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TO: SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY
BOARD OF COMMISSIONERS

FROM:  William I. Jaffa, Executive Director

DATE: July 26, 2019

SUBJECT: **NOTICE OF SPECIAL MEETING**

Please be advised that the Special Meeting of the Scott County Community Development Agency Board of Commissioners will be held at **2:00 p.m., Tuesday, July 30, 2019**, at the CDA Office.

- (1) CALL TO ORDER AND PLEDGE
- (2) ROLL CALL
- (3) INTENSIVE RESIDENTIAL TREATMENT SERVICES (IRTS) FACILITY, SAVAGE, MN
 - 3.1) RESOLUTION NO. 26-19: RESOLUTION ACCEPTING BID WITHDRAWAL FROM LOWEST BIDDER AND AWARDED CONTRACT FOR THE SAVAGE INTENSIVE RESIDENTIAL TREATMENT FACILITY TO THE SECOND LOWEST BIDDER
 - 3.2) RESOLUTION NO. 27-19: APPROVING AN INTERFUND LOAN TO ASSIST IN FINANCING THE RESIDENTIAL MENTAL HEALTH TREATMENT FACILITY IN THE CITY OF SAVAGE
- (4) ADJOURN



SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY
AGENDA REPORT

SPECIAL MEETING
July 30, 2019

Attention Commissioners: You are encouraged to contact the Executive Director for additional information or clarification on any item, in advance of the Board Meeting. Thank you.

(1) **CALL TO ORDER AND PLEDGE**

(2) **ROLL CALL**

(3) **INTENSIVE RESIDENTIAL TREATMENT SERVICES (IRTS) FACILITY, SAVAGE, MN**

3.1) **RESOLUTION NO. 26-19: RESOLUTION ACCEPTING BID WITHDRAWAL FROM LOWEST BIDDER AND AWARDING CONTRACT FOR THE SAVAGE INTENSIVE RESIDENTIAL TREATMENT FACILITY TO THE SECOND LOWEST BIDDER**

Julie Eddington, Attorney from Kennedy & Graven will be present.

[See Exhibit 3.1 Resolution]

3.2) **RESOLUTION NO. 27-19: APPROVING AN INTERFUND LOAN TO ASSIST IN FINANCING THE RESIDENTIAL MENTAL HEALTH TREATMENT FACILITY IN THE CITY OF SAVAGE**

This Resolution will rescind Resolution No. 24-19 adopted by the Board on July 9, 2019, providing for an interfund loan for the Project in the amount of \$1,200,000.

[See Exhibit 3.2 Resolution]

(4) **ADJOURN**

SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY

RESOLUTION NO. 27-19**APPROVING AN INTERFUND LOAN TO ASSIST IN FINANCING
THE RESIDENTIAL MENTAL HEALTH TREATMENT FACILITY IN
THE CITY OF SAVAGE**

WHEREAS, Scott County, Minnesota (the "County") and the Scott County Community Development Agency (the "CDA") have determined that there is a need within the County for residential mental health treatment facilities; and

WHEREAS, pursuant to Laws of Minnesota 1974, Chapter 473, as amended by Laws of Minnesota 2001, Chapter 214, Section 45 and Laws of Minnesota 2007, Chapter 78, Minn. Stat. Sections 469.001 through 469.047, Minn. Stat. Sections 469.090 through 469.1082, and Minnesota Statutes, Sections 469.152 through 469.1655, as amended, the CDA is authorized to design, construct, own, lease, and finance projects such as residential mental health treatment facilities; and

WHEREAS, the County and the CDA have proposed to work together under Minnesota Statutes, Section 471.59, as amended, to design, acquire, construct, and equip a 16-bed residential mental health treatment facility (the "Project") to be constructed on property located in Savage, Minnesota (the "Property") that will provide acute stabilization and treatment services and residential crisis stabilization for persons with a primary or secondary mental health diagnosis in lieu of inpatient psychiatric hospitalization; and

WHEREAS, pursuant to Laws of Minnesota 2018, Chapter 214, Article 1, Section 18, subdivision 7, the Minnesota legislature appropriated state bonding money to the County in the amount of \$1,900,000 (the "Grant") for the purpose of financing the Project and in 2019, the County received another grant from the State of Minnesota in the amount of \$2,261,922 (the "2019 Grant," and collectively with the 2018 Grant, the "Grant") for the Project; and

WHEREAS, pursuant to an Amended and Restated Joint Powers Agreement, between the County and the CDA, the CDA has agreed to assist in financing the remaining costs of the Project with an interfund loan in an amount that does not exceed \$2,750,000; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Scott County Community Development Agency, Minnesota, as follows:

1. The CDA shall borrow money from its General Fund or any other fund designated by the CDA to pay the costs of the Project in a principal amount of up to \$2,750,000 (the "Interfund Loan"). Interest shall accrue on the principal amount from the date of disbursement of the Interfund Loan at the rate of 2.34% per annum.

2. The Interfund Loan shall be payable from lease payments made by Guild,

Incorporated, the tenant of the Project (the "Tenant"), pursuant to the Lease Agreement (the "Lease Agreement"), between the CDA and the Tenant, and contributions from the County pursuant to the Amended and Restated Joint Powers Agreement, between the CDA and the County.

3. The Interfund Loan shall be drawn down over time to pay costs of the Project. Once the Interfund Loan is fully drawn down, the CDA shall create an amortization schedule for the loan with equal monthly payments commencing with the first month rent is due and owing from the Tenant under the Lease Agreement. The Interfund Loan will be amortized over fifteen (15) years.

4. Principal and interest payments (the "Payments") on the Interfund Loan shall be made at the times any revenue sources are available to make installment payments. Payments will be credited to the CDA's General Fund or such other fund from which the Interfund Loan was drawn. All Payments shall be applied first to accrued interest, and then to unpaid principal of the Interfund Loan.

5. The principal sum and all accrued interest payable under the Interfund Loan is repayable in whole or in part at any time by the CDA without premium or penalty.

6. The CDA may from time to time amend the terms of this resolution to the extent permitted by law, including without limitation, amendment to the payment schedule and the interest rate.

7. Resolution No. 24-19 adopted by the CDA on July 9, 2019 providing for an interfund loan for the Project in the amount of \$1,200,000 is hereby rescinded.

8. This resolution shall be in full force and effect upon its approval.

BE IT FURTHER RESOLVED, that the Scott County Community Development Agency Board of Commissioners hereby authorizes this Resolution.

Adopted this 30th day of July, 2019.

M / _____

S / _____

DeAnn Croatt, Chair

Croatt _____
Gulstad _____
Robbins _____
Sotis _____
Stock _____

Terri Gulstad, Secretary

RESOLUTION NO. 26-19**ACCEPTING BID WITHDRAWAL FROM LOWEST BIDDER AND AWARDING CONTRACT FOR THE SAVAGE INTENSIVE RESIDENTIAL TREATMENT FACILITY TO THE SECOND LOWEST BIDDER**

WHEREAS, Scott County, Minnesota (the "County") and the Scott County Community Development Agency (the "CDA") have determined that there is a need within the County for residential mental health treatment facilities; and

WHEREAS, pursuant to Laws of Minnesota 1974, Chapter 473, as amended by Laws of Minnesota 2001, Chapter 214, Section 45 and Laws of Minnesota 2007, Chapter 78, Minn. Stat. Sections 469.001 through 469.047, Minn. Stat. Sections 469.090 through 469.1082, and Minnesota Statutes, Sections 469.152 through 469.1655, as amended, the CDA is authorized to design, construct, own, lease, and finance projects such as residential mental health treatment facilities; and

WHEREAS, the County and the CDA have proposed to work together under Minnesota Statutes, Section 471.59, as amended, to design, acquire, construct, and equip a 16-bed residential mental health treatment facility (the "Project") to be constructed on property located in Savage, Minnesota (the "Property") that will provide acute stabilization and treatment services and residential crisis stabilization for persons with a primary or secondary mental health diagnosis in lieu of inpatient psychiatric hospitalization; and

WHEREAS, the CDA has worked with Ivy Properties, Inc. and UrbanWorks Architecture (the "Project Architect") on design plans and specifications for the construction of the Project; and

WHEREAS, pursuant to advertisement for bids for the Project, bids were received, opened, and tabulated on June 28, 2019, pursuant to public bidding law, and the bids set forth in the Bid Tabulation attached as Exhibit A were received in compliance with the advertisement and applicable requirements; and

WHEREAS, the bid submitted by Fendler Patterson Construction, Inc. for the Project was the lowest and the CDA adopted a resolution to award the contract for the Project to Fendler Patterson, Inc. on July 9, 2019, but Fendler Patterson Construction, Inc. has withdrawn its bid; and

WHEREAS, the CDA desires to award the contract for the Project to the next lowest bidder, Shaw-Lundquist Associates, Inc.; and

WHEREAS, the Project architect has determined that the bid is responsive and Shaw-Lundquist Associates, Inc. is a responsible bidder for this Project: and

WHEREAS, the Scott County Development Agency Board desires to award the Project contract at the bid price of \$6,098,000 to Shaw-Lundquist Associates, Inc.;

NOW THEREFORE BE IT RESOLVED BY the Scott County Community Development Agency Board of Commissioners (the "Board") that:

1. The recitals set forth above are incorporated into this Resolution as if fully set forth herein.
2. The Board rescinds the bid awarded to Fendler Patterson Construction, Inc.
3. The Board directs the Executive Director to retain the bid security submitted by Fendler Patterson Construction, Inc. at the time the competitive bids were submitted for the Project and to notify Fendler Patterson Construction, Inc. that the CDA will retain such security.
4. The Board awards the contract for the Project to Shaw-Lundquist Associates, Inc. for a total contract price of \$6,098,000.
5. The Board hereby authorizes and directs Board Chair and the Executive Director of the CDA to enter into a construction contract with Shaw-Lundquist Associates, Inc. in the name of the CDA for the Project according to the contract documents approved by the CDA, upon and only upon Shaw-Lundquist Associates, Inc.'s prompt submittal of proof of required insurance and the required payment and performance bonds from a surety as provided in the contract documents.
5. The Board further authorizes staff and CDA consultants to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this Resolution.

BE IT FURTHER RESOLVED, that the Scott County Community Development Agency Board of Commissioners hereby authorizes this Resolution.

Adopted this 30th day of July, 2019.

M / _____

S / _____

DeAnn Croatt, Chair

Croatt _____
Gulstad _____
Robbins _____
Sotis _____
Stock _____

Terri Gulstad, Secretary

EXHIBIT A

BID TABULATION

Two bids were received:

Fendler Patterson Construction, Inc.	\$4,800,000
Shaw-Lundquist Associates, Inc.	\$6,098,000

IRTS - CDA \$2.75M Loan Examples - 10, 12 & 15 Years at 2.34%^

10 Year Example*:	Total Payment	Principal	Interest
Yearly Amount	\$308,696	\$275,000	\$33,695
10 Year Total	\$3,086,955	\$2,750,000	\$336,955
Year 3.5 Payoff (Midyear) (Interest of ~\$118K paid through Year 3.5 with ~\$219K remaining)	\$1,787,500	\$1,787,500	-
Year 7 Payoff (EOY) (Interest of ~\$236K paid through Year 7 with ~\$101K remaining)	\$825,000	\$825,000	-

12 Year Example*:	Total Payment	Principal	Interest
Yearly Amount	\$263,067	\$229,167	\$33,901
12 Year Total	\$3,156,809	\$2,750,000	\$406,809
Year 4 Payoff (EOY) (Interest of ~\$136K paid through Year 4 with ~\$271K remaining)	\$1,833,333	\$1,833,333	-
Year 8 Payoff (EOY) (Interest of ~\$271K paid through Year 8 with ~\$136K remaining)	\$916,667	\$916,667	-

15 Year Example*:	Total Payment	Principal	Interest
Yearly Amount	\$217,564	\$183,333	\$34,230
15 Year Total	\$3,263,454	\$2,750,000	\$513,453
Year 5 Payoff (EOY) (Interest of ~\$171K paid through Year 5 with ~\$342K remaining)	\$1,833,333	\$1,833,333	-
Year 10 Payoff (EOY) (Interest of ~\$342K paid through Year 10 with ~\$171K remaining)	\$916,667	\$916,667	-

^Current Magic Fund Rate

***Assumes Payments With Fixed Interest**