

City of South St. Paul

Economic Development Authority Agenda

Monday, June 3, 2024

IMMEDIATELY FOLLOWING THE CONCLUSION OF THE 7:00 P.M. MEETING OF THE
City Council

1. CALL TO ORDER:

2. ROLL CALL:

3. AGENDA:

A. Approval of Agenda

Action – Motion to Approve

Action – Motion to Approve as Amended

4. CONSENT AGENDA:

All items listed on the Consent Agenda are items, which are considered to be routine by the Economic Development Authority and will be approved by one motion. There will be no separate discussion of these items unless a Commissioner or citizen so requests, in which event the item will be removed from the consent agenda and considered at the end of the Consent Agenda.

A. EDA Meeting Minutes of May 6, 2024

B. Approval of a Temporary Lease Agreement with Danner, Inc. (Concord Exchange Reconstruction Project) – Resolution No. 2024-12

5. GENERAL BUSINESS:

A. Modifying the Tax Increment Financing Plan for Grand Avenue Gateway Tax Increment Financing District to Eliminate Parcels from the District, Resolution 2024 - 10

B. Approval of Forgivable Rehabilitation and Improvement Loan (Concord Exchange South – Blue River Holdings, LLC), Resolution 2024 - 11

6. ITEMS FOR FUTURE FOLLOW-UP:

General communications of the President and Commissioners are provided and may be considered for inclusion on a future agenda. There will be no discussion or decisions made related to these items at this meeting.

7. CLOSED SESSION: Pursuant to Minnesota Statutes § 13D.05, Subd. 3(c) to develop or consider offers for the purchase of real property at 240 Concord Street North

8. ADJOURNMENT:

Respectfully Submitted,



Ryan Garcia, EDA Executive Director

This meeting is being taped by Town Square Television (NDC4).
Replays can be viewed on Government Channel 19.
Replay Times – Friday following Meeting at 1:00 p.m. & 7:00 p.m.
651-451-7834

MINUTES OF
THE ECONOMIC DEVELOPMENT AUTHORITY
CITY OF SOUTH ST. PAUL
DAKOTA COUNTY, MINNESOTA

Regular Meeting
May 6, 2024

City Hall Council Chambers, 125 3rd Avenue North, South St. Paul, MN 55075

1. CALL TO ORDER

The Regular Meeting of the South St. Paul Economic Development Authority was held on May 6, 2024, in the Council Chambers of City Hall, 125 3rd Avenue North, South St. Paul. President Francis called the meeting to order at 8:27 PM.

2. ROLL CALL

Members Present: President Francis, Commissioners Bakken, Hansen, Kaliszewski, Podgorski, Seaberg and Thompson.

Members Absent: None

Staff Present: EDA Executive Director Ryan Garcia, City Clerk Deanna Werner, City Attorney, Amanda Johnson

3. AGENDA

Motion/Second: Commissioner Kaliszewski moved, and Commissioner Thompson seconded approval of the agenda.

Vote: 7 ayes / 0 nays, motion carried.

4. CONSENT

- A. EDA Meeting Minutes of April 1, 2024
- B. Approval of Satisfaction of Mortgage – Applicant #960

Motion/Second: Commissioner Hansen moved, and Commissioner Bakken seconded approval of the consent agenda.

Vote: 7 ayes / 0 nays, motion carried.

5. GENERAL BUSINESS:

A. Termination of Development Agreement – Resolution 2024-008 (110 Bridgepoint Court)

Motion/Second: Commissioner Bakken moved, and Commissioner Hansen seconded approval of Resolution 2024-008, Termination of Development Agreement (110 Bridgepoint Court).

Vote: 7 ayes / 0 nays, motion carried.

6. ITEMS FOR FUTURE FOLLOW-UP:

General communications of the President and Commissioners are provided and may be considered for inclusion on a future agenda. There will be no discussion or decisions made related to these items at this meeting.

7. ADJOURNMENT:

Motion/Second: Commissioner Kaliszewski moved, and Commissioner Podgorski seconded the motion to adjourn the meeting.

Vote: 7 ayes / 0 nays, motion carried.

The meeting was adjourned at 8:33 PM.

Approved: May 20, 2024

Deanna Werner, EDA Secretary



EDA AGENDA ITEM REPORT

Date: June 3, 2024

EDA Executive Director: 

4-B

AGENDA ITEM: Approval of a Temporary Lease Agreement with Danner, Inc., Resolution 2024-12

ACTION TO BE CONSIDERED:

Through consent motion, adopt Resolution 2024-12 approving execution of a temporary lease agreement with Danner, Inc.

OVERVIEW:

Danner Inc. was awarded the bid for the Concord Exchange Corridor Improvement Project, a project that will extend throughout the summer and fall of 2024. Danner Inc. has requested permission to utilize a portion of public properties located on Concord Exchange (Parcel ID No's: 361526000220, 361526000230, 361526000240, 361526000250, 361526000260, and 361526000270 throughout the course of the project for material and equipment storage.

The EDA continues to hold this property for redevelopment, however there has been limited interest from the market in a project here. Staff believes that the completion of the Concord Exchange Corridor Improvement Project will help to usher in more development interest in this site in the future. In the short-term, however, the site is very likely to remain vacant and mostly invisible to the market, and our primary relationship with the site will be to maintain the existing condition of the property.

The proposed lease agreement includes the following key provisions:

- Lease term from time of execution through November 30, 2024
- Tenant to release EDA/City from any/all liability and carry full liability coverage
- Tenant to maintain lawn areas
- Tenant to restore site to pre-disturbance condition

FUNDING SOURCES AND OTHER FISCAL CONSIDERATIONS:

No EDA/City expenses are anticipated for this initiative.

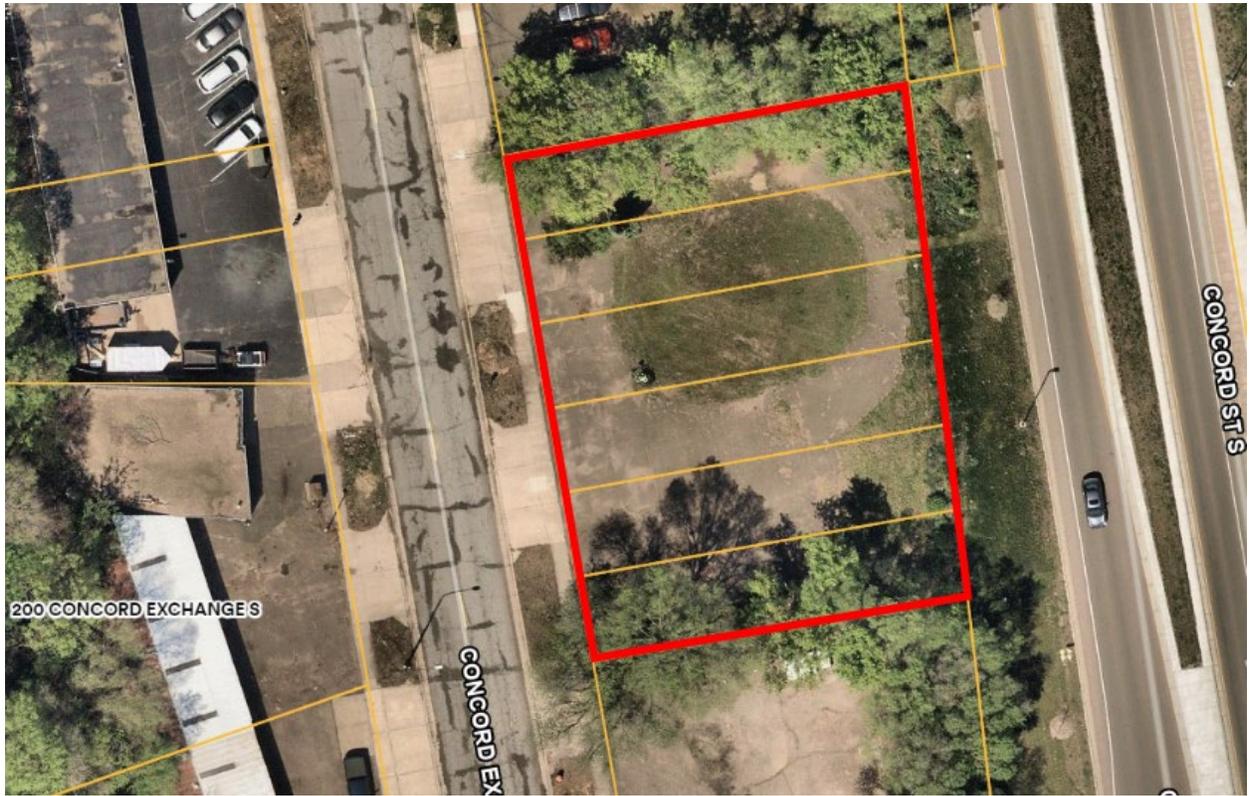
ATTACHEMENTS:

Site Map

Resolution 2024-12

Temporary Lease Agreement

SITE MAP



South St. Paul Economic Development Authority
Dakota County, Minnesota

RESOLUTION NO. 2024-12

**RESOLUTION AUTHORIZING THE EXECUTION OF A TEMPORARY LEASE
AGREEMENT**

WHEREAS, the South St. Paul Economic Development Authority (EDA) is the owner of vacant property located on the east side of Concord Exchange South in the City of South St. Paul, Dakota County, Minnesota and as legally described in Exhibit A (Property); and

WHEREAS, pursuant to Minnesota Statutes, Section 469.101, the EDA has the authority to lease any of its lands or property; and

WHEREAS, the EDA has entered into a Temporary Lease Agreement (Lease Agreement) with Danner Incorporated (Tenant), for the temporary use of the Property in connection with the reconstruction of Concord Exchange in the City of South St. Paul, the terms and conditions of which include the use that the Tenant will be allowed to make of the Property; and

WHEREAS, the EDA has determined that the temporary lease of the Property to the Tenant is in the best interests of the City of South St. Paul or the district and its people.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the South St. Paul Economic Development Authority:

1. The EDA hereby approves the temporary lease of the Property to the Tenant pursuant to the terms of the Lease Agreement.
2. All terms and conditions of the Lease Agreement are hereby approved and the required officers of the EDA, staff, and consultants are hereby authorized to execute the necessary documents to lease the Property to the Tenant pursuant to the terms of the Lease Agreement.

Adopted this 3rd day of June, 2024.

James P. Francis, President

Ryan D. Garcia, Executive Director

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

(South St. Paul, MN)

Real property located in Dakota County Minnesota legally described as follows:

Lots 22, 23, 24, 25, 26, 27, Block 1, of the Subdivision of Block 1 of Bryants Addition to the City of South St. Paul, according to the plat thereof on file and of record in the office of the County Recorder, Dakota County, Minnesota.

TEMPORARY LEASE AGREEMENT

This Temporary Lease Agreement ("Lease") is made and entered into this 3rd day of June, 2024, by and between the **South St. Paul Economic Development Authority**, a Minnesota public body, corporate and politic ("Landlord"), with an address at 125 3rd Avenue N., South St. Paul, MN, 55075 and **Danner, Inc.**, a Minnesota Corporation ("Tenant"), with an address of 843 Hardman Ave S, South St. Paul, MN 55075.

- Premises.** In consideration of the mutual covenants, conditions and agreements in this Lease, Landlord leases to Tenant, and Tenant leases from Landlord, premises described as that portion of the real property located at Parcel ID No's: 361526000220, 361526000230, 361526000240, 361526000250, 361526000260, and 361526000270 South St. Paul, MN ("Property") outlined in red on the attached **Exhibit A** ("Premises").
- Term.** The term of this Lease ("Term") shall begin on June 3, 2024 ("Commencement Date") and end on November 30, 2024 ("Expiration Date"). Landlord shall deliver possession of the Premises to Tenant as of the Commencement Date. On the Expiration Date, Tenant shall peaceably surrender the Premises to Landlord, consistent with Tenant's obligations under the terms of this Lease. This Lease may be extended by written agreement of the parties.
- Permitted Use.** Tenant shall use the Premises only for the temporary storage of vehicles and construction equipment being used for construction work related to the reconstruction of Concord Exchange. Tenant shall not be permitted to make any improvements or alterations to the Premises without the written consent of Landlord. Tenant agrees not to commit or permit any act to be performed on the Premises which will violate any statute, regulation, or ordinance of any governmental body, or which will violate any insurance policy carried on the Premises by Landlord or cause Landlord's insurance rate to increase.
- Maintenance of Premises.** During the term of this Lease, Tenant shall keep the grass on the Premises mowed and in full compliance with all applicable City Code provisions related to the maintenance of grass and prohibition of noxious weeds found in City Code Section 66-49.
- Restoration of Premises.** Tenant shall, at its sole cost, restore the Premises to the condition it was in at the time of Commencement of this Lease ("Site Restoration Activities") to the satisfaction of the Landlord, in its sole discretion, on or before the Expiration Date of this Lease. Site Restoration Activities shall include but not be limited to restoration of disturbed soils including any grading required to restore the surface of the Premises to a smooth and even condition, and replacement of damaged grass. If Tenant is precluded from completing the required Site Restoration Activities prior to the expiration of the Lease by inclement weather, Tenant shall cause the Site Restoration Activities to be completed on or before May 1, 2025. If Tenant fails to complete all Site Restoration Activities to the satisfaction of Landlord on or before May 1, 2025, Landlord may use the Escrow Deposit to cause the restoration of the Premises without further notice to Tenant. If the cost of the Site Restoration Activities exceeds the amount of the Escrow Deposit, Tenant shall reimburse Landlord for any costs for the Site Restoration Work incurred by Landlord, including but not limited to the value of Site Restoration Services provided by employees of the City of South St. Paul, within ten (10) days from the date of mailing of written demand to Tenant for payment of the same.
- Utilities.** Tenant agrees to pay for all utilities supplied to the Premises during the Term of this Lease. Landlord does not warrant the availability of any utilities to the Premises.
- Subletting.** Tenant shall not sublet the whole or any part of the Premises without first obtaining the prior written consent of Landlord, which may be withheld at Landlord's sole discretion.
- Liens.** Tenant shall not permit any liens or encumbrances to be filed against the Premises on account of the furnishing of any labor, material or supplies, or for any other cause or reason. In the event

liens are filed, Tenant shall promptly cause the same to be released, bonded or satisfied in full within ten (10) days of the date of such filing.

9. **Indemnification.** Tenant shall indemnify and hold harmless Landlord from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury, or damage to property arising from or out of Tenant's occupancy or use of the Premises or any part thereof, including but not limited to those occasioned wholly or in part by an negligent act or omission of Tenant, its agents, contractors or employees. Tenant's personal property and fixtures kept, stored, or maintained on the Premises shall be at the sole risk of Tenant. Notwithstanding the foregoing, Tenant shall have no obligation to indemnify or hold Landlord harmless against claims for loss of life or personal injury sustained as a consequence of the acts or omissions of Landlord or of its agents, servants, or employees.

10. **Hazardous Materials.** Tenant agrees not to maintain, keep, store or permit the maintenance or storage of any dangerous, flammable or hazardous material on the Premises (other than reasonable and customary amounts as permitted under existing fire and safety rules and regulations) and further agrees to comply with all fire and safety rules and regulations.

11. **Notices.** Any notice required or permitted under this Lease shall be in writing and, except as specifically provided otherwise herein, shall be deemed to have been duly given and delivered (a) one (1) business day after the date on which the same has been delivered prepaid to a national courier service guaranteeing next day service, or (b) three (3) days after deposit in the United States mail, registered or certified, return receipt requested, postage prepaid, in each case addressed to the party to whom such notice is given at the address set forth herein.

12. **Attorneys' Fees.** If either Landlord institutes any action or proceeding against Tenant to enforce any provision of this Lease, Tenant shall reimburse Landlord for all reasonable costs and expenses incurred by Landlord in the performance of this Lease, including court costs, expenses and reasonable attorneys' fees.

13. **Entire Agreement.** There are no oral or written agreements or representations between Landlord and Tenant except as expressly set forth in this Lease. No modifications of this Lease will be binding upon Landlord or Tenant unless in writing and signed by each party. The terms, covenants and conditions contained herein shall inure to the benefit of, and be binding upon, Landlord and Tenant, and their respective heirs, successors and assigns.

14. **Severability.** If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

15. **Governing Law.** This Lease shall be construed in accordance with the laws of the state of Minnesota. Any actions relating to this Lease shall be venued in Dakota County, Minnesota.

16. **No Partnership.** This Lease does not create a joint venture or partnership relationship between the Tenant and Landlord.

17. **Authority.** Tenant warrants and represents to Landlord that the party or parties executing this Lease on behalf of Tenant are duly authorized to do so.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written.

**SOUTH ST. PAUL ECONOMIC
DEVELOPMENT AUTHORITY**

By _____
James P. Francis
Its: President

By _____
Ryan Garcia
Its: Executive Director

STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2024, by James P. Francis and Ryan Garcia, respectively the President and the Executive Director of the South St. Paul Economic Development Authority, a public body corporate and politic organized and existing under the laws of the State of Minnesota, on behalf of said Authority.

Notary Public

[The remainder of this page is intentionally left blank.]

[Signature page for Temporary Lease Agreement]

Danner, Inc.
a Minnesota Corporation

By: *Bryan Chirhart*
Bryan Chirhart
Its: Vice President

STATE OF MINNESOTA)
) ss
COUNTY OF Dakota)

The foregoing instrument was acknowledged before me this 31st day of May, 2024, by Bryan Chirhart, the Vice President of Danner, Inc., a Minnesota Corporation.

Kelly J. Riggins
Notary Public

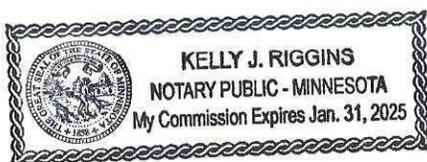


EXHIBIT A

Depiction of Leased Premises

(Leased Premises is outlined in red.)





EDA Agenda Item Report

Date: June 3, 2024

EDA Executive Director: _____

Rg

5-A

AGENDA ITEM: Modifying the Tax Increment Financing Plan for Grand Avenue Gateway Tax Increment Financing District to Eliminate Parcels from the District, Resolution 2024 - 10

ACTION TO BE CONSIDERED:

Motion to approve Resolution 2024 – 10.

SUMMARY:

On October 17, 2022, the EDA took a number of actions to effectuate the creation of a Housing TIF District in support of the Vaquero housing project at the corner of Veterans Memorial Lane and Concord Exchange. As discussed in 2022, all of the EDA/City/HRA-owned property within the Vaquero development site was included in the Grand Avenue Gateway Tax Increment Finance District (created around the Yards/Backyards projects) in 2020, when that district was created. Instead of trying to “shoehorn” the Vaquero project into that district, Staff and our TIF consultants resolved that establishing a standalone TIF district around the Vaquero project would benefit the City by potentially shortening the life of the Grand Avenue Gateway district. Thus, we took action via Resolution 2022 - 13 to remove certain parcels from the Grand Avenue Gateway TIF District in accordance with State TIF Law, which allows removal by resolution when the current net tax capacity of the parcels eliminated from a TIF District equals or exceeds the net tax capacity of those parcels in the District’s original net tax capacity.

As we continued to work throughout 2023 on steps to prepare the development site for future development and to “clean” title issues impacting the EDA/City/HRA owned property, we took additional actions including the vacation of a portion of Pitt Street right-of-way and completing property splits and conveyances to get all of the property under the singular ownership of the South St. Paul EDA. In some cases, this resulted in the creation of new Dakota County Property Identification (PID) Numbers. These PIDs – although technically newly created – are found within the Grand Avenue Gateway TIF District. Since these properties are not viable candidates for the use of Tax Increment in a Redevelopment District at this stage, staff and our TIF consultants are recommending that the EDA adopt Resolution 2024 – 10 to remove the following PIDs from the Grand Avenue Gateway District:

- 36-72850-03-232
- 36-72850-06-144
- 36-72850-06-146
- 36-72850-06-147

Ultimately, the Vaquero project failed to materialize, but Staff is of the opinion that adoption of Resolution 2024 – 10 is necessary to both consolidate the focus of the Grand Avenue Gateway TIF District and to best prepare the EDA to respond to future development interest and opportunities to the south of Grand Avenue.

FUNDING SOURCES AND OTHER FISCAL CONSIDERATIONS:

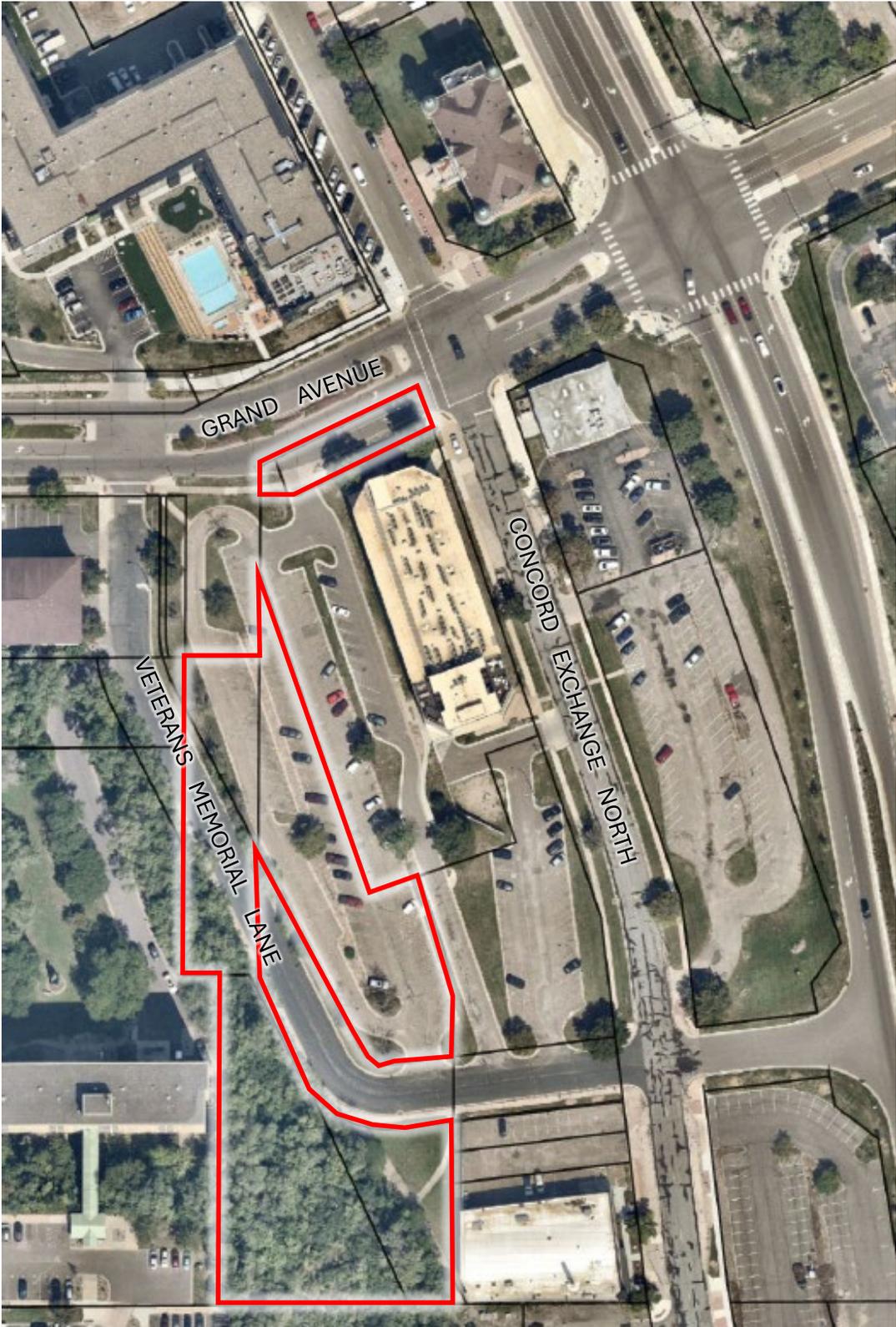
N/A

ATTACHMENTS:

Orientation / Parcel Map

Resolution 2024 - 10

Orientation / Parcel Map



SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2024-10

A RESOLUTION MODIFYING THE TAX INCREMENT FINANCING PLAN FOR GRAND AVENUE GATEWAY TAX INCREMENT FINANCING DISTRICT TO ELIMINATE PARCELS FROM THE DISTRICT

BE IT RESOLVED By the South St. Paul Economic Development Authority as follows:

Section 1. Recitals.

1.01. In 2009, the South St. Paul Housing and Redevelopment Authority and the City of South St. Paul (the “City”) established the Concord Street Redevelopment Project Area (the “Redevelopment Project”) and adopted a Redevelopment Plan (the “Redevelopment Plan”) related thereto.

1.02. On March 15, 2015, the City adopted Resolution No. 2015-27 establishing the South St. Paul Economic Development Authority (the “EDA”).

1.03. On December 21, 2015, the City transferred authority over the Redevelopment Project from the HRA to the EDA and the EDA accepted all obligations and responsibilities related thereto.

1.04. On December 21, 2020, the EDA and the City established the Grand Avenue Tax Increment Financing District (the “Grand Avenue Gateway TIF District”) and adopted a tax increment financing plan (the “TIF Plan”) for the Grand Avenue Gateway TIF District.

1.05. Minnesota Statutes, section 469.175, subd. 4(e) allows the EDA to eliminate parcels from the Grand Avenue Gateway TIF District without the need for the formal modification to the TIF Plan otherwise required under Minnesota Statutes, section 469.175, subd. 4(b) under specified conditions related to the net tax capacity of the eliminated parcels.

1.06. This modification of the Grand Avenue Gateway TIF Plan qualifies for the exception under section 469.175, subd. 4(e) because the current net tax capacity of the parcels eliminated from Grand Avenue Gateway TIF District equals or exceeds the net tax capacity of those parcels in Grand Avenue Gateway TIF District’s original net tax capacity.

Section 2. Elimination of Parcels

2.01. The parcels listed on Exhibit A attached hereto are hereby eliminated from the Grand Avenue Gateway TIF District.

Section 3. Further Action

3.01. The EDA Executive Director is authorized and directed to notify the Dakota County auditor of this action and to take any and all additional actions necessary or convenient to fulfill

the EDA's intent and purpose in eliminating the specified parcels from the Grand Avenue Gateway TIF District.

Dated: June 3, 2024

James P. Francis, President

ATTEST:

Ryan Garcia, Executive Director

EXHIBIT A

Parcels to be eliminated from Grand Avenue Gateway TIF District, Dakota County, Minnesota

36-72850-03-232

36-72850-06-144

36-72850-06-146

36-72850-06-147



EDA Agenda Item Report

Date: June 3, 2024

EDA Executive Director:

5-B

AGENDA ITEM:

Approval of Forgivable Rehabilitation and Improvement Loan (Concord Exchange South – Blue River Holdings, LLC), Resolution 2024 – 11

ACTION TO BE CONSIDERED:

Motion to approve Resolution 2024 – 11.

SUMMARY:

In November 2021, the EDA held a public hearing to authorize the sale of property on the west side of Concord Exchange South, generally located north of Al's Corral, and approved Resolution 2021 – 27 authorizing the sale and execution of a Development Agreement with Blue River Holdings, LLC (Blue River). Blue River is the real estate entity created by Dr. David Abramowicz who is also the owner of the South St. Paul Animal Hospital, a longtime South St. Paul small business. Blue River's interest in the EDA property related to a need to construct a new, significantly larger building to house their veterinary clinic, which is currently operating out of a building owned by Dr. Abramowicz at 501 Concord Street North.

Over the past two and a half years, Blue River has continued to work with a general contractor to “right-size” the project budget and gain clarity around project financing. The EDA applied for and was approved for a grant of \$250,000 in October 2023 for the purposes of assisting the Developer with extraordinary costs related to geotechnically unsuitable soils and soil vapors, site preparation, and stormwater management of this redevelopment site. Blue River has been working with Amplio towards approval of an SBA financing package and is slated to close within the next 45 days. Significant progress has been made, however the project is still very “skinny” in terms of financing. Amplio and Blue River have requested that the EDA consider providing a forgivable loan equivalent to the acquisition cost of the property (defined in the Development Agreement as \$75,000) which has the affect of increasing the developer's equity into the project. The loan would be forgiven if the Developer meets all of the following forgiveness conditions:

- Start construction on or before October 1, 2024
- Complete construction on or before December 31, 2025
- Provide proof of total development costs of not less than \$3,000,000
- Agree that a minimum Pay 2027 Estimated Market Value of \$1,000,000 will result from the project

FUNDING SOURCES AND OTHER FISCAL CONSIDERATIONS:

The EDA-owned property has been property tax exempt for a number of years. The proposed development should be expected to generate a total market value for taxable purposes of between \$2,500,000 and \$3,000,000, which would result in a total annual property tax bill (in 2024 figures) of between \$75,000 and \$93,000. At current tax rates, the City portion of this property tax bill is estimated at \$21,000 - \$26,000, while the SSD #6 portion is estimated at \$15,000 - \$19,000.

\$250,000 in RIG funding from the CDA is already approved for this project. RIG funding is provided on a 2:1 basis, meaning that for every dollar of RIG funding dedicated to the project, the grant recipient

must match two dollars in funding. Matching funds will be provided for by the developer, well in excess of the 2:1 requirement.

The \$75,000 forgivable loan would essentially be a paper transaction in Fund 40490 (Concord TIF). Rather than receive the \$75,000 in proceeds at closing from the developer, the TIF Fund would provide the \$75,000 in the form of a loan which is then immediately paid to the TIF Fund as sales proceeds, essentially a net "\$0" transaction in the TIF.

ATTACHMENTS:

Orientation Map

Approved Development Plan

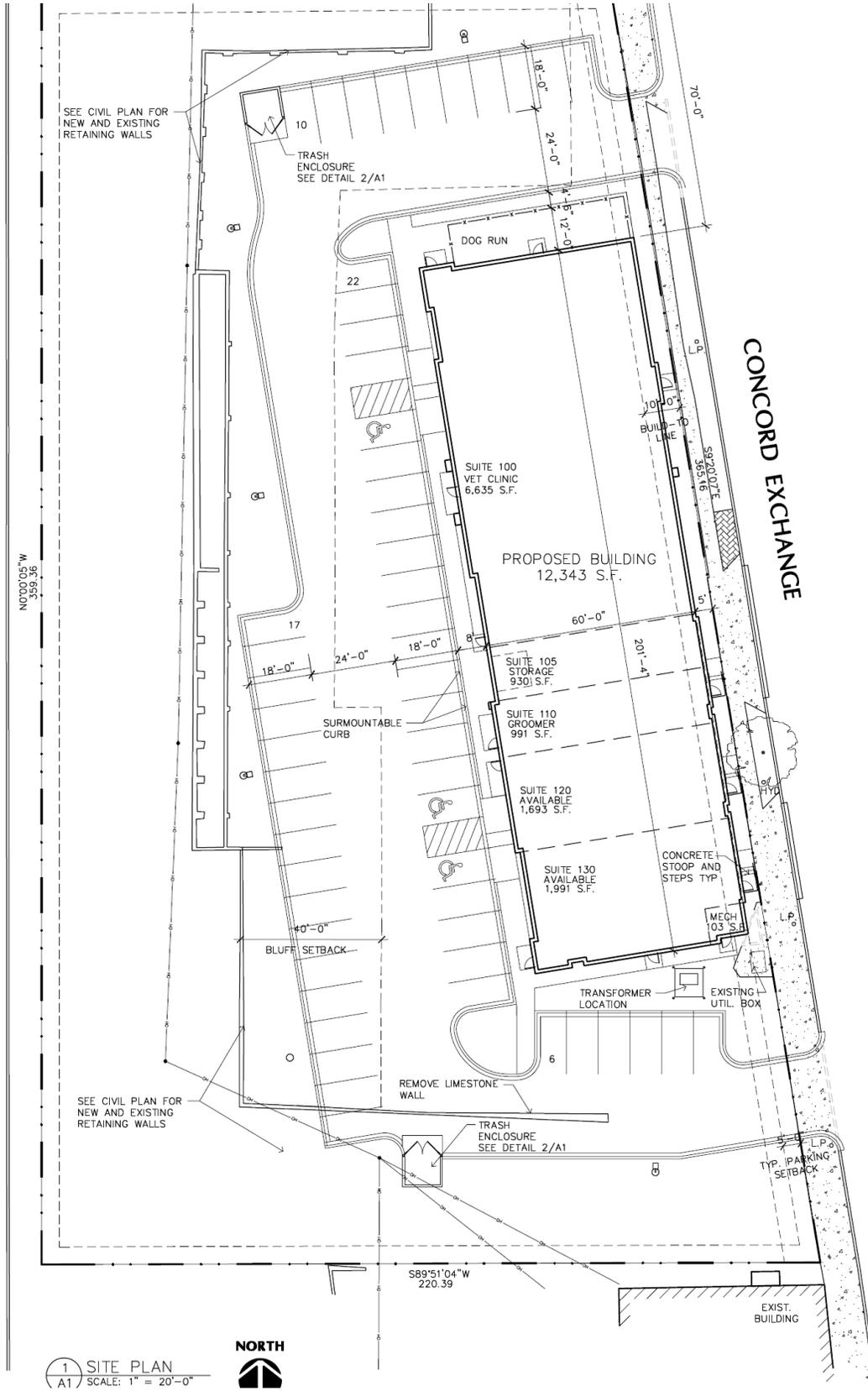
Resolution 2024 – 11

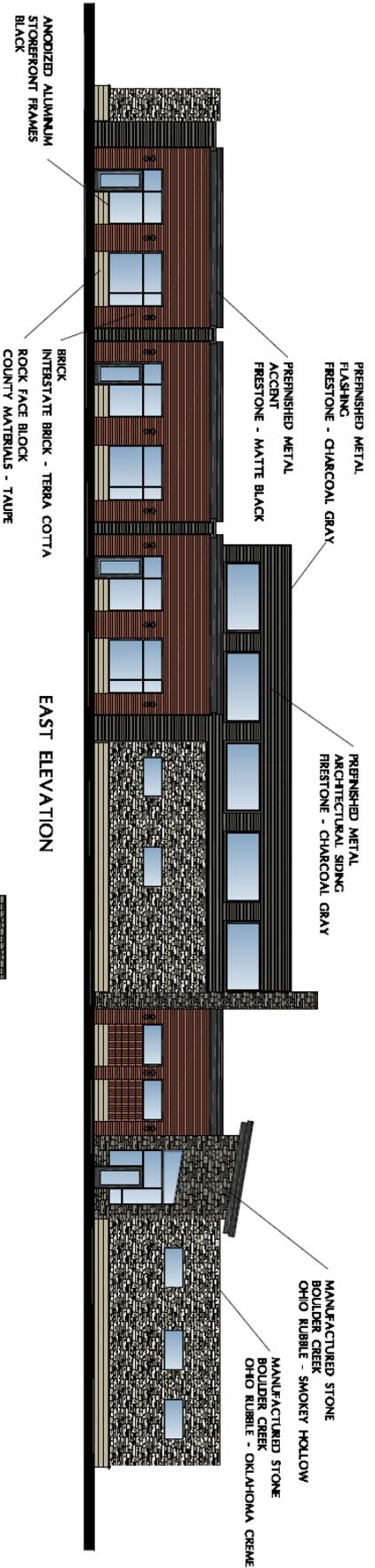
Forgivable Loan Agreement

PROPERTY/ORIENTATION MAP

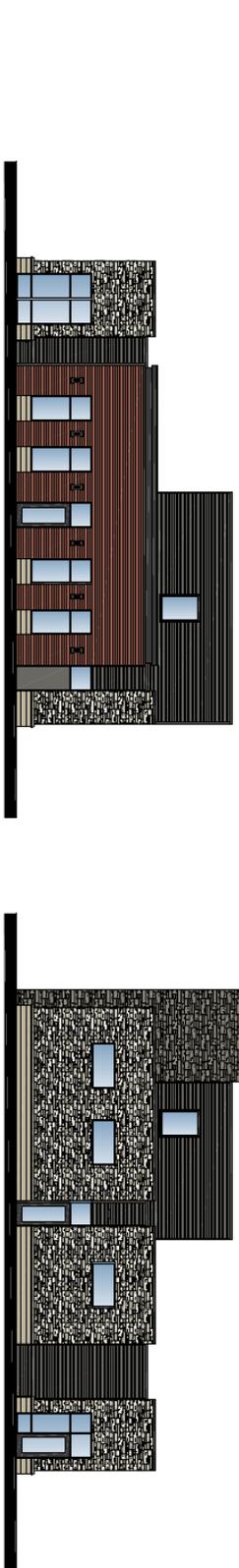


APPROVED DEVELOPMENT PLAN

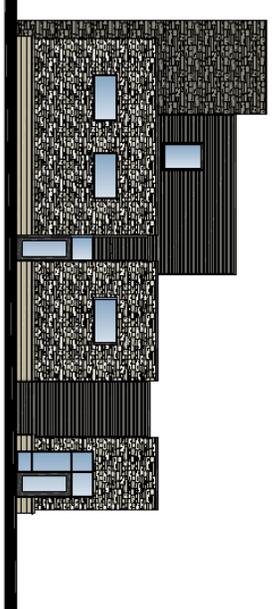




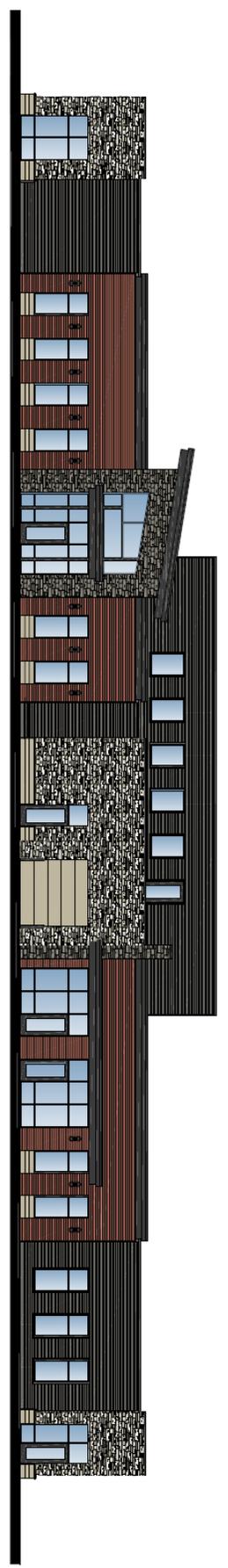
EAST ELEVATION



SOUTH ELEVATION



NORTH ELEVATION



WEST ELEVATION

South St. Paul Economic Development Authority
Dakota County, Minnesota

RESOLUTION NO. 2024 – 11

WHEREAS, the South St. Paul Economic Development Authority (the “EDA”) has determined that the development and occupancy of property at 400 Concord Exchange South within the City of South St. Paul (the “Property”) by Blue River Holdings, LLC (“Borrower”) will benefit the City of South St. Paul (the “City”) by expanding the local property tax base, retaining and creating job opportunities within the City, and eliminating the blighting influence of dilapidated and distressed properties; and

WHEREAS, the Borrower has requested that the EDA assist the Borrower with financing the acquisition of real property from the EDA, to support the development of an approximately 12,000 square foot commercial building to be constructed at the Property (“Project Costs”), subject to the execution of a forgivable loan agreement between the EDA and the Borrower (“Loan Agreement”); and

WHEREAS, the EDA has sufficient funds available for Rehabilitation and Improvement Loans and Grants within the Concord Street Redevelopment Project Area, as defined in the Tax Increment Financing Plan for the establishment of the Concord Street Tax Increment Financing District No. 2 and adopted by the South St. Paul Housing and Redevelopment Authority on June 29, 2009, to support the execution of the Loan Agreement.

WHEREAS, among the terms of the Loan Agreement is the EDA would provide financing for not more than \$75,000 in Project Costs, structured as a forgivable loan if all of the following conditions are met:

- a. On or before October 1, 2024, Developer will commence or cause to be commenced construction of the Development Project as defined in the Development Agreement;
- b. On or before December 31, 2025, Developer will complete or cause to be completed construction of the Development Project;
- c. Developer submits evidence that the total development cost for the Development Project will amount to no less than \$3,000,000; and
- d. Developer agrees that a minimum Pay 2027 Equalized Market Value (EMV) of \$1,000,000 will result from the Development Project.

NOW, THEREFORE, BE IT RESOLVED by the Economic Development Authority of the City of South St. Paul that the EDA approves the extension of a credit facility to the Borrower, and authorizes its Executive Director to prepare, execute, and record all required documentation to extend financing and secure the EDA’s interests.

Adopted this 3rd day of June, 2024.

President, James P. Francis

Executive Director, Ryan Garcia

FORGIVABLE LOAN AGREEMENT

THIS FORGIVABLE LOAN AGREEMENT (“Agreement”) is entered into as of _____, 2024, by and between Blue River Holdings, LLC, a Minnesota limited liability company (“Developer”), and the South St. Paul Economic Development Authority, a public body corporate and politic organized and existing under the laws of the State of Minnesota (“EDA”).

RECITALS

WHEREAS, the EDA has long desired to improve the function and appearance of the City of South St. Paul through economic development, and has invested substantial resources toward that goal; and

WHEREAS, to further that goal, the EDA administers certain Economic Development programs including a Rehabilitation and Improvement Loan and Grant Program within the Concord Street Redevelopment Area and Concord Street No. 2 Tax Increment Finance District (“Program”); and

WHEREAS, an assembly of parcels located within the City and owned by the EDA, comprising a total of six Parcel Identification Numbers as identified in Exhibit A (“Property”), has been identified as a viable commercial redevelopment site; and

WHEREAS, the EDA and Developer have entered into a Purchase and Development Agreement, including Amendments Numbers 1, 2, 3, 4, and 5 (collectively, “Development Agreement”) for purposes of redeveloping the Property and specifying a purchase price of \$75,000 (“Purchase Price”) for conveyance of the property to the Developer; and

WHEREAS, among other things the Development Agreement requires Developer to redevelop the Property, including the construction of an approximately 12,000 square foot, multi-tenant commercial building including veterinary clinic and other uses compatible with Mixed-Use Development and in general compliance with the application that was approved by Council Resolution 2022-88 by the City of South St. Paul on June 20, 2022 (“Development Project”); and

WHEREAS, the Developer has identified that without financial assistance from the EDA in the amount of the Purchase Price, the Development Project will not commence; and

NOW THEREFORE, for good and valuable consideration, the receipt of which is acknowledged, and in consideration of the covenants and agreements made herein, Developer and the EDA hereby agree as follows:

AGREEMENT

1. The EDA hereby grants a forgivable loan (“Forgivable Loan”) in an amount not to exceed seventy-five thousand dollars (\$75,000.00) for purposes of the purchase of the Property to facilitate the Development Project subject to the terms and conditions of this agreement.
2. Developer understands that pursuant to the terms of the Development Agreement, the closing of the sale of the Property must be completed on or before August 30, 2024.
3. Developer, its permitted successors or assigns, provides for the following terms:
 - a. On or before October 1, 2024, Developer will commence or cause to be commenced construction of the Development Project as defined in the Development Agreement
 - b. On or before December 31, 2025, Developer will complete or cause to be completed construction of the Development Project
4. Developer, its permitted successors or assigns, hereby provides total development cost for the Development Project will amount to no less than \$3,000,000, and will submit evidence of construction costs at the request of the Executive Director of the EDA.
5. Developer, its permitted successors or assigns, hereby provides that the minimum Pay 2027 Estimated Market Value (EMV) of \$1,000,000 will result from the Development Project.
6. Failure to meet any of the above terms 2, 3a., 3b., 4, or 5 shall constitute a default of this agreement. In the event of default, Developer shall, within 90 days of default, reimburse the EDA in an amount equal to the Purchase Price.
7. Developer, its permitted successors or assigns, will continuously operate at the Property for at least five (5) years, except in the event of unforeseeable casualty, in which event, Developer shall rebuild and reopen as soon as commercially reasonable. For the purpose of this section “continuously operate” means that space is leased or available for lease to any person or entity for use in its private trade or business as a veterinary clinic, or occupied by Developer for use in its trade or business as a veterinary clinic. In the event that Developer fails to continuously operate at the Property for at least five (5) years, Developer shall pay back a portion of the Forgivable Loan on a prorated basis, based on the portion of the five-year operation period elapsed as of the date of such default.
8. If Developer complies with the terms and conditions of this Agreement, the forgivable loan will be fully forgiven five (5) years after the date a certificate of occupancy is granted at the Property.
9. The parties agree that this Agreement shall be construed pursuant to Minnesota law and any disputes shall be venued in Dakota County, Minnesota.
10. Notices to the parties shall be sent as follows:

In the case of the EDA:

South St. Paul Economic Development Authority
125 Third Avenue North
South St. Paul, Minnesota 55075
Attn: EDA Executive Director

In the case of Developer

Blue River Holdings, LLC
c/o Dr. David Abramowicz
501 Concord Street North
South St. Paul, MN 55075

11. This Agreement shall not be assigned without the prior written consent of the other party, which shall not be unreasonably withheld.
12. This Agreement shall only be amended by written agreement approved by both parties.
13. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their authorized representatives as of the date first written above.

[THE REMAINDER OF THIS PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Authority and Developer have caused this Agreement to be duly executed in their names and on their behalf, all on or as of the date first above written.

**SOUTH ST. PAUL ECONOMIC
DEVELOPMENT AUTHORITY**

By:

James P. Francies
Its: President

Ryan Garcia
Its: Executive Director

STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2024, by James P. Francis and Ryan Garcia, the President and Executive Director, respectively, of the South St. Paul Economic Development Authority, a Minnesota municipal corporation, on behalf of said corporation.

Notary Public

BLUE RIVER HOLDINGS

By: _____
David Abramowicz
Its: Manager

STATE OF MINNESOTA “)
 “) ss
COUNTY OF _____ “)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by David Abramowicz, the Manager of Blue River Holdings, LLC, a Minnesota Limited Liability Company, on behalf of the limited liability company.

Notary Public

This instrument was drafted by:

LeVander, Gillen & Miller, P.A.
633 South Concord Street, Suite 400
South St. Paul, MN 55075
651-451-1831

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

(South St. Paul, MN)

Real property located in Dakota County Minnesota legally described as follows:

PIDs: 36-64300-20-030, 36-64300-20-050, 36-64300-20-060, 36-64300-20-071 (abstract property):

Lots 2, 3, 4, 5, 6, 7, Block 20, Riverside Park Addition to the City of St. Paul, according to the plat thereof on file and of record in the office of the County Recorder, Dakota County, Minnesota.

PID: 36-64300-20-091 (abstract property):

Lot 9, the South ½ of Lot 8, and the North ½ of Lot 8, Block 20, Riverside Park Addition to the City of St. Paul, Dakota County, Minnesota.

PID: 36-64300-20-100 (abstract property):

Lot 10 in Block 20 in Riverside Park Addition to the City of St. Paul, Dakota County, Minnesota.