

SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY

323 South Naumkeag Street, Shakopee, MN 55379

Phone: (952) 402-9022 | Fax: (952) 496-2852

**BOARD OF COMMISSIONERS
MINUTES - REGULAR MEETING
July 12, 2022**

(1) CALL TO ORDER & PLEDGE

The Regular meeting of the CDA was called to order at 2:01 p.m. and the pledge was recited.

(2) ROLL CALL

Commissioners present:

District I, DeAnn Croatt
District II, Terri Gulstad
District III, Dale Gade
District IV, Michelle Choudek
District V, Barry Stock

Staff present:

Julie Siegert, Executive Director
Adam Johnson, Finance Director
Linda Janovsky, Recording Secretary

Others present:

Michael Beard, Scott County Commissioner Liaison
Julie Eddington, Kennedy & Graven
Lynda Templen, Conduit Bond Borrower Attorney
Michael Klatt, Borrower Spero Ministries

(3) PUBLIC PARTICIPATION

No one from the public was in attendance.

(4) MINUTES SUBMITTED FOR APPROVAL

4.1) CDA Regular Meeting Minutes for June 14, 2022

Commissioner Gade made a motion to approve the Minutes of June 14.
Commissioner Gulstad seconded the motion. Unanimous voice vote followed. Motion carried.

(5) AGENDA ACTION(S)

5.1) Agenda Modifications

No modifications requested.

5.2) Consent Agenda (6.4, 8.11, 8.12, 8.21, 8.4, 8.8, 8.9)

Commissioner Choudek made a motion to approve the Consent Agenda. Commissioner Stock seconded the motion. Unanimous voice vote followed. Motion carried.

(6) FINANCIAL REPORT

6.1) Payment of Bills

Commissioner Gade made motion to approve the check registers in the amount of \$325,918.27. Commissioner Stock seconded the motion. Unanimous roll call vote followed. Motion carried.

6.2) RESOLUTION NO.: 17-22: DESIGNATING NET ASSETS

Executive Director Siegert indicated that this was to designate funds for a new office building as discussed at last month's meeting. Commissioner Gulstad made a motion to approve Resolution No. 17-22. Commissioner Gade seconded the motion. Unanimous roll call vote followed. Motion carried.

6.3) Spero BP Senior LLC Conduit Bond Financing

Executive Director Siegert indicated that we had a public hearing for this financing at a June 7 special meeting. Julie Eddington, the CDA's bond attorney, stated that the original Resolution approved the bond issue, and after that the borrower determined they want to use a limited liability corporation structure for the bond request. Because of that change, it is being brought back to the Board for approval. Linda Templen, attorney for Borrower, indicated that the tax analysis was completed and that no further Tax Equity and Fiscal Responsibility Act (TEFRE) hearing was needed and an amended Housing program was submitted to Minnesota Housing and approved. 40% of the units will remain affordable to 60% of AMI.

RESOLUTION NO. 14-22: AMENDED AND RESTATED RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS ON BEHALF OF SPERO BP SENIOR LLC FOR THE BENEFIT OF KINGSPATH SENIOR MINISTRIES INC. D/B/A SPERO SENIOR MINISTRIES; ADOPTING A HOUSING PROGRAM; AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE REVENUE BONDS AND RELATED DOCUMENTS

Commissioner Stock made a motion to approve Resolution No. 14-22. Commissioner Gade seconded the motion. Unanimous roll call vote followed. Motion carried.

6.4*) IRS Mileage Rate

[Consent; no discussion]

(7) EXECUTIVE DIRECTOR REPORT

7.1) Informational Report

Executive Director Siegert indicated that she wanted to highlight the strategic goal of organizational structure which is being worked on right now, the Housing Management system RFP that is a software that the majority of staff use and has been time consuming for staff to put the RFP together, as well as the student scholarship awards to two students in CDA rental assisted housing. She also included a letter submitted to Minnesota Housing to provide comments on the Qualified Allocation Plan (QAP) for workforce housing tax credit awards.

(8) OLD BUSINESS

8.1) Affordable Housing Programs

8.11)* Affordable Housing Occupancy Report

[Consent; no discussion]

8.12)* Housing Choice Voucher Utilization Report

[Consent; no discussion]

8.13) Procurement Summary

Executive Director Siegert recognized the great work that happens on the 250 family units that the maintenance technicians and rehab coordinator keep looking and running great.

8.2) Home Ownership Programs

8.21)* Homeownership Programs Report

[Consent; no discussion]

8.3) Liaison Report – Scott County Commissioner

Commissioner Beard indicated that the County Board and Staff have been meeting about setting the levy, budget, and spending ARPA funds. The County tries to stay within a 3-5% increase due to natural growth of taxable property values and inflation. This may be an unusual year due to inflation. The County Board is meeting with City of Shakopee this evening to talk about the library, the Bonnevista Terrace project and some other issues. Commissioner Beard also indicated that the 16&18 community land trust project did not pass the Planning Commission meeting on July 7th.

8.4)* First Stop Shop (FSS)

[Consent; no discussion]

8.5) River City Centre Retail Master Lease

Executive Director Siegert indicated that she provided a handout on the table to provide some background information. This was the first senior development the CDA did. The City owns the land and there are multiple agreements in place including a housing ground lease, retail ground lease and a retail master lease. The Retail Master Lease Tenant (MLT) has been involved since the beginning and hasn't been able to fully lease the space. The City wishes that area to reflect a more vibrant downtown so has entered into a verbal agreement with the MLT to take over the space. Executive Director Siegert indicated that as of now the agreements show that the retail bond will be paid in full in February of 2023, at that time the MLT would continue to pay the CDA \$10/square foot through June of 2025. The bonds on the housing portion are expected to be paid in full in 2027. In the packet was a draft Letter of Intent (LOI) provided by the City EDA to the CDA which outlines the termination of the agreements now in place and the replacement of a new agreement with the CDA and terminates the MLT. Along with this, according to Attachment B, the City will make improvements to the building on both exterior and interior lease spaces.

Commissioner discussion ensued regarding the assignment of leases and the CDA/EDA termination of the existing ground and retail lease, which would mean the CDA will not receive the remaining approximately \$500,000+ due under the current agreement, but in turn the City EDA will be making significant improvements to the property. The new agreements would outline which party would be responsible for what improvements. In the LOI it states that it will extend the residential lease but no date is set. This is something that needs to be worked into a new agreement on what will happen going forward. The new agreement would also outline what retail components would be compatible with a 55+ residential population. There are multiple scenarios of what may happen to the property at the 2037 mark when the residential lease terminates. It was discussed having a market rate population replace the affordable market rate 55+ tenants, gaining ownership of the building, or selling the CDA's interest. It is important to have discussions with the City to ensure our long term goals are in sync and both economic development and residential needs are met. Finance Director Johnson indicated that there will be a balance left in the bond account of \$350,000 which the City would like to be applied to debt service; however, the CDA has already directed that money toward another use.

Executive Director Siegert indicated the LOI is an outline proposal of the new agreements to be created and further discussions will be had with the City and new agreements brought back to the Board. The CDA is pleased that the City will be revitalizing the space and creating a win-win for both entities. Commissioner Stock requested an analysis of the funding to help determine what is in the agreement. Executive Director Siegert indicated that she will

draft a response to the LOI and will work with Adam on the financial information and provide that back to the Board.

8.6) Office Building Acquisition

Executive Director Siegert indicated that we are working with attorney Tim Keane, Kutak Rock, for development of the Purchase Agreement for the Voyager Building. In addition, Dan Wilson, broker, is providing assistance to determine price taking into account any due diligence that would identify capital needs and the build out cost of the space. Finance Director Johnson indicated that we are looking at financial scenarios to acquire building.

8.7) SC-CDA Development Activities

8.71) Scott County Community Land Trust

8.71.1) Shakopee 16&18 Development, Moraine Addition

Assistant to the Executive Director Janovsky indicated that the planning commission voted against the comp plan amendment and rezoning to Urban Residential for 15 single family homes at its meeting on July 7th due to many vocal neighbors indicating their opposition due to density, type of residents, property values, loss of tree cover/natural habitat, wetlands, and traffic—both on 16&18 and on the one-way in/out to the development. The next step would be to go to the City Council meeting with a formal presentation to alleviate concerns raised. Executive Director Siegert indicated that she has reached out to City Council members and the mayor to get an understanding of their vision for the space and how to move forward.

8.8)* Strategic Planning Updates

[Consent; no discussion]

8.9)* Housing Demand Study

[Consent; no discussion]

(9) NEW BUSINESS

None.

(10) SET NEXT MEETING DATE, TIME AND PLACE

10.1) Regular Meeting

2:00 p.m., THURSDAY, August 11, 2022
CDA Office

10.2) Finance Committee
2023 Budget

TBD – July 22 or 25

10.3) SPECIAL Meeting

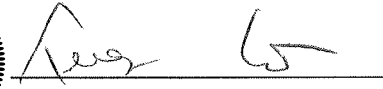
Called as needed on the 4th Tuesday of
the month.

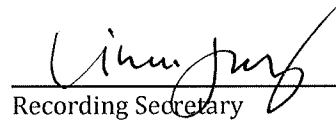
(11) ADJOURN

Commissioner Gulstad made a motion to adjourn at 3:21 p.m. Commissioner Gade seconded the motion. Unanimous roll vote followed. Motion carried.


Chair




Secretary


Recording Secretary

8/12/22
Date