOUIE'S BAR & GRILL



BARLEY JOHN'S BREW PUB



PERKIN'S RESTAURANT & BAKERY



CARIBOU COFFEE

SANDCASTLE PARK



PEDESTRIAN CONNECTION TO SANDCASTLE PARK
AMENITIES INCLUDE BASKETBALL COURT,
BASEBALL FIELD, OPEN GREEN SPACE, ETC.

PEDESTRIAN CONNECTION TO
NEIGHBORING CONDOMINIUMS



Edison Apartments



Checklist for Public Financing Criteria



City of Roseville and Roseville Economic Development Authority
Checklist for Public Financing Criteria



Project Name Edison

Project Address xxx Old Highway 8, Roseville, MN 55113

Applications for public financing should consider the following City Objectives and Qualifications from the Business Subsidy Policy adopted by the City Council on October 17, 2016. Please provide a written narrative that lets us know how your project meets the following objectives and qualifications.

I. City's Objective for the Use of Public Financing (#2 of Policy)

As a matter of adopted policy, the City may consider using public financing which may include tax increment financing (TIF), tax abatement, bonds, and other forms of public financing as appropriate, to assist private development projects. Such assistance must comply with all applicable statutory requirements and accomplish **one or more** of the following objectives. **Please check all that apply and explain in your written narrative how your project accomplishes the objectives.**

- a) ☐ Remove blight and/or encourage redevelopment in designated redevelopment/development area(s) per the goals and visions established by the City Council and EDA.
- b) ☒ Expand and diversify the local economy and tax base.
- c) ☒ Encourage additional unsubsidized private development in the area, either directly or through secondary "spin-off" development.
- d) ☐ Offset increased costs for redevelopment over and above the costs that a developer would incur in normal urban and suburban development (determined as part of the But-For analysis).
- e) ☐ Facilitate the development process and promote development on sites that could not be developed without this assistance.
- f) ☒ Retain local jobs and/or increase the number and diversity of quality jobs
- g) ☒ Meet other uses of public policy, as adopted by the City Council from time to time, including but not limited to promotion of quality urban design, quality architectural design, energy conservation, sustainable building practices, and decreasing the capital and operating costs of local government.

2. Projects that May Qualify for Public Financing Assistance (#4 of Policy)

All new applications for assistance considered by the City must meet each of the following minimum Qualifications/Requirements. It should not be presumed that a project meeting these qualifications will automatically be approved for assistance. Meeting the qualifications does not imply or create contractual rights on the part of any potential developer to have its project approved for assistance. **Please check all that apply and explain in your written narrative how you envision your project meeting the following Qualifications/Requirements.**

- a) ☒ In addition to meeting the applicable requirements of State law, the project shall meet one or more of the public financing objectives outlined in Section I.
- b) ☒ The developer must demonstrate to the satisfaction of the City that the project is not financially feasible "but for" the use of tax increment or other public financing.
- c) ☒ The project must be consistent with the City's Comprehensive Plan and Zoning Ordinances, Design Guidelines or any other applicable land use documents.
- d) ☒ Prior to approval of a financing plan, the developer shall provide any requested market and financial feasibility studies, appraisals, soil boring, private lender commitment, and/or other information the City or its financial consultants may require in order to proceed with an independent evaluation of the proposal.

- e) ☒ The developer must provide adequate financial guarantees to ensure the repayment of any public financing and completion of the project. These may include, but are not limited to: assessment agreements, letters of credit, personal deficiency guarantees, guaranteed maximum cost contract.
- f) ☒ Any developer requesting assistance must be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed. Public financing will not be used when the developer's credentials, in the sole judgment of the City, are inadequate due to past history relating to completion of projects, general reputation, and/or bankruptcy, or other problems or issues considered relevant to the City.
- g) ☒ The developer, or its contractual assigns, shall retain ownership of any portion of the project long enough to complete it, to stabilize its occupancy, to establish project management and/or needed mechanisms to ensure successful operation.

3. Desired Qualifications (#4.2 of Policy)

Projects with these qualifications will receive priority consideration. **Please check all that apply and explain in your written narrative how your proposal will meet the qualifications.**

- a. ☒ Projects providing a high ratio of private investment to City public investment will receive priority consideration. Private investment includes developer cash, government and bank loans, conduit bonds, tax credit equity, and land if already owned by the developer
- b. ☒ Proposals that significantly increase the amount of property taxes paid after redevelopment will receive priority consideration

Proposals that encourage the following will receive priority consideration:

- a) ☐ Proposals that implement the City's vision and values for a City-identified redevelopment area
- b) ☒ Proposals that provide significant improvement to surrounding land uses, the neighborhood, and/or the City
- c) ☐ Proposals that attract or retain a significant employer within the City.
- d) ☒ Proposals that promote multi-family housing investment and meet the following City goals:
 - i. ☐ Extensive rehabilitation of existing multi-family housing stock.
 - ii. ☒ Demonstration of need for the type of multi-family housing proposed through a market study or other reliable market data. **Note:** If you check this, please provide the **Name of the Document** in your written narrative.
 - iii. ☒ Multi-family workforce housing proposals that include amenities similar to those found in market rate housing. **Note:** If you check this, please describe the **Type of Amenities** in your written narrative.
 - iv. ☐ Workforce housing proposals that consider innovative and alternative forms of development and do not include high-rise buildings. **Note:** If you check this, please provide the **Type of Innovations** in your written narrative.
- e. ☐ Provides significant rehabilitation or expansion and/or replacement of existing office or commercial facility
- f. ☐ Provides opportunities for corporate campus or medical office development
- g. ☐ Provides opportunity for hi-tech, med-tech, R&D facilities/office, or major manufacturer
- h. ☐ Provides opportunities for small businesses (under 50 employees) that are non-startup companies
- i. ☐ Provides opportunities for small businesses that may enhance the quality of life within neighborhoods
- j. ☐ Redevelops a blighted, contaminated, and/or challenged site
- k. ☐ Adds needed road, access, and multi-modal improvements
- l. ☒ Addition of specific project enhancements including, but not limited to: architectural upgrades, pedestrian and transit connections, green building practices and enhanced site planning features. **Note:** If you check this, please provide a **List of the Features** in your written narrative.

4. Business subsidy public purpose, jobs and wage requirements. (#5 of Policy) Consideration for business subsidy requests will need to meet some of the following objectives. **Please check all that apply and explain in your written narrative how your project accomplishes the objectives.**

- ☒ All business subsidies must meet a public purpose with measurable benefit to the City as a whole.
- ☐ Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable. The City shall document the information used to determine the nature of the job loss.
- ☒ The creation of tax base shall not be the sole public purpose of a subsidy.
- ☐ Unless the creation of jobs is removed from a particular project pursuant to the requirements of the Statutes, the creation of jobs is a public purpose for granting a subsidy. Creation of at least **3** Full Time, or Full Time Equivalent (FTE) jobs is a minimum requirement for consideration of assistance. For purposes of this Policy, FTE's must be permanent positions with set hours, and be eligible for benefits.
- ☐ The wage floor for wages to be paid for the jobs created shall be not less than 300% of the State of Minnesota Minimum Wage. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section.
- ☐ After a public hearing, if the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero.

Project Representative Contact Information

Date April 20, 2017

Name Jamie Thelen Title Chief Manager

Company Sand Development, LLC

E-mail JJThelen@SandCompanies.com Phone 320-202-3100



Checklist for Public Financing Criteria

City Objective for the Use of Public Financing (#2 of Policy)



City of Roseville and Roseville Economic Development Authority Checklist for Public Financing Criteria

Written Narrative

1. City's Objective for the Use of Public Financing (#2 of Policy)

b) Expand and diversify the local economy and tax base.

Expand Diversify Local Economy. Edison is a mixed income development that will expand and diversify the economy and also provide a large mix of market rate housing, workforce housing for families and also housing for Veterans and residents that have experienced long term homelessness. The large number of residents in the 209 units will have a positive impact on the local economy as they will be employees for the local business and also shop locally.

According to research by the Center for Housing Policy and MacArthur Foundation, the benefits of work-force housing extends beyond its residents. The research demonstrates that the development of housing increases spending and employment in the surrounding economy, acts as an important source of revenue for local governments and reduces the likelihood of foreclosure and its associated costs.

Without a sufficient housing supply serving multiple income levels, employers and their regional economies can be at a competitive disadvantage because of their subsequent difficulty in attracting and retaining workers. The availability of affordable housing near jobs has been recognized by both employers and workers as an important asset. Although housing is not as significant a consideration for business location as labor costs or highway access, it ranks behind only crime rate and healthcare facilities among all "quality of life" factors and ahead of factors like the quality of public schools, climate and recreational and cultural opportunities.

As Roseville's business community further develops or expands, having local housing choices for employees can be a key benefit for local businesses. It is only logical that employees factor in commuting costs and time into job decisions. Employers are well aware that employees traveling further distances to work each day will demand higher wages to off-set higher commuting costs as compared to jobs closer to home. So having housing opportunities locally, is a significant benefit to local employers.

Increase Local Tax Base. The 2017 market value for the site is \$1,828,800 with 2016 real estate tax payments in the amount of \$66,822. Edison will significantly increase the local tax base when completed. After complete and fully assessed, the estimated market value of the 209 unit development will be \$26,970,000 with estimated annual real estate tax payments of \$449,980.

c) Encourage additional unsubsidized private development in the area, either directly or through secondary "spin-off" development.

The development of this site will likely have other spin-off effects in the area. With the increased number of residents and new development activity, it is likely to increase the viability of redeveloping the SE and SW corners of County Road D and Old Highway 8.

The development of this site will likely have other spin-off effects in the area. With the increased number of residents and new development activity, it is likely to increase the viability of redeveloping the SE and SW corners of County Road D and Old Highway 8.

f) Retain local jobs and/or increase the number and diversity of quality jobs.

When stabilized, Edison will bring additional permanent jobs to Roseville. It is anticipated that the property will employ a FT Property Manager, FT Assistant Manager, PT Caretakers and a FT Maintenance Engineer.

g) Meet other uses of public policy, as adopted by the City Council from time to time, including but not limited to promotion of quality urban design, quality architectural design, energy conservation, sustainable building practices, and decreasing the capital and operating costs of local government.

Quality Urban & Architectural Design. Incorporating quality urban design for Edison will be a key for it to be successful both socially and economically, it being a great place to live and an attractive place to visit. This urban design will also be important in creating its community identity. As the designs for the project moves forward, the architectural team will work closely with the City in the effective planning and design of Edison to ensure quality urban design.

Energy Conservation. Edison will look to incorporate a solar system that will not only allow the building owner to see the benefits of solar, but also the residents. To do this, Edison will create a community solar garden which residents can subscribe to. This is an easy way for residents to subscribe and get paid for the solar energy produced by the solar garden. The residents would still buy and use energy as they always have, but they would receive a payment for their portion of the garden's solar energy produced as a credit on their monthly energy bill.

Sustainable Building Practices. The 60 unit work-force housing building of Edison will follow Enterprise Green Communities Design Criteria that establishes standards in green building design and construction. Minnesota Green Communities is a collaboration of the Greater Minnesota Housing Fund, the Family Housing Fund and Enterprise designed to foster the creation of healthier and more energy efficient housing throughout Minnesota. The initiative supports the production of housing with reduced energy costs, the use of materials beneficial to the environment, conversation minded land use planning and attention to the creation of healthy environments and lifestyles for individuals, children, families and communities. These standards emphasize an integrated design process with the developer, architect, engineers, contractor and building management team involved from the start of the design process.

The initial design of the proposed development will involve all parties of the project including the architect's LEED Accredited Professional. The project standards will focus on location and neighborhood fabric, site improvements, water conservation, energy efficiency, beneficial materials selections, a healthy living environment and operation and management practices. Examples include efficient land use, use of Energy Star appliances, water conserving plumbing fixtures, high efficiency HVAC systems and extensive use of LED lighting.

Sustainable building strategies are intended to increase resource efficiency and reduce environmental impacts, but they can also yield cost savings through long-term reductions in operating expenses. Increased energy performance, comfort of occupants and a healthier indoor environment are the major benefits, but increased durability of building components and simplified maintenance requirements can lead to financial efficiencies for the development.

Air filtration and ventilation systems do not eliminate the health hazards caused by secondhand smoke. Tobacco smoke from one unit may seep through the walls, open windows, beneath doors or be circulated by a shared ventilation system or otherwise enter the living space of another resident. In addition to the negative health effects, smoking significantly increases fire hazard and increases cleaning and maintenance costs.

All 209 units of Edison will implement and enforce a no-smoking policy for all buildings. Residents will sign a smoke free lease addendum which prohibits smoking and specifies that it is a violation of the lease. The no-smoking restriction applies to all owners, managers, residents, guests and servicepersons.



Checklist for Public Financing Criteria

Projects that May Qualify for Public Financing (#4 of Policy)



City of Roseville and Roseville Economic Development Authority Checklist for Public Financing Criteria

Written Narrative

2. Projects that May Qualify for Public Financing Assistance (#4 of Policy)

a) In addition to meeting the applicable requirements of State law, the project shall meet one or more of the public financing objectives outlined in Section 1.

The Section 1 narrative demonstrates how the project will meet three of the public financing objectives which are b), c), f) and g).

b) The developer must demonstrate to the satisfaction of the City that the project is not financially feasible “but for” the use of tax increment or other public financing.

One of the many goals of mixed income developments is to provide housing options for residents with a wide range of incomes while still offering housing that has similar qualities, design, amenities and location. Challenges are typical with mixed income developments particularly related to financing structures. The most common approach to overcome financing challenges is to obtain a wide variety of sources including pairing local, state and federal funding.

Edison’s goal will be to provide the community with a high quality and well maintained mixed income development. But for the requested assistance, this type of development would not be financially feasible.

c) The project must be consistent with the City’s Comprehensive Plan and Zoning Ordinances, Design Guidelines or any other applicable land use documents.

Comprehensive Plan. Section 6 of the 2030 Comprehensive Plan outlines how the development of housing and neighborhoods should be guided. The introduction outlines the need for diverse, affordable and high-quality housing which will be critical components in defining Roseville, maintaining a healthy tax base and retaining residents and businesses. As described in other narratives of this application, the Edison development is very consistent with this aspect of the Comprehensive Plan.

The Comprehensive Plan also states the City should consider strengthening its strategies to promote the development of new affordable, rental housing. One such strategy can be the use of the requested tax increment financing. As demonstrated in other narratives in this application, but for local assistance, mixed income housing may not be able to be developed in Roseville. This can be evidenced by the fact that the City has not attracted a significant number of new rental units over the past ten years according to the Comprehensive Plan.

As part of the City’s planning for the development of multifamily housing units, sites have been identified including sites that are guided for certain residential land uses such as high density housing. The site for Edison is identified in the Comprehensive Plan as HR – High Density Residential so the proposed development is consistent with this guiding.

Overall, Edison is consistent with the 2030 Comprehensive Plan. The development will also help the City meet housing goals of the Plan including but not limited to, providing a wide variety of housing options, projects with a sense of community and integration of environmental stewardship through green building activities.

Zoning Ordinances (High Density - HDR). The HDR district is designed to provide an environment of predominately high-density housing types at an overall density exceeding 12 units per acre. The district is intended to promote flexible development standards for new residential development and allow for innovative development patterns which are consistent with the Comprehensive Plan. We have reviewed the design standards in Chapter 1004.11 High Density Residential Districts and will design Edison to be consistent with these standards.

Design Standards (Multi-Family). The intent of the multi-family building design standards are to encourage design that respects context, incorporates some features of the one-family dwellings within the surrounding neighborhood and imparts a sense of individuality rather than uniformity. We have reviewed the design standards in Chapter 1004.06 Multifamily Design Standards and will design Edison to be consistent with these standards.

d) Prior to approval of a financing plan, the developer shall provide any requested market and financial feasibility studies, appraisals, soil boring, private lender commitment, and/or other information the City or its financial consultants may require in order to proceed with an independent evaluation of the proposal.

The developer acknowledges this.

e) The developer must provide adequate financial guarantees to ensure the repayment of any public financing and completion of the project. These may include, but are not limited to: assessment agreements, letters of credit, personal deficiency guarantees, guaranteed maximum cost contract.

The developer acknowledges this although it is subject to mutual agreement between the parties and also subject to the overall financing and other requirements for the project.

f) Any developer requesting assistance must be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed. Public financing will not be used when the developer's credentials, in the sole judgment of the City, are inadequate due to past history relating to completion of projects, general reputation, and/or bankruptcy, or other problems or issues considered relevant to the City.

Sand Development, LLC, a subsidiary of Sand Companies, Inc., and its related entities (Sand), have earned a reputation for professionalism, thoroughness and proven results in the development, design, construction and property management industries. Sand's reputation and accomplishments can be attributed to the many successful partnerships formed over the years.

Since inception in 1991, Sand has successfully completed the construction and/or development of 74 multifamily housing developments (3,741 units), 30 hotels (2,468 guest rooms), 18 commercial projects, 6 residential subdivisions (239 lots) and various other projects. Sand also manages over \$350 million in assets including 34 residential housing developments (1,430 units), 16 hotels (1,599 guest rooms) and 8 commercial/restaurant/conference facilities.

Sand has significant experience in completing large scale luxury apartment developments including Park Place (176 units) and Heritage Park (150 units) in Saint Cloud, The Preserve at Commerce (192 units) in Rogers, Shadow Hills Estates (322 units) in Plymouth and Monument Ridge Estates (135 units) in Inver Grove Heights. Along with market rate housing, Sand has successfully completed the development of 31 affordable communities (1,228 units).

The developer acknowledges the City will need to determine and approve the developer's capabilities to complete the proposed development before providing assistance.

g) The developer, or its contractual assigns, shall retain ownership of any portion of the project long enough to complete it, to stabilize its occupancy, to establish project management and/or needed mechanisms to ensure successful operation.

The developer acknowledges this.



Checklist for Public Financing Criteria

Desired Qualifications (#4.2 of Policy)



City of Roseville and Roseville Economic Development Authority Checklist for Public Financing Criteria

Written Narrative

3. Desired Qualifications (#4.2 of Policy)

a) Projects providing a high ratio of private investment to City public investment will receive priority consideration. Private investment includes developer cash, government and bank loans, conduit bonds, tax credit equity, and land if already owned by the developer.

The current proposed sources of funds for the project have a very high ratio of private investment to City public investment. The requested City investment is approximately 2.9% of total project costs. The anticipated private investment from government/bank loans and owner/tax credit equity equates to approximately 97.01% of total project costs.

b) Proposals that significantly increase the amount of property taxes paid after redevelopment will receive priority consideration.

The 2017 market value for the site is \$1,828,800 with 2016 real estate tax payments in the amount of \$66,822. Edison will significantly increase the local tax base when completed. After complete and fully assessed, the estimated market value of the 209 unit development will be \$26,970,000 with estimated annual real estate tax payments of \$449,980.

Proposals that encourage the following will receive priority consideration.

As described in prior narratives, the Edison proposal will encourage the following priorities:

- b) provides significant improvement to the surrounding land uses and the neighborhood (spin-off development);
- d) promotes multi-family housing investment and meets the following City goals: (ii) demonstration of need for the type of multi-family housing proposed through a market study or other reliable market data (*Determining Affordable Housing Needed in the Twin Cities 2011 – 202 Report*); (iii) multi-family workforce housing proposals that include amenities similar to those found in market rate housing (underground parking, large units, in unit washer/dryer, balconies/decks, recreation area, community room, resident storage, leasing office);

j) Addition of specific project enhancements including, but not limited to: architectural upgrades, pedestrian and transit connections, green building practices and enhanced site planning features.

Pedestrian and Transit Connections. Edison will incorporate a 1,730 lineal foot gravel walking trail around the perimeter of the site that will be open to the public. Connections to the trail for Edison residents will be at various locations throughout the development while trail access for the public will be from two locations along Old Highway 8.

Edison will also create a link from Sandcastle Park with a pedestrian crossing at Old Highway 8 to a newly constructed public sidewalk which will take pedestrians north to the Edison walking trail. This will further link to transit via a new public sidewalk along Old Highway 8 to the Metro transit stops on County Road D.

Green Building Practices. Along with the solar previously mentioned, Edison's affordable development will follow Enterprise Green Communities Design Criteria that establishes standards in green building design and construction. Minnesota Green Communities is a collaboration of the Greater Minnesota Housing Fund, the Family Housing Fund and Enterprise designed to foster the creation of healthier and more energy efficient housing throughout Minnesota. The initiative supports the production of housing with reduced energy costs, the use of materials beneficial to the environment, conversation minded land use planning and attention to the creation of healthy environments and lifestyles for individuals, children, families and communities. These standards emphasize an integrated design process with the developer, architect, engineers, contractor and building management team involved from the start of the design process.

Enhanced Site Features - Place Making – Edison will incorporate place making features along Old Highway 8 at the two entrance points of the walking trail. These place making features, such as message boards or kiosks, will invite the public to access the trail, learn about the community and also an opportunity to post local messages. There will also be exercise and resting nodes at various locations along the walking trail to encourage the full use of the trail system by the public.



Checklist for Public Financing Criteria

Business Subsidy Public Purpose, Jobs and Wage Requirements (#5 of Policy)



City of Roseville and Roseville Economic Development Authority Checklist for Public Financing Criteria

Written Narrative

4. Business subsidy public purpose, jobs and wage requirements (#5 of Policy)

All business subsidies must meet a public purpose with measurable benefit to the City as a whole.

Edison will meet a number of public purposes, as described earlier, including, but not limited to: expanding and diversifying the local economy and tax base, additional permanent jobs, spin-off developments, promotion of urban design and green building, meeting housing goals of the 2030 Comprehensive Plan, a high amount of private investment as compared to City assistance and quality housing opportunities for local employees.

The subsidy will also have measureable benefits to the City. Some measurements will include the actual increased tax base, clearly defined sources of funds for the project showing a high amount of private investment and annual occupancy reporting for the project each year showing the income levels the project is supporting.

The creation of tax base shall not be the sole public purpose of a subsidy.

The creation of additional tax base is not the sole purpose of the requested subsidy. Other public purposes of the project include expanding and diversifying the local economy, spin-off developments, promotion of urban design and green building, meeting goals of the 2030 Comprehensive Plan, a high amount of private investment as compared to City assistance and quality housing opportunities for local employees.

**EXTRACT OF MINUTES OF MEETING OF THE
ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**

* * * * *

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners (the “Board”) of the Roseville Economic Development Authority (the “Authority”) was duly held on the 8th day of May, 2017, at 6:00 p.m.

The following members were present:

and the following were absent:

Commissioner _____ introduced the following resolution and moved its adoption:

Resolution No.

**RESOLUTION IN SUPPORT OF SAND DEVELOPMENT, LLC’S APPLICATION FOR
RAMSEY COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)/HOME
INVESTMENT PARTNERSHIP FUNDS FOR THE DEVELOPMENT OF EDISON
APARTMENTS (f/k/a ARBOR ROSE APARTMENTS)**

WHEREAS, Sand Development, LLC (the “Developer”) has proposed the development of a multifamily rental housing facility including 60 units of workforce housing (the “Facility”), to be located along Old Highway 8 in the City of Roseville (the “City”);

WHEREAS, to finance a portion of the costs to develop the Facility, the Developer has applied for HOME Investment Partnership Program (“HOME”) funds allocated to Ramsey County;

NOW THEREFORE BE IT RESOLVED THAT the Roseville Economic Development Authority hereby supports the request by the Developer for HOME funding through Ramsey County to finance a portion of the costs of the proposed Facility.

Adopted by the Board of the Authority this 8th day of May, 2017.

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 regularly held meeting thereof on May 8, 2017.

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 9th day of May, 2017

Executive Director
Roseville Economic Development Authority

**EXTRACT OF MINUTES OF MEETING OF THE
ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**

* * * * *

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners (the “Board”) of the Roseville Economic Development Authority (the “Authority”) was duly held on the 8th day of May, 2017, at 6:00 p.m.

The following members were present:

and the following were absent:

Commissioner _____ introduced the following resolution and moved its adoption:

Resolution No.

**RESOLUTION IDENTIFYING THE NEED FOR LIVABLE COMMUNITIES
DEMONSTRATION ACCOUNT FUNDING AND AUTHORIZING APPLICATION FOR
GRANT FUNDS**

WHEREAS the Roseville Economic Development Authority (the “Authority”) is eligible to apply for Livable Communities Demonstration Account funds (the “LCDA Funds”) on behalf of cities participating in the Livable Communities Act’s Housing Incentives Program for 2017 as determined by the Metropolitan Council; and

WHEREAS only a limited amount of grant funding is available through the LCDA during each funding cycle, and the Metropolitan Council has determined that it is appropriate to allocate such funds only to eligible projects where the funds assist innovative development criteria that meet LCDA priorities; and

WHEREAS the Authority has identified a proposed project consisting of the development of a multifamily rental housing facility including 60 units of workforce housing and 149 units of market rate housing (the “Project”) within the City of Roseville (the “City”) that meets the purposes and criteria of the LCDA Funds and is consistent with and promotes the purposes of the Metropolitan Livable Communities Act and the policies of the Metropolitan Council’s adopted metropolitan development guide; and

WHEREAS the Authority has the institutional, managerial and financial capability to ensure adequate administration of the Project; and

WHEREAS the Authority will comply with all applicable laws and regulations as stated in the grant agreement governing the LCDA Funds; and

WHEREAS the Authority agrees to act as legal sponsor for the Project described in the

LCDA Funds grant application submitted on June 29, 2017; and

WHEREAS the Authority acknowledges that grants funded through LCDA Funds are intended to fund projects or project components that can serve as models, examples or prototypes for development or redevelopment projects elsewhere in the region, and therefore represents that the Project or key components of the Project can be replicated in other metropolitan-area communities.

NOW THEREFORE BE IT RESOLVED THAT the Roseville Economic Development Authority authorizes and directs its Executive Director to submit an application for Metropolitan Council LCDA Funds for the components of the Project identified in the application, and to execute such agreements as may be necessary to implement the Project on behalf of the City, where the Project is located.

Adopted by the Board of the Authority this 8th day of May, 2017.

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 regularly held meeting thereof on May 8, 2017.

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 9th day of May, 2017

Executive Director
Roseville Economic Development Authority

**EXTRACT OF MINUTES OF MEETING OF THE
ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**

* * * * *

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners (the “Board”) of the Roseville Economic Development Authority (the “Authority”) was duly held on the 8th day of May, 2017, at 6:00 p.m.

The following members were present:

and the following were absent:

Commissioner _____ introduced the following resolution and moved its adoption:

Resolution No.

**RESOLUTION OF FINANCIAL SUPPORT FOR THE CREATION AND
ADMINISTRATION OF A HOUSING TAX INCREMENT FINANCE (TIF) DISTRICT
AND COMMITMENT OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS
(CDBG) IN CONNECTION WITH THE DEVELOPMENT OF A PROPOSED
MULTIFAMILY RENTAL HOUSING DEVELOPMENT**

WHEREAS, pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the “TIF Act”), the Authority and the City of Roseville (the “City”) are authorized to create and administer tax increment financing districts (“TIF districts”) for the purpose of fostering the development of affordable housing in the City; and

WHEREAS, the Authority has received Community Development Block Grant (“CDBG”) funds which may be used for the purpose of fostering the development of workforce housing; and

WHEREAS, the Authority has received a proposal from Sand Development, LLC (the “Developer”) for the development of a 209-unit mixed-income/lifestyle multifamily rental housing facility that will include 60 units of workforce housing (the “Facility”); and

WHEREAS, the Developer has informed the Authority of Developer’s intent to apply for tax credits from the Minnesota Housing Finance Authority, which application is predicated on local support of the Developer’s proposal; and

WHEREAS, the Authority supports the use of tax increment financing for the Facility in a maximum principal amount of \$1,006,000 in qualified costs related to the affordable component of the Facility through the issuance of a pay-as-you-go TIF note to the Developer, as well as a loan of the Authority’s CDBG funds in a maximum principal amount of \$350,000 to finance a portion of the Facility;

45
46 NOW, THEREFORE, BE IT RESOLVED THAT the Authority supports the creation of a
47 housing TIF district and a loan of the Authority's CDBG funds to finance a portion of the
48 proposed Facility as described above, provided that the Council must comply with all of the
49 legally required proceedings set forth in the TIF Act; and be it further resolved that the Authority
50 supports the Developer's application for tax credits for the Facility.
51

52 Adopted by the Board of the Authority this 8th day of May, 2017.
53

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 regularly held meeting thereof on May 8, 2017.

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 May, 2017

Executive Director
Roseville Economic Development Authority

Edison Multifamily Community

Funding Application Timeline

Ramsey County

- Application Due Date: February 27, 2017 – COMPLETED
- Award Announcement Date: May 9, 2017
- City Action Requirement: Resolution supporting the application
- City Action Requirement Date: May 8, 2017

Metropolitan Council

- Pre-Application Meeting: March 29, 2017 – COMPLETED
- Project Concept Plan Submittal: May 4, 2017
- Full Application Due: June 29, 2017
- Award Announcement: December 2017
- City Action Requirement: Complete Project Concept Plan and Application. Resolution authorizing the application.

Minnesota Housing Finance Agency

- Application Due Date: June 15, 2017
- Award Announcement Date: October 26, 2017
- City Action Requirement: Resolution of financial support of TIF and CDBG funds
- City Action Requirement Date: By June 15, 2017



**City of Roseville and
Roseville Economic Development Authority
Public Financing Criteria and Business Subsidy Policy
Adopted October 17, 2016**

INTRODUCTION:

This Policy is adopted for purposes of the business subsidies act, which is Minnesota Statutes, Sections 116J.993 through 116J.995 (the “Statutes”). Terms used in this Policy are intended to have the same meanings as used in Statutes. Subdivision 3 of the Statutes specifies forms of financial assistance that are not considered a business subsidy. This list contains exceptions for several activities, including redevelopment, pollution clean-up, and housing, among others. By providing a business subsidy, the city commits to holding a public hearing, as applicable, and reporting annually to the Department of Employment and Economic Development on job and wage goal progress.

1. PURPOSE AND AUTHORITY

- A. The purpose of this document is to establish criteria for the City of Roseville and the Roseville Economic Development Authority (“EDA”) for granting of business subsidies and public financing for private development within the City. As used in this Policy, the term “City” shall be understood to include the EDA. These criteria shall be used as a guide in processing and reviewing applications requesting business subsidies and/or City public financing.
- B. The City's ability to grant business subsidies is governed by the limitations established in the Statutes. The City may choose to apply its Business Subsidy Criteria to other development activities not covered under this statute. City public financing may or may not be considered a business subsidy as defined by the Statutes.
- C. Unless specifically excluded by the Statutes, business subsidies include grants by state or local government agencies, contributions of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient of the subsidy, any reduction or deferral of any tax or any fee, tax increment financing (TIF), abatement of property taxes, loans made from City funds, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

- D. These criteria are to be used in conjunction with other relevant policies of the City. Compliance with the Business Subsidy Criteria and City Public Financing Guidelines shall not automatically mean compliance with such separate policies.
- E. The City may deviate from the job and wage goals criteria outlined in Section 5 D and E below by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Employment and Economic Development with the next annual report.
- F. The City may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Statutes.

2. CITY'S OBJECTIVE FOR THE USE OF PUBLIC FINANCING

- A. As a matter of adopted policy, the City may consider using public financing which may include tax increment financing (TIF), tax abatement, bonds, and other forms of public financing as appropriate, to assist private development projects. Such assistance must comply with all applicable statutory requirements and accomplish one or more of the following objectives:
 - 1. Remove blight and/or encourage redevelopment in designated redevelopment/development area(s) per the goals and visions established by the City Council and EDA.
 - 2. Expand and diversify the local economy and tax base.
 - 3. Encourage additional unsubsidized private development in the area, either directly or through secondary "spin-off" development.
 - 4. Offset increased costs for redevelopment over and above the costs that a developer would incur in normal urban and suburban development (determined as part of the But-For analysis).
 - 5. Facilitate the development process and promote development on sites that could not be developed without this assistance.
 - 6. Retain local jobs and/or increase the number and diversity of quality jobs
 - 7. Meet other uses of public policy, as adopted by the City Council from time to time, including but not limited to promotion of quality urban design, quality architectural design, energy conservation, sustainable building practices, and decreasing the capital and operating costs of local government.

3. PUBLIC FINANCING PRINCIPLES

- A. The guidelines and principles set forth in this document pertain to all applications for City public financing regardless of whether they are considered a Business Subsidy as defined by the Statutes. The following general assumptions of development/redevelopment shall serve as a guide for City public financing:

1. All viable requests for City public financing assistance shall be reviewed by staff, and, if staff so designates, a third party financial advisor who will inform the City of its findings and recommendations. This process, known as the “But For” analysis is intended to establish the project would not be feasible but for the City assistance.
2. The City shall establish mechanisms within the development agreement to ensure that adequate checks and balances are incorporated in the distribution of financial assistance where feasible and appropriate, including but not limited to:
 - a. Third party “but for” analysis
 - b. Establishment of “look back provisions”
 - c. Establishment of minimum assessment agreements
3. TIF and abatement will be provided on a pay-as-you-go-basis. Any request for upfront assistance will be evaluated on its own merits and may require security to cover any risks assumed by the City.
4. The City will set up TIF districts in accordance with the maximum number of statutory years allowable. However, this does not mean that the developer will be granted assistance for the full term of the district.
5. The City will elect the fiscal disparities contribution to come from inside applicable TIF district(s) to eliminate any impact to the existing tax payers of the community.
6. Public financing will not be used to support speculative commercial, office or housing projects. In general the developer should be able to provide market data, tenant letters of commitment or finance statements which support the market potential/demand for the proposed project.
7. Public financing will generally not be used to support retail development. The City may consider projects that include a retail component provided they meet a Desired Qualification as identified in Section 4.2.C(8) of this policy.
8. Public financing will not be used in projects that would give a significant competitive financial advantage over similar projects in the area due to the use of public subsidies. Developers should provide information to support that assistance will not create such a competitive advantage. Priority consideration will be given to projects that fill an unmet market need.
9. Public financing will not be used in a project that involves a land and/or property acquisition price in excess of fair market value.
10. The developer will pay all applicable application fees and pay for the City and EDA’s fiscal and legal advisor time as stated in the City’s Public Assistance Application.

11. The City will not consider waiving fees including, but not limited to, building permit fees, park dedication fees, SAC charges, and planning and zoning application fees. The City may consider using SAC credits, to the extent they are available, to off-set a project's SAC expenses.
12. The developer shall proactively attempt to minimize the amount of public assistance needed through the pursuit of grants, innovative solutions in structuring the deal, and other funding mechanisms.
13. All developments are subject to execution and recording of a Minimum Assessment Agreement.

4. PROJECTS WHICH MAY QUALIFY FOR PUBLIC FINANCING ASSISTANCE

- A. All new applications for assistance considered by the City must meet each of the following minimum qualifications. However, it should **not** be presumed that a project meeting these qualifications will automatically be approved for assistance. Meeting the qualifications does not imply or create contractual rights on the part of any potential developer to have its project approved for assistance.

4.1 MINIMUM QUALIFICATIONS/REQUIREMENTS:

- A. In addition to meeting the applicable requirements of State law, the project shall meet one or more of the public financing objectives outlined in Section 2.
- B. The developer must demonstrate to the satisfaction of the City that the project is not financially feasible "but for" the use of tax increment or other public financing.
- C. The project must be consistent with the City's Comprehensive Plan and Zoning Ordinances, Design Guidelines or any other applicable land use documents.
- D. Prior to approval of a financing plan, the developer shall provide any requested market and financial feasibility studies, appraisals, soil boring, private lender commitment, and/or other information the City or its financial consultants may require in order to proceed with an independent evaluation of the proposal.
- E. The developer must provide adequate financial guarantees to ensure the repayment of any public financing and completion of the project. These may include, but are not limited to, assessment agreements, letters of credit, personal deficiency guarantees, guaranteed maximum cost contract, etc.
- F. Any developer requesting assistance must be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed. Public financing will not be used when the developer's credentials, in the sole judgment of the City, are inadequate due to past history relating to completion of projects, general reputation, and/or bankruptcy, or other problems or issues considered relevant to the City.

- G. The developer, or its contractual assigns, shall retain ownership of any portion of the project long enough to complete it, to stabilize its occupancy, to establish project management and/or needed mechanisms to ensure successful operation.

4.2 DESIRED QUALIFICATIONS:

- A. Projects providing a high ratio of private investment to City public investment will receive priority consideration. Private investment includes developer cash, government and bank loans, conduit bonds, tax credit equity, and land if already owned by the developer.
- B. Proposals that significantly increase the amount of property taxes paid after redevelopment will receive priority consideration.
- C. Proposals that encourage the following will receive priority consideration:
 - 1. Implements the City's vision and values for a City-identified redevelopment area
 - 2. Provides significant improvement to surrounding land uses, the neighborhood, and/or the City
 - 3. Attracts or retains a significant employer within the City
 - 4. Promotes multi-family housing investment that meets the following City goals:
 - a. Extensive rehabilitation of existing multi-family housing stock
 - b. Demonstration of need for the type of multi-family housing proposed through a market study or other reliable market data.
 - c. Multi-family workforce housing proposals that include amenities similar to those found in market rate housing
 - d. Workforce housing proposals that consider innovative and alternative forms of development and do not include high-rise buildings
 - 5. Provides significant rehabilitation or expansion and/or replacement of existing office or commercial facility
 - 6. Provides opportunities for corporate campus or medical office development
 - 7. Provides opportunity for hi-tech, med-tech, R & D facilities/office or major manufacturer
 - 8. Provides opportunities for small businesses (under 50 employees) that are non, start-up companies
 - 9. Provides opportunities for small businesses that may enhance the quality of life within neighborhoods
 - 10. Redevelops a blighted, contaminated and/or challenged site

11. Adds needed road, access and multi-modal improvements
12. Addition of specific project enhancements including, but not limited to, architectural upgrades, pedestrian and transit connections, green building practices and enhanced site planning features.

5. **BUSINESS SUBSIDY PUBLIC PURPOSE, JOBS AND WAGE REQUIREMENT**

- A. All business subsidies must meet a public purpose with measurable benefit to the City as a whole.
- B. Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable. The City shall document the information used to determine the nature of the job loss.
- C. The creation of tax base shall not be the sole public purpose of a subsidy.
- D. Unless the creation of jobs is removed from a particular project pursuant to the requirements of the Statutes, the creation of jobs is a public purpose for granting a subsidy. Creation of at least **3** Full Time, or Full Time Equivalent (FTE) jobs is a minimum requirement for consideration of assistance. For purposes of this Policy, FTE's must be permanent positions with set hours, and be eligible for benefits.
- E. The wage floor for wages to be paid for the jobs created shall be not less than 300% of the State of MN Minimum Wage. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section.
- F. After a public hearing, if the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero.

6. **SUBSIDY AGREEMENT**

- A. In granting a business subsidy, the City shall enter into a subsidy agreement with the recipient that provides the following information: wage and job goals (if applicable), commitments to provide necessary reporting data, and recourse for failure to meet goals required by the Statutes.
- B. The subsidy agreement may be incorporated into a broader development agreement for a project.
- C. The subsidy agreement will commit the recipient to providing the reporting information required by the Statutes.

7. **PUBLIC FINANCING PROJECT EVALUATION PROCESS**

- A. The following methods of analysis for all public financing proposals will be used:
1. Consideration of project meeting minimum qualifications
 2. Consideration of project meeting desired qualifications
 3. Project meets “but-for” analysis and/or statutory qualifications
 4. Project is deemed consistent with City’s Goals and Objectives

Please note that the evaluation methodology is intended to provide a balanced review. Each area will be evaluated individually and collectively and in no case should one area outweigh another in terms of importance to determining the level of assistance.