

City of South St. Paul

Economic Development Authority Agenda

Monday, February 1, 2021

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 Special Meeting Minutes of January 19, 2021

B. Approval of Mortgage Satisfaction – Resolution 2021 – 6

C. Exercise Lease Extension at 135 Grand Avenue East – Resolution 2021 – 7

D. Approval of Mortgage Subordination – Resolution 2021 – 8

5. GENERAL BUSINESS:

A. “Closeout” Report on Small Business Stabilization Grant Program

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:

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Ryan Garcia'.

Ryan Garcia, EDA Executive Director

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

Special Meeting
January 19, 2021
City Council Chambers – South St. Paul City Hall

1. CALL TO ORDER

The Special Meeting of the South St. Paul Economic Development Authority was held on January 19, 2021 in the South St. Paul City Council Chambers, and was also open via WebEx, pursuant to Minn. Stat. 13D.021. President Francis called the meeting to order at 8:59 p.m.

2. ROLL CALL

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

Staff Present: EDA Executive Director Ryan Garcia, City Administrator Joel Hanson, and Legal Counsel Tim Kuntz.

3. AGENDA

Motion/Second: Commissioner Dewey moved and Commissioner Hansen seconded approval of the agenda.

Motion carried 7 ayes / 0 nays

4. CONSENT

- A. EDA Annual Meeting Minutes of January 4, 2021
- B. Rescinding, terminating, and releasing encumbrances related to “The Yards” development project – Resolution 2021 – 4

Motion/Second: Commissioner Kaliszewski moved and Commissioner Dewey seconded approval of the consent agenda.

Motion carried 7 ayes / 0 nays

5. PUBLIC HEARING

A. Sale of Property to SSP QOZB, LLC for redevelopment purposes – Resolution 2021 - 5

President Francis opened the Public Hearing at 9:01 P.M.

Mr. Garcia summarized the proposed action, which would convey a small parcel of land at the northwest end of “The Yards” development site in accordance with a Purchase and Development Agreement approved by the EDA in December 2020.

No members of the public appeared to speak at the Public Hearing. Chair Francis closed the Public Hearing at 9:03 P.M.

Motion/Second: Commissioner Hansen moved and Commissioner Bakken seconded the motion to approve Resolution 2021 - 5.

Motion carried 7 ayes / 0 nays

6. FUTURE FOLLOW-UP

There were no items for future follow-up

7. ADJOURNMENT

Motion/ Second: Commissioner Seaberg moved and Commissioner Dewey seconded the motion to adjourn the meeting at 9:04 p.m.

Motion carried 7 ayes / 0 nays

Approved:



Ryan Garcia, Secretary



EDA Agenda Item Report

Date: February 1, 2021

EDA Executive Director: 

4-B

Agenda Item: Approval of Satisfaction of Mortgage – Applicant #1005

Action to be considered:

Motion to approve Resolution No. 2021-6

Overview:

Applicant #1005 received an HRA rehabilitation loan of \$7,900.00 in 2012, with a mortgage recorded at that time. The mortgagee recently paid back the loan in full, thus satisfying the mortgage. Therefore, the EDA is advised to approve Resolution No. 2021-6, which will authorize the designated officers of the City's Housing and Redevelopment Authority to execute all necessary documentation required to record the Satisfaction of Mortgage.

Funding Sources and other fiscal considerations: N/A

South St. Paul Economic Development Authority
Dakota County, Minnesota

RESOLUTION NO. 2021-6

WHEREAS, the City Council transferred all administration of the South St. Paul Housing and Redevelopment Authority (HRA) programs to the South St. Paul Economic Development Authority (“EDA”) by City Council Resolution 2015-197; and

WHEREAS, one of those programs was a rehabilitation loan program, for which there are several outstanding loans; and

WHEREAS, the South St. Paul Housing and Redevelopment Authority of the City of South St. Paul, Minnesota issued a mortgage to Applicant #1005 in the amount of \$7,900.00;

WHEREAS, such mortgage recorded on November 20, 2012 in Dakota County has been satisfied in full by the applicant;

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

1. The EDA shall secure the signatures of the appropriate representatives of the HRA to execute the required documents to satisfy the loan and mortgage.

Adopted this ____ day of _____.

President, James P. Francis

Executive Director, Ryan Garcia

(Top 3 inches reserved for recording data)

**MORTGAGE SATISFACTION
by Individual(s)**

**Minnesota Uniform Conveyancing Blanks
Form 20.5.1 (2011)**

DATE: February 1, 2021
(month/day/year)

THAT CERTAIN MORTGAGE owned by the undersigned, dated November 14, 2012, executed by _____
(month/day/year)

Dale J. Jore, a single person
(insert name of mortgagor)

as mortgagor, to Housing and Redevelopment Authority for the City of South St. Paul
(insert name of original mortgagee)

as mortgagee, and recorded on November 20, 2012, as Document Number T706501 (or in Book _____
(month/day/year)

of _____ Page _____), in the Office of the County Recorder Registrar of Titles of Dakota
(check the applicable boxes)

County, Minnesota, is with the indebtedness thereby secured, fully paid and satisfied.

(signature) Tom Seaberg, Chairperson

(signature) Joe Kaliszewski, Secretary

State of Minnesota, County of Dakota

This instrument was acknowledged before me on _____, by Tom Seaberg, Chairperson and
(month/day/year)

Joe Kaliszewski, Secretary of the Housing and Redevelopment Authority of the City of South St. Paul

(Stamp)

(signature of notarial officer) **Debra M. Breitenfeldt**

Title (and Rank): _____

My commission expires: _____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

Housing and Redevelopment Authority
of the City of South St. Paul
125 Third Avenue North
South St. Paul, MN 55075
(651) 554-3270



EDA Agenda Item Report

Date: February 1, 2021

EDA Executive Director: 

4-C

Agenda Item: Exercise Lease Extension at 135 Grand Avenue East – Resolution 2021 – 7

Action to be considered:

Through Consent, Motion to approve Resolution 2021 - 7.

Overview:

In June 2019, the Economic Development Authority (EDA) acquired the property at 135 Grand Avenue East and assumed lessor rights via a lease agreement between the previous owner and the industrial tenant (MLCV 2020 Holdings). An Amendment was approved by the EDA in May 2020 providing an 8-month extension (through February 28, 2021).

The business has identified a replacement property outside of South St. Paul as they have sought to downsize their physical footprint and reduce their real estate costs. They have requested an extension to allow them to continue to occupy the building at 135 Grand Avenue East through April 30, 2021. As spelled out in the May 2020 Lease Amendment, the EDA acknowledged the possibility of an extension of not more than 4 months beyond February 28, 2021, subject to written agreement. Upon extension, the monthly rent will increase to \$24,500.

Staff supports the short-term extension and feels the EDA is obligated to approve the extension per the May 2020 Amendment.

Funding Sources and other fiscal considerations:

The Property is located within the Concord Street TIF District, therefore all lease revenue is kept within the district for other eligible project costs. Staff notes that the EDA acquired this property in June 2019 for \$1,700,000, and upon the tenant's departure we will have recovered \$363,000 in lease payments.

**SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY
DAKOTA COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 2021 - 7

**A RESOLUTION APPROVING THE RENEWAL OPTION OF
THE LEASE WITH MLCV 20/20 HOLDINGS, LLC**

WHEREAS, J & S Ryan Properties, LLLP, a Minnesota limited liability limited partnership (“Original Lessor”) and 2020 Promotion, LLC, a Minnesota limited liability company (“Original Lessee”) entered into a Lease Agreement dated June 30, 2014, with respect to the property located at 135 Grand Avenue, South St. Paul, Minnesota, legally described in said Lease Agreement (the “Property”); and

WHEREAS, Original Lessee, Original Lessor, and MLCV 20/20 Holdings, LLC, a Minnesota limited liability company (“Tenant”) entered into a Landlord’s Consent to Lease Assignment and Estoppel dated September 30, 2014, assigning the Lease Agreement dated June 30, 2014 from 2020 Promotion, LLC, a Minnesota limited liability company to MLCV 20/20 Holdings, LLC, a Minnesota limited liability company; and

WHEREAS, Original Lessor and the South St. Paul Economic Development Authority, a public body corporate and politic under the laws of Minnesota (“EDA”) entered into an Assignment and Assumption of Lease Agreement dated June 25, 2019, assigning to the EDA all of Original Lessor’s rights, title and interest, including the Lease Agreement dated June 30, 2014 and the Landlord’s Consent to Lease Assignment and Estoppel dated September 30, 2014; and

WHEREAS, the EDA and Tenant entered into a First Amendment to Lease Agreement dated July 1, 2020, extending the Lease; and

WHEREAS, the Assignment and Assumption of Lease Agreement dated June 25, 2019, Landlord’s Consent to Lease Assignment and Estoppel dated September 30, 2014, Lease Agreement dated June 30, 2014 and First Amendment to Lease Agreement dated July 1, 2020 are collectively referred to as the “Lease;” and

WHEREAS, pursuant to Section 24 of the Lease, the parties may renew the Lease, for a 4 month term (“Renewal Term”); and

WHEREAS, the Tenant has requested a shorter Renewal Term, commencing on March 1, 2021 and expiring on April 30, 2021; and

WHEREAS, the EDA does not object to this shorter Renewal Term.

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

1. Pursuant to Section 24 of the Lease, the Lease is hereby extended for a Renewal Term that shall expire on April 30, 2021.

2. Pursuant to Section 2 of the Lease, the Tenant shall pay as base rent for March 2021 and April 2021, monthly installments of Twenty-Four Thousand Five Hundred Dollars (\$24,500) in advance of the first day of each month.
3. The appropriate officials are hereby authorized to sign all necessary documents to effectuate these actions.

Adopted this 1st day of February, 2021.

James P. Francis, President

Ryan D. Garcia, Executive Director



EDA Agenda Item Report

Date: February 1, 2021

EDA Executive Director: 

4-D

Agenda Item: Approval of Subordination of Mortgage – Applicant #1023

Action to be considered:

Motion to approve Resolution No. 2021-08

Overview:

Applicant #1023 received an HRA rehabilitation loan of \$24,600.00 in 2014, with a mortgage recorded at that time. **The mortgagee recently requested a subordination of the mortgage.** Therefore, the EDA is advised to approve Resolution No. 2021-08, which will authorize the designated officers of the City's Housing and Redevelopment Authority to execute all necessary documentation required to record the Satisfaction of Mortgage.

Funding Sources and other fiscal considerations: N/A

South St. Paul Economic Development Authority
Dakota County, Minnesota

RESOLUTION NO. 2021 - 8

WHEREAS, the City, Housing and Redevelopment Authority (“HRA”), historically administered a Home Rehabilitation Loan Program (“Program”), providing financing and low interest loans for the renovation of single-family properties in South St. Paul and to prevent the emergence of blighting conditions in the City’s neighborhoods; and

WHEREAS, the City Council transferred all administration of the HRA programs to the South St. Paul Economic Development Authority (“EDA”) by City Council Resolution 2015-197; and

WHEREAS, the HRA issued a mortgage through the Program for Applicant # 1023 in the aggregate amount of \$24,600.00, with the mortgage filed in the office of the Dakota County Registrar of Titles on August 18, 2014 as Document Number 3025462

WHEREAS, Applicant #1023 (“Applicant”) is the same individual, with the application and recorded mortgage relating the same property; and

WHEREAS, the Buyer is refinancing the single-family residence subject to the HRA’s mortgages, and a request has been received from the lender to subordinate the HRA’s lien on the property, which the EDA finds will not materially or adversely subject the HRA to undue harm or risk.

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

1. The EDA shall secure the signatures of the appropriate representatives of the HRA to execute the required documents to subordinate the loan and mortgage.

Adopted this 1st day of February 2021.

James P. Francis, President

Ryan D. Garcia, Executive Director

After Recording Return To:

City of South St. Paul
Housing and Redevelopment Authority
125 Third Avenue North
South St. Paul, MN 55075

Subordinated Loan Acct. # 2012048188

File No. 20210124566

This instrument was prepared by:
City of South St. Paul
Housing and Redevelopment Authority
125 Third Avenue North
South St. Paul, MN 55075
PARCEL TAX MAP ID NO. 364790000120

Real Estate Subordination Agreement

THIS SUBORDINATION AGREEMENT (“MAY RESULT OR RESULTS ”) IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This Real Estate Subordination Agreement (“Agreement”) is executed as of _____, by the Housing and Redevelopment Authority of the City South St. Paul, having an address of 125 3rd Avenue North, 2nd Floor, South St. Paul, MN 55075 (“Subordinator”), in favor of Affinity Plus Federal Credit Union, having an address for notice purpose of:

**Affinity Plus Federal Credit Union
Address**

Whereas, Subordinator is the owner and holder of, or creditor under, the indebtedness described in and secured by a Warranty of Deed or Mortgage dated August 16, 2002, executed by Barbara Dunn.

And which was recorded on January 6, 2003 as Document Number 1980610, of the land records of Dakota County, Minnesota, as same may have been or is to be modified prior hereto or contemporaneously herewith (the “Senior Lien”), encumbering the land described therein (said land and such improvements, appurtenances and other rights and interests regarding said land, if any, as are described in the Senior Lien being called herein collectively the (“Property”) (see attached Exhibit “A”); and

Whereas, Affinity Plus Federal Credit Union has been requested to make a loan, line of credit or other financial accommodation to Barbara Dunn (joint and severally, "Borrower"), to be secured by, without limitation, a deed of trust or mortgage, (the "Junior Lien"), covering without limitation, the Property and securing the indebtedness described therein including the payment of a promissory note, line of credit agreement or other borrowing agreement made by Borrower and/or others payable to the order of Affinity Plus Federal Credit Union in the maximum principal face amount \$57,0000.00 ("Principal Amount"), including provisions for acceleration and payment of collections costs (the "Obligation") the Junior Lien and the Obligation to contain such other terms and provisions as Affinity Plus Federal Credit Union and Borrower shall determine; and

Now, Therefore, for valuable consideration, Subordinator hereby subordinates the Senior Lien to Affinity Plus Federal Credit Union Junior Lien, subject to the terms of this Agreement. The Subordinator's Senior Lien is subordinated to Affinity Plus Federal Credit Union Junior Lien only to the extent of the Principal Amount of the Obligation and any amounts advanced pursuant to the terms of the Obligation or the security instrument for the payment of insurance premiums, taxes, costs of collection, protection of the value of the property or rights in the Property or foreclosure. All other rights of Subordinator now or hereafter existing in or with respect to the Property (including but not limited to all rights and to proceeds of insurance and condemnation) are hereby subordinated, and are and shall remain completely and unconditionally subordinate, to the Junior Lien and the rights of Affinity Plus Federal Credit Union regardless of the frequency or manner of renewal, extension, consolidation or modification of the Junior Lien or the Obligation.

This Agreement shall inure to the benefit of the Subordinator and Affinity Plus Federal Credit Union. and their respective successors and assigns, including any purchaser(s) (at foreclosure of otherwise) of the Property of any part thereof, and their respective successors and assigns.

By: Tom Seaberg

Its: Chairperson

By: Joe Kaliszewski

Its: Secretary

Acknowledgment:

State of Minnesota

County of Dakota

On _____, before me _____, a

Notary Public in and for said State, personally appeared Tom Seaberg and Joe Kaliszewski, personally known to me to be the person(s) whose name is/are subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity and that by his/her/their signature(s) on the instrument, the person(s), or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

(seal)

Signature of Person taking Acknowledgement

Print Name: Debra M. Breitenfeldt

Commission Expiration Date: _____

EXHIBIT A

LEGAL DESCRIPTION:

Issued by
Affinity Plus Federal Title Company
2750 Snelling Avenue North
Roseville, MN 55113

File No. 20210124566

Real property in Dakota County, Minnesota, described as follows:

Lot 12, McNulty's Re-Arrangement, Dakota County, Minnesota. Abstract Property.

Being the same property conveyed to Barbara Dunn, a single person by Warranty Deed from Barbara Dunn, dated August 16, 2002, recorded on January 6, 2003 as Document No. 1980610.

APN: 364790000120

Loan #: 201204818



EDA Agenda Item Report

Date: February 1, 2021

EDA Executive Director: 

5-A

Agenda Item: “Closeout” Report on Small Business Stabilization Grant Program

Action to be considered:

None. For information only.

Overview:

2020 was a difficult year for small businesses across the country due to the COVID pandemic. Since the early part of 2020, government agencies at all levels have made repeated attempts to initiate policies and programs to help businesses mitigate the negative financial impacts of COVID and various limitations on “normal” daily life in the name of public health and the need to curb the spread of the virus. In South St. Paul, the initiative to establish a small business grant program was discussed as a potential option among many potential uses of CARES Act funding from the federal government at the following work sessions:

- a. July 13 – a Small Business Grant is one of over 25 potential projects/programs the City Council is asked to discuss. The grant is identified among the top 10 highest priorities, and Staff is directed to bring a further refinement/recommendation to the next Council.
- b. July 27 – staff proposes a grant program with a “total” grant pool of \$150,000, with grants of up to \$7,500 per business (with the idea being that we could assist at least 20 businesses).

City Staff did our best to craft a program that was nimble, fair, equitable, and “user-friendly”. In light of the fact that administering grants is not a “typical” operation for small organizations like ours, Staff is proud of the program we established, the process we used to outreach and respond to the business community, and ultimately the fact that we might have played a small role in addressing a small slice of the challenges facing quite a few SSP businesses. Our program was never intended – and it would be unreasonable to expect our program – to meet *all* or even *most* of the **need** of all, most, or *even one* small business in SSP. We were simply trying to do as much as we could for as many as we could, knowing no matter how much we provided it would never be enough to ease the burden our business community was feeling completely. I believe we succeeded, in a fair and equitable manner.

The following outline summarizes the Small Business Stabilization Grant Program:

- Council Resolution 2020-104, creating the Grant program, was adopted at the City Council Meeting of August 17th. The program, funded at a total pool of \$150,000 had the following eligibility criteria:
 - a. Private, independently-owned, for-profit business located and operated in SSP business with 25 or fewer employees
 - b. Business had to be operational as of 8/1/19 and still in business at time of application
 - c. Good standing with the MN Department of Revenue and Secretary of State, Dakota County, and City of South St. Paul as of 3/1/2020

- d. Demonstrate that business was adversely effected by Executive Orders related to COVID-19
- e. Demonstrate Financial hardship as a result of COVID-19
- f. The maximum award amount was \$7,500. Applications would be screened for eligibility and a “blind random” sample would determine who awards went to.
- Community Development Staff advertised the Grant Program (including a link to the application) as follows:
 - a. The City’s website from the week of August 17 through the end of September
 - b. Facebook Posts on September 9
 - c. River Heights Chamber of Commerce also assisted in distributing information about the grant application through its Mailing List/e-newsletter and social media, as well as hand-delivering to businesses along with their South Metro Living Guide (in September).
- Applications were accepted between August 24 – October 1.
 - a. Thirty-six applications are received, although through the screening process only thirty-three (33) were deemed eligible.
 - b. At this point we completed the “Randomization” of the 33 and Twenty-one (21) Applications were selected for the funding (it should be noted Bugg’s Bar did not apply for this grant).
 - c. Of the 21 selected, three (3) applicants were deemed ineligible or failed to submit the required information to confirm eligibility.
 - d. Again, we reached out to the initial round of applicants (the 12 that didn’t make it through the “randomization” at first) to request required documentation to prove eligibility but ultimately did not receive response and/or sufficient documentation.
 - e. The process of collecting information from applicants took considerable time, and we did not start distributing funds to grantees until late October and did not have “closure” on this first round until right before Thanksgiving.
- Following this process, a total of 18 grant awards were funded, ranging from \$4,600 to \$7,500 per business.
- At this point, the program still had approximately \$20,000 uncommitted. Relaying this information to the Council in late November at a worksession and sensitive to the need to “closeout” the CARES program before the end of 2020, we suggested opening a streamlined application round exclusively to bars, restaurants, and other businesses impacted by the governor’s Executive order 20-99. The Council was in consensus that we should pursue this strategy, but no formal action was taken to create a “new” program since this was essentially a continuation of the previous program (that only 36 businesses applied for) and we wanted to make sure those businesses most impacted by the most recent mandated shutdowns were aware of this assistance.
- We used the same eligibility criteria, **but reached out directly via phone/email to all eligible bars/restaurants/event centers/fitness/dance studios in the Community between the week of November 30 through the end of December.** We advised each business that due to limited remaining funding, individual grant awards would certainly be less than \$7,500 and most likely less than \$1,000 – it really depended upon how many applications we would receive (in time) and what the “need” was.
- In total, we received application materials from twelve (12) businesses. Requests ranged broadly with eligible expenses submitted via the application ranging from \$850 to \$34,000. Basically, to assure that each applicant was able to receive at least some relief, Staff delineated applications as follows:
 - a. Businesses requesting/submitted eligible expenses of less than \$1,000 were awarded \$500. There was one business in this group (Bugg’s) and they received 60% of their request.

- b. Businesses requesting/submitting eligible expenses of \$1,000 - \$2,500 were awarded \$700 each. There were two businesses in this group and they received an average of 45% of their request.
 - c. Businesses requesting/submitting eligible expenses of \$2,500 - \$5,000 were awarded \$1,000 each. There were two businesses in this group and they received an average of 31% of their request.
 - d. Businesses requesting/submitting eligible expenses of \$5,000 or more were awarded \$2,000 each. There were seven businesses in this group and they received an average of 11% of their request.
 - e. To summarize, no business (in round 2) besides Bugg's Bar received more than 50% of their request, and the vast majority received less than one-third (33%) of their request. Staff's intention was to try and be as equitable as possible in responding to the need that was presented to us, as quickly as possible.
- It should be noted that the City also waived Liquor License fees for 2020.
 - It should be noted that both the State of Minnesota and Dakota County have targeted Financial Assistance (GRANT) programs for small businesses, which our staff has made efforts to communicate throughout 2020 and early 2021; including hand-delivering information on the County's program to all businesses in the City (dropped off by Sandy Haima and Monika Mann). Our allocation, being relatively modest, we knew would only go so far and we wanted to try and stretch it as far as we could.

Funding Sources and other fiscal considerations: Thanks to an allocation of grant dollars from the Federal Government with the passage of the CARES Act in 2020, the City was able to establish the Small Business Stabilization Grant Program. All funds have been disbursed.