

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

Regular Meeting
May 1, 2023

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 5/1/2023 in the Council Chambers of City Hall, 125 3rd Avenue North, South St. Paul. President Francis called the meeting to order at 8:26 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 Pete Mikhail

3. AGENDA

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

Vote: 7 ayes / 0 nays, motion carried.

4. CONSENT

- A. EDA Meeting Minutes of April 3, 2023
- B. EDA Special Meeting Minutes of April 24, 2023
- C. Mortgage Satisfaction, Resolution 2023 - 4

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

Vote: 7 ayes / 0 nays, motion carried.

5. 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.

6. ADJOURNMENT:

Motion/Second: Commissioner Hansen moved, and Commissioner Bakken seconded the motion to adjourn the meeting at 8:28 PM.

Vote: 7 ayes / 0 nays, motion carried.

Approved:

Deanna Werner, City Clerk

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

Special Meeting
July 24, 2023
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 5/1/2023 in the Council Chambers of City Hall, 125 3rd Avenue North, South St. Paul. President Francis called the meeting to order at 10:04 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 Attorney Amanda Johnson

3. AGENDA

Motion/Second: Commissioner Seaberg moved, and Commissioner Hanson seconded approval of the agenda.

Vote: 7 ayes / 0 nays, motion carried.

4. GENERAL BUSINESS:

A. Redevelopment Grant Application , Resolution 2023 – 5

Motion/Second: Commissioner Kaliszewski moved, and Commissioner Podgorski seconded approval of Resolution 2023 – 5.

Vote: 7 ayes / 0 nays, motion carried.

6. ADJOURNMENT:

Motion/Second: Commissioner Hansen moved, and Commissioner Bakken seconded the motion to adjourn the meeting at 10:08 PM.

Vote: 7 ayes / 0 nays, motion carried.

Approved:

Deanna Werner, City Clerk



EDA Agenda Item Report

Date: August 7, 2023

EDA Executive Director: _____

Rg

4-C

Agenda Item: Approval of a Non-Exclusive Public Parking Easement (City-EDA)

Action to be considered:

Through consent, motion to approve a non-exclusive parking easement with the City of South St. Paul.

Overview:

The South St. Paul Economic Development Authority, as successor to the Housing and Redevelopment Authority of South St. Paul, owns a large surface parking area on the west side of Concord Street North, between Hardman and Wentworth Avenues. This property is subject to a 1978 parking lot lease with (currently) Concord Lanes which runs through the year 2078 (with a 50 year option to renew). The parking lot lease includes language granting a right to use the property “non-exclusively by Redeveloper... employees... agents and customers... and **other members of the general public...**” (my emphasis added). The lease also provides that there is a “non-exclusive easement for **public off-street parking**... granted by Agency (which was the HRA) to... City”. Upon researching the existence of the non-exclusive easement, Staff discovered that no such document was ever recorded. In order to maintain the ability for the general public to have a right to park in the lot, Staff resolved that the attached easement should be drafted, approved, and recorded.

Staff is recommending approval of the easement as a means to be prepared for any disruption in availability of on-street parking along Concord Exchange when that street is under reconstruction in 2024, and more generally to provide clarity to the fact that the EDA parking lots can be used not exclusively by the bowling alley, but also the general public.

Funding Sources and other fiscal considerations:

N/A:

Orientation Map



 Leased Parking Area

NON-EXCLUSIVE PUBLIC PARKING EASEMENT

THIS NON-EXCLUSIVE PUBLIC PARKING EASEMENT (“Easement”) is made, granted and conveyed this _____ day of _____, 202___ by and between the South St. Paul Economic Development Authority, a public body corporate and politic organized and existing under the laws of the State of Minnesota (“Landowner”), and the City of South St. Paul, a Minnesota municipal corporation (“City”).

WHEREAS, Landowner owns the real property situated within Dakota County, Minnesota as described on the attached Exhibit A (“Landowner’s Property”); and

NOW THEREFORE, the Landowner in consideration of the sum of One Dollar and other good and valuable consideration to them in hand paid by the City, the receipt and sufficiency of which is hereby acknowledged, does hereby grant and convey unto the City, its successors and assigns, the following easement:

PERMANENT EASEMENT DESCRIPTION

The Landowner does hereby grant and convey unto the City, its successors and assigns, forever the following:

A non-exclusive permanent easement for public parking purposes and all such purposes ancillary, incident or related thereto (“Permanent Easement”) under, over, across, through and upon Landowner’s Property (“Permanent Easement Area”).

The City shall not be responsible for any costs, expenses, damages, demands, obligations, penalties, attorneys’ fees and losses resulting from any claims, actions, suits, or proceedings based upon a release or threat of release of any hazardous substances, petroleum, pollutants, and contaminants which may have existed on, or which relate to, the Permanent Easement Area or the Landowner’s Property prior to the date hereof.

Nothing contained herein shall be deemed a waiver by the City or Landowner of any governmental immunity defenses, statutory or otherwise.

The Landowner, for itself and its successors and assigns, does hereby warrant to and covenant with the City, its successors and assigns, that it is well seized in fee of the Landowner's Property described on Exhibit A, the Permanent Easement Area described above and has good right to grant and convey the Permanent Easement herein to the City. The City acknowledges that part of Landowner's Property is subject to a Municipal Parking Lease and Operating Agreement dated May 24, 1978 ("Lease") and that the Lease expressly reserves the Landowner's right to grant this non-exclusive Permanent Easement for off-street public parking purposes.

Recognizing that the Lease includes terms regarding the use and maintenance of parking facilities, and not in derogation of said terms, the rights the Landowner grants to the City under the Permanent Easement include the right but not the obligation of the City, its contractors, agents and servants, to construct, reconstruct, repair, and maintain parking improvements within the Permanent Easement Area ("Maintenance Right"). If the City elects to exercise the Maintenance Right over that part of the Landowner's Property which is subject to the Lease, it must do so in coordination with, and without violating the rights of, the lessee under the Lease.

This Easement is binding upon the heirs, successors, executors, administrators and assigns of the parties hereto.

This Easement may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

EXEMPT FROM STATE DEED TAX

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

IN TESTIMONY WHEREOF, the Landowner and the City have caused this Easement to be executed as of the day and year first above written.

**LANDOWNER:
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 _____, 2023 by James P. Francis and Ryan Garcia, the President and Executive Director respectively, of the South St. Paul Economic Development Authority, a public body corporate and politic organized and existing under the Constitution and laws of Minnesota, on behalf of the South St. Paul Economic Development Authority.

Notary Public

**CITY:
CITY OF SOUTH ST. PAUL**

By: _____
James P. Francis
Mayor

By: _____
Deanna Werner
City Clerk

STATE OF MINNESOTA)
) ss.
COUNTY OF DAKOTA)

On this ____ day of _____, 2023, before me a Notary Public within and for said County, personally appeared James P. Francis and Deanna Werner to me personally known, who being each by me duly sworn, each did say that they are respectively the Mayor and the City Clerk of the City of South St. Paul, the Minnesota municipal corporation named in the foregoing instrument, and that it was signed on behalf of said municipal corporation by authority of its City Council and said Mayor and City Clerk acknowledged said instrument to be the free act and deed of said municipal corporation.

Notary Public

**This Instrument Was Drafted By
And After Recording Return To:**

LeVander, Gillen & Miller, P.A.
1305 Corporate Center Drive, Suite 300
Eagan, MN 55121
(651) 451-1831

EXHIBIT A
LEGAL DESCRIPTION OF LANDOWNER'S PROPERTY

Lot 1, except the north 8.00 feet thereof, and Lots 2 through 32, inclusive, Block 1, Union Addition to South St. Paul, Dakota County, Minnesota except:

That part of the Northeast Quarter of the Southwest Quarter of Section 22, Township 28, Range 22, Dakota County, Minnesota, according to the Government Survey thereof and that part of Blocks 1, 2, and 3, Union Addition to South St. Paul, according to the recorded plat thereof, described as follows:

Commencing at a point on the Southeasterly line of Lot 4, Block 5, Stockyards Rearrangement of Blocks 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 of South St. Paul, as platted and of record, Dakota County, Minnesota, said point being 190.00 feet Northeasterly of as measured perpendicular to the Southwesterly line of Block 9, said Stockyards Rearrangement; thence North 63 degrees 03 minutes 01 seconds East, along said Southeasterly line of Lot 4, a distance of 10.00 feet; thence North 26 degrees 56 minutes 36 seconds West, parallel with the Northeasterly line of said Block 5, a distance of 172.00 feet; thence North 53 degrees 56 minutes 36 seconds West, a distance of 56.64 feet; thence North 34 degrees 11 minutes 36 seconds West, a distance of 59.54 feet; thence North 16 degrees 11 minutes 36 seconds West, a distance of 55.34 feet; thence North 1 degree 48 minutes 24 seconds East, a distance of 50.12 feet; thence North 44 degrees 48 minutes 24 seconds East, a distance of 79.48 feet; thence North 23 degrees 11 minutes 36 seconds West, a distance of 171.96 feet to the intersection with a line parallel with and 271.00 feet Northwesterly of, as measured perpendicular to the Northwesterly line of Lot 48, Block 1, said Union Addition and its Southwesterly and Northeasterly extension, said point of intersection also being the point of beginning of the land to be described; thence continue North 23 degrees 11 minutes 36 seconds West, a distance of 94.85 feet, to the intersection with the Southwesterly extension of the Southeasterly line of Lot 34, Block 2, said Union Addition; thence North 63 degrees 12 minutes 45 seconds East, along said Southeasterly line of Lot 34, and its Southwesterly extension, a distance of 201.97 feet to the most Easterly corner of said Lot 34, thence north 26 degrees 57 minutes 50 seconds West, along the Northeasterly line of Lots 29, 30, 31, 32, 33, and 34, Block 2, said Union Addition to the most Easterly corner of Lot 28, Block 2, said Union Addition; thence North 63 degrees 12 minutes 28 seconds East, along the Northeasterly extension of the Southeasterly line of said Lot 28, a distance of 141.50 feet to the Westerly right of way line of State Trunk Highway No. 56; thence South 29 degrees 41 minutes 25 seconds East, along said Westerly right of way line, a distance of 243.89 feet to the intersection with a line parallel with and 271.00 feet Northwesterly of, as measured perpendicular to the Northwesterly line of Lot 48, Block 1, said Union Addition and its Southwesterly and Northeasterly extension; thence South 63 degrees 02 minutes 15 seconds West, along said parallel line and its extensions, a distance of 361.31 feet to the point of beginning, according to the plat thereof now on file and of record in the office of the County Recorder within and for Dakota County, Minnesota.

36-80100-01-476
Abstract Property

AND

That part of Lots 8-28, Block 2, and Lots 10-26, Block 3, contained within:

Beginning at the Northwest corner of Lot 12, Block 3, Union Addition to South St. Paul, thence Southeasterly along the Westerly line of said Lot 12 and its extension thereof to the Northwesterly corner of Lot 23, Block 3, said Union Addition; thence Southeasterly to the Southeast corner of Lot 26, Block 3, said Union Addition; thence Easterly along the extension of the South line of said Lot 26 to the West line of New Trunk Highway 56; thence Northwesterly along the West line of said Trunk Highway 56 to the intersection of the Easterly extension of the South line of Lot 5, Block 2, Cremers Addition; thence Westerly along the South line of said Lot 5 to a point 41.7 feet East of the Southwest corner of said Lot 5; thence Southwesterly to the Northwesterly corner of Lot 1, Block 2, Union Addition; thence South along the West line of said Block 2, Union Addition to the Southwest corner of Lot 11, said Block 2; thence West to the Southwest corner of Lot 11, Block 3, Union Addition, to the point of beginning and there terminating.

Except:

Commencing at the Northeast corner of Lot 8, Block 2, Union Addition to South St. Paul, thence South 26 degrees 34 minutes 14 seconds East a distance of 305 feet, thence South 63 degrees 34 minutes 46 seconds West a distance of 103.5 feet, thence North 26 degrees 34 minutes 14 seconds West a distance of 20 feet, thence South 63 degrees 34 minutes 46 seconds West a distance of 89.5 feet, thence North 26 degrees 34 minutes 14 seconds West a distance of 143 feet, thence South 63 degrees 34 minutes 46 seconds West a distance of 10 feet, thence North 26 degrees 34 minutes 46 seconds West a distance of 78.63 feet, thence North 40 degrees 43 minutes 19 seconds East a distance of 35.62 feet, thence North 26 degrees 53 minutes 50 seconds East a distance of 62.22 feet, thence North 26 degrees 34 minutes 21 seconds West a distance of 12.5 feet, thence North 63 degrees 34 minutes 46 seconds East a distance of 120.18 feet to the point of commencement and there terminating.

And

Those parts of Lots 26, 27 and 28, Block 2, Union Addition to South St. Paul, according to the recorded plat thereof Dakota County and that part of vacated Pitt Street accruing thereto, by virtue of the vacation thereof, all lying South of the easterly extension of the South line of Lot 26, Block 3, said Union Addition.

36-80100-03-238
Abstract Property



EDA Agenda Item Report

Date: August 7, 2023

EDA Executive Director:

4-D

Agenda Item: Approval of Amendment #4 to Development Agreement with Blue River Holdings, LLC

Action to be considered:

Through consent, motion to approve the Fourth Amendment to Development Agreement with Blue River Holdings, LLC.

Overview:

On November 1, 2021 the EDA approved a Purchase and Development Agreement with Blue River Holdings, LLC for the construction of a 12,000 square foot commercial building at the EDA-owned property on the west side of Concord Exchange South, immediately north of Al's Corral. The Agreement identified a relatively long contingency and closing window, to afford the developer – the owner/operator of the proposed primary tenant for the new development (South St. Paul Animal Hospital) – sufficient time to work through their planning, permitting, and financing process. A 1st Amendment was approved in August 2022 that extended the contingency period (through November 30, 2022) and Closing Date (to on or before January 31, 2023), a 2nd Amendment was approved in December 2022 that extended the Closing Date (to on or before March 31, 2023), Commencement Date (to on or before August 31, 2023) and Completion Date (to on or before December 31, 2024), and a 3rd Amendment was approved in March 2023 that extended the Closing Date (to on or before September 30, 2023), Commencement Date (to on or before December 31, 2023) and Completion Date (to on or before December 31, 2025).

Continued progress – admittedly in fits and starts - has been made throughout the past two years, with all City Approvals being completed in mid-2022 (and an extension recently approved by the Council), SBA Financing approved up to \$5,000,000, and an application to Dakota County's Redevelopment Incentive Grant made just last month to assist with unforeseen soil and vapor mitigation costs. In the face of numerous challenges, including construction/material cost and interest rate increases, the Developer is choosing to commence construction until Spring 2024 rather than incur even more cost increases by proceeding under winter conditions in late 2023. This approach is (in staff's opinion) perfectly reasonable and acceptable, and we remain confident that this development will be a significant "win" for the community. With this in mind, we are suggesting extension of the following key dates for the Development Agreement:

- Closing: on or before April 30, 2024
- Commencement: On or Before August 1, 2024
- Completion: On or before December 31, 2025 (unchanged from Amendment #3)

Staff recognizes that these are relatively long timelines, particularly considering the fact that this project has been contemplated for nearly a two years already. However, Staff is encouraged at the persistence and commitment that this first-time developer has shown to get the right team in place and find a critical path to completion in the face of challenging circumstances.

Funding Sources and other fiscal considerations:

The City applied for Redevelopment Incentive Grant assistance through the Dakota County CDA for this project. No other public funds are anticipated to be expended for the project.

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 \$2,000,000 and \$2,500,000, which would result in a total annual property tax bill (in 2023 figures) of between \$60,000 and \$77,000. Proceeds from the sale, which is located within the Concord Street Tax Increment Finance District, can be used towards other eligible expenditures in the district.

ATTACHMENTS:

Orientation Map

Amendment #4 to Development Agreement

Orientation Map



FOURTH AMENDMENT TO DEVELOPMENT AGREEMENT

THIS FOURTH AMENDMENT TO DEVELOPMENT AGREEMENT (this “Fourth Amendment”) is entered into as of _____, 2023 (the “Effective Date”), by and between the South St. Paul Economic Development Authority, a public body corporate and politic organized under the laws of Minnesota (“EDA”), and Blue River Holdings LLC, a Minnesota limited liability company (“Developer”).

RECITALS

Recital No. 1. EDA and Developer entered into a Contract for Private Development dated November 1, 2021 and recorded as Document No. _____ on _____ in the Dakota County Recorder’s Office, as amended by that certain First Amendment to Development Agreement dated August 9, 2022 and recorded as Document No. _____ on _____ in the Dakota County Recorder’s Office, as further amended by that certain Second Amendment to Development Agreement dated December 5, 2022 and recorded as Document No. _____ on _____ in the Dakota County Recorder’s Office, and as further amended by that certain Third Amendment to Development Agreement dated March 6, 2023 and recorded as Document No. _____ on _____ in the Dakota County Recorder’s Office (collectively “Development Agreement”) for the purchase and sale of the Property identified in the Development Agreement.

Recital No. 2. Developer has requested the Development Agreement be amended to extend the Closing Date and dates for commencing and completing construction.

Recital No. 3. EDA does not object to the extension.

NOW, THEREFORE, in consideration of the mutual promises and covenants of each to the other contained in this Fourth Amendment and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do covenant and agree as follows:

1. The entire Development Agreement is hereby incorporated into this Fourth Amendment, except as modified below.

2. Section 1(F) of the Development Agreement shall be removed and replaced in its entirety as follows:

F. “Closing” or “Closing Date” means on or before April 30, 2024, unless otherwise agreed to by the parties.

3. Section 10.6 of the Development Agreement shall be removed and replaced in its entirety as follows:

10.6 Commencement and Completion of Construction. Subject to Unavoidable Delays, Developer shall commence construction of the Minimum Improvements no later than August 1, 2024. “Commence Construction” shall mean the start of site grading and installation of utilities. Subject to Unavoidable Delays, Developer shall have substantially completed the construction of the Minimum Improvements no later than December 31, 2025. All work with respect to the Minimum Improvements to be constructed or provided by Developer on the Property shall be in substantial conformity with the Construction Plans and Developer will not modify the size or exterior appearance of the Minimum Improvements without the consent of the EDA and the City, which consent shall not be unreasonably withheld.

4. Section 12.5 shall be added to the Development Agreement as follows:

12.5 EDA may request grant funds from Dakota County to assist with the environmental and geotechnical issues on the Property. If Dakota County approves grant funds for the Property, Developer agrees to complete all of the grant eligible work on the Property and satisfy any grant matching requirements.

5. Except as provided for above, the terms and provisions of the Development Agreement shall remain in full force and effect.
6. This Fourth Amendment and all disputes or controversies arising out of or relating to this Fourth Amendment or the transactions contemplated hereby shall be governed by, and construed in accordance with, the internal laws of the State of Minnesota, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Minnesota.
7. Nothing contained herein shall be deemed a waiver by the EDA of any governmental immunity defenses, statutory or otherwise, or of the maximum liability limits provided by Minnesota Statutes, Chapter 466.
8. This Fourth Amendment may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by the parties and delivered to the other parties.

9. This Fourth Amendment shall not be amended, modified or supplemented, except by a written instrument signed by an authorized representative of each party.

[remainder of page intentionally blank]

IN AGREEMENT, the parties hereto have hereunto set their hands as of the Effective Date.

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 _____, 2023 by James P. Francis and Ryan Garcia, the President and Executive Director respectively, of the South St. Paul Economic Development Authority, a public body corporate and politic organized and existing under the Constitution and laws of Minnesota, on behalf of the EDA.

Notary Public

**DEVELOPER:
BLUE RIVER HOLDINGS LLC**

By: _____
David Abramowicz
Its Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2023 by David Abramowicz, the Manager of Blue River Holdings LLC, a Minnesota limited liability company, on behalf of said limited liability company.

Notary Public

**THIS INSTRUMENT WAS DRAFTED BY
AND AFTER RECORDING RETURN TO:**

LeVander, Gillen & Miller, P.A.
1305 Corporate Center Drive, Suite 300
Eagan, MN 55121
651-451-1831



EDA Agenda Item Report

Date: August 7, 2023

EDA Executive Director:

5-A

Agenda Item: Gap Loan - Asian Mart (512 Concord Exchange South), Resolution 2023-6

Action to be considered:

Following discussion, motion to approve Resolution 2023-6, authorizing execution of a Forgivable Gap Loan with Watson Trading LLC.

Overview:

Asian Mart is a Filipino-inspired market and deli currently serving the Twin Cities region with a store in Burnsville. Asian Mart is proposed to be the anchor tenant in a multi-tenant commercial/retail building at 512 Concord Exchange, between Footh Automotive and Stockyards Tavern & Chophouse. Watson and Charmaine Fong, owners of Asian Mart, have identified South St. Paul – and the Concord corridor in particular – as an underserved area that is well-positioned to thrive in the specialty foods market.

For the past year, Staff has been working with Watson Trading to establish a new store in SSP. The developer has obtained all City approvals and closed on the purchase of the property, and has received financing approval for a commercial loan (through CorTrust Bank), an SBA loan (through Amplio) and MCCD financing for more than 88% of the project costs. After extending these sources as well as owner equity (\$200,000) as much as possible, a project gap of \$125,000 remains. As such, Watson Trading has applied for financing assistance through the EDA's Business Development Loan Program to assist with extraordinary site costs related to soil correction, stormwater management, and utilities.

Staff has reviewed business and personal financial information related to the request for gap financing, and is prepared to recommend that the EDA extend a forgivable loan from the EDA's Business Development Fund to Watson Trading for the project. The following factors influence our recommendation:

- The developer has significant “skin in the game” at this point – they have already purchased the real estate (for \$100,000) and incurred almost \$70,000 in soft costs.
- Among the soft costs incurred by the developer was a geotechnical evaluation which, unfortunately, reveals that the soils on the site require correction, to the tune of about \$105,000. In addition, stormwater management will need to be accomplished in an underground retention system, at an additional expense of over \$80,000. These costs were unforeseen, and addressing them really adds no value to the property that can be recovered (as collateral) – effectively they are necessary but mostly sunk costs. These types of costs are often targeted for grants (through DEED, Dakota County) but given the scale of this project staff is comfortable pursuing a forgivable gap loan through the EDA's program.
- The proposal supports Goal #2 of the City's 2022 Economic Development Strategy, which is to “attract strong, growing, and new businesses and developments to SSP” by “leveraging SSP's geographic and demographic advantages” and facilitating “commercial... developments that diversify the City's economic activity and tax base”.
- While the loan does not represent a “Business Subsidy” by statutory definition, the proposal meets a number of the purposes found in the City's Subsidy Policy and other policies for financial assistance:
 - Redevelop underutilized areas of the community

- Encourage development of commercial areas in the City that will result in higher quality development and private investment
- Enhance economic growth by increasing the tax base
- Create additional job opportunities within the City
- Accelerate the redevelopment process to achieve development on sites that may not be redeveloped without public financial assistance
- Enhance the economic diversity of the City and provide essential products and services within the City.

Resolution 2023-6 provides EDA approval of a loan to the business in an amount not to exceed \$125,000 for assistance with site preparation costs, and authorizes the Executive Director to proceed with the preparation, execution, and filing of loan documentation. Staff is recommending that the loan be structured with a 60-month interest-only payment of \$468.75 (10-year amortization), with the EDA forgiving the principal at the end of the 60-month period if all of the following conditions are met:

- Developer completes soil corrections
- Developer installs stormwater management infrastructure in compliance with approved stormwater management plan, Stormwater permit, and all applicable codes and ordinances
- Developer completes construction of retail building with a minimum of 8,000 square feet of floor area in general compliance with the application that was approved by the City of South St. Paul on December 19, 2022
- Developer begins and maintains operation of Asian Mart retail store at the 512 Concord Exchange South location
- Developer pays all property taxes and special assessments when due
- Developer makes all interest-only payments when due

Funding Sources and other fiscal considerations:

The City’s Development Loan Fund has sufficient cash balance to fully support the proposed credit facility. Project Sources & Uses are summarized below:

Use of Funds	Estimate (\$)		Source of Funds	Amount
Land	\$100,000		CorTrust 1 st Mortgage	\$1,294,707
Site Preparation	\$218,897		SBA Loan (Amplio)	\$1,035,765
Construction	\$1,802,703		MCCD Loan	\$125,000
FFE	\$306,080		Owner Cash Equity	\$196,391
Soft Costs	\$349,183		EDA Loan	\$125,000
Total	\$2,776,863			\$2,776,863

ATTACHMENTS

- Orientation Map
- Resolution 2023-6

Orientation Map



South St. Paul Economic Development Authority
Dakota County, Minnesota

RESOLUTION NO. 2023 – 6

WHEREAS, the South St. Paul Economic Development Authority (the “EDA”) has determined that the development and occupancy of property at 512 Concord Exchange South within the City of South St. Paul (the “Property”) by Watson Trading LLC (“Borrower”) will benefit the City of South St. Paul (the “City”) by expanding the local property tax base, 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 utilize certain funds from the Development Loan Fund Program to assist the Borrower with financing certain costs related to soil correction, stormwater management, and infrastructure to support the development of an approximately 8,500 square foot commercial building to be constructed at the Property (“Project Costs”), subject to the execution of a loan agreement between the EDA and the Borrower (“Loan Agreement”); and

WHEREAS, among the terms of the Loan Agreement is the EDA would provide financing for not more than \$125,000 in Project Costs, structured as a partially forgivable loan after a period of five years if all of the following conditions are met:

1. Borrower completes or causes to be completed geotechnical soil corrections;
2. Borrower installs or causes to be installed stormwater management infrastructure in compliance with the approved stormwater management plan, stormwater permit, and all applicable codes and ordinances;
3. Borrower completes or causes to be completed construction of a retail building with a minimum of 8,000 square feet of floor area in general compliance with the application that was approved by the City of South St. Paul on December 19, 2022 as City Council Resolution 2022 – 186;
4. Borrower begins and maintains operation of the Asian Mart retail store at the 512 Concord Exchange South location;
5. Borrower pays all property taxes and special assessments when due; and
6. Borrower makes all interest-only payments to the South St. Paul EDA when due.

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 7th day of August, 2023.

President, James P. Francis

Executive Director, Ryan Garcia