



CITY OF ST. FRANCIS
ST. FRANCIS, MN
ANOKA COUNTY

ECONOMIC DEVELOPMENT AUTHORITY MEETING AGENDA

JUNE 17, 2019

4115 Ambassador Blvd. NW
ISD #15 Central Service Center (District Office)

5:00 PM

1. Call to Order
2. Roll Call
3. Approve Minutes of June 3, 2019
4. Approval of the Agenda
5. Public Hearings
 - a. Meadows Townhome Sale
6. New Business
 - a. Meadows Townhome Lots, Second Offer Received
7. Old Business
 - a. Meadows Townhome Lots- Resolution 2019-03,
 - b. Performance Agreement
8. Other Reports
9. Adjourn

CITY OF ST. FRANCIS
ST. FRANCIS, MN
ANOKA COUNTY

ECONOMIC DEVELOPMENT AUTHORITY MEETING MINUTES

June 3, 2019

4115 Ambassador Blvd NW
ISD #15 Central Service Center (District Office)

5:00pm

1. Call to order: EDA called to order at 5:06pm
By President Mike Rodger
2. Roll Call
Present: Steve Feldman, Mike Rodger, Joe Muehlbauer, Brenda Pavelich-Beck, Also Present:
Community Development Director Kate Thunstrom, Dave Schaps – City Attorney
Absent: MaraLynn Kubacki
3. Approve Minutes of January 23, 2019
Motion: Feldman
Second: Muehlbauer
Motion Carried: (4-0)
4. Approval of the Agenda
Motion: Pavelich-Beck
Second: Muehlbauer
Motion Carried: (4-0)
5. New Business
 - a. 3731 Bridge St – Resolution 2019-02 Approving the Purchase of Property and Granting Signatory Authority
Thunstrom, presented agenda report and need for resolution
Roger, suggested if the owners do not move forward soon to begin code enforcement
Feldman, requested Mr. Schaps to outline the hazardous building process, which included an inspection and can be timely if challenged.
Thunstrom, explained potential cost and the need for council to approve a budget and hazardous building documents.
Feldman, need to begin with a letter to make owner aware of future steps
Pavelich-Beck, agreed to begin with a staff letter as the legal process is very lengthy.
Muehlbauer, requested that we provide clear deadlines
Feldman, we do not want to get back into the winter months

Motion to approve by Feldman, 2nd by Muehlbauer, 4-0 passed

- b. Meadows Townhome – Vacant Lots Update
Thunstrom, presented an update following the agenda report

Set Public Hearing for 5:00 pm, Monday June 17, 2019 for the sale of the property.

- c. Meadows Townhomes – Indemnification Agreement
Thunstrom, presented document and Schaps clarified the agreement and what the meant to the EDA and City.
Feldman, discussed the conversation he had with the builder regarding the appeal and the potential to move forward. The builder is working with the company that lost the in the lawsuit.
Roger, has no objection to this building starting early, it opens a door and get a positive relationship in place.

Motion to approve by Feldman, 2nd by Muehlbauer, 4-0 passed

- 6. Other Reports: Updates on projects in various states of progress.
- 7. Motion to Adjourn@ 5:34pm by Muehlbauer
Second: Feldman
4-0 motion Passed

Submitted by,
Kate Thunstrom, EDA Director

APPROVED, with/without change:

**EDA COMMISSION
AGENDA REPORT
5a**

TO: St. Francis Economic Development Authority
FROM: Kate Thunstrom, EDA Executive Director
SUBJECT: Public Hearing – Meadows Townhome, sale of lots
DATE: June 17, 2019

OVERVIEW

Per State Statute, the EDA must hold a public hearing to sell real property. At this hearing the EDA will hear any comment and make a decision on whether the sale is advisable

The EDA may sell property through a bid property and choose a bid that is considered to be the most favorable considering the prices and intended use. The EDA may also sell the property at private sale if it considers that sale to be in the public's interest and to further (re) development.

ITEMS TO BE DICUSSED:

Open Public Hearing and receive comments related to the EDA sale of the lots.

ATTACHMENTS:

Copy of published, Public Hearing Notice

CITY OF ST. FRANCIS
23340 Cree Street NW
St. Francis, MN 55070
PHONE: 763-753-2630

PUBLIC HEARING NOTICE

Notice is hereby given that the St. Francis Economic Development Authority will be holding a public hearing on the following vacation on **Monday, June 17, 2019, starting at 5:00 p.m. or shortly thereafter** at the St. Francis Area Schools ISD #15 District Office located at 4115 Ambassador Blvd.

The public hearing is regarding the sale of Lots 1 through 9, inclusive, and 12 through 22, inclusive, and 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 59, 60, 61, 62, 63, 64, 65, 66, Block 1, Meadows of St. Francis, Anoka County, Minnesota to a developer. The EDA will consider the sale of the above described property under Minnesota Statutes, Section 469.105. A summary of the terms and conditions of the land sale is available for public inspection at City Hall. At the hearing, the EDA will meet to decide if the sale is advisable.

Any persons wishing to express and opinion on the matter to be considered at the public hearing will be heard orally or in writing. Additional information may be obtained by contacting the City of St. Francis, 22340 Cree St. NW, St. Francis, MN 55070, or by calling (763) 753-2630.

Published in the Anoka County Herald

June XX, 2019

TO: St. Francis Economic Development Authority
FROM: Kate Thunstrom, EDA Executive Director
SUBJECT: Meadows Townhome Offer – BKCDC Enterprises, LLC.
DATE: June 17, 2019

OVERVIEW

In 2013, the City acquired 48 townhome lots in the Meadows of St. Francis subdivision. These lots were later transferred to the ownership of the EDA. The EDA sold the lots in 2016 to Able Companies. The performance of the development did not move forward and the EDA pursued a recapture action.

On May 29, 2019 the City received the Judges statement granting the Summary Judgement free and clear of all mortgages. There is a 60 day appeal window in which the opposing party, Ultimate Investments, could appeal. Per our attorney, if they chose to appeal a bond would be required.

Throughout the process, several builders contacted staff and discussed finishing the townhome units, including three that had worked directly with Able in a purchase agreement. As the EDA moved forward, it was made clear the requirements expected included a global settlement to encompass all undeveloped or underdeveloped units, from Able and RCA Builders.

Purchase Agreement #2- Received

One of the Companies that began working with Able to acquire the lots has continued to express interest in finishing the development. That company, BKCDC Enterprises, LLC, has submitted a purchase offer to the EDA for consideration.

BKCDC Enterprises legal team has had past conversations with the City Attorney in regards to the declaration and concept of purchasing Able's lots. BKCDC has attached a letter to the EDA explaining their interest and their website for further information.

The terms of the purchase agreement include a purchase of 39 lots. They were not working with the second builder and would need to update the purchase agreement if the EDA selects them as the next developer. They are willing to deposit an escrow. They have proposed closing no later than requested a closing date of August 25, 2019. This buyer did not use a traditional purchase agreement and instead used their Attorney drafted Contract of Sale.



Commitment to sell to this party does not mean or identify that this is an acceptance of the Contract of Sale, the language or terms within. These issues would need to be resolved using the City Attorney.

ITEMS TO BE DICUSSED:

The EDA reviewed the previous offer by Joshua Markum homes on June 3, 2019. This buyer is aware of that offer and would like consideration as well.

The EDA needs to determine which Builder it feels would meet the goals of the EDA, the global settlement that was required, financial needs and timeframe commitment for building.

ATTACHMENTS:

Letter to STF, EDA from BKCDC.

Dear members of the St. Francis Economic Development Authority:

Attached for your consideration is a proposed Contract of Sale for the purchase by BKCDC Enterprises, LLC, of 39 Lots located in the Meadows of St. Francis subdivision, which lots were recently recaptured by the EDA. During 2018, BKCDC worked extensively in order to reach an agreement to purchase the lots from Able Companies in a manner that would be beneficial to all parties concerned. Unfortunately, Able was not willing to sell the lots; however, due to these prior negotiations, BKCDC is very familiar with the history of the project and believes that it is uniquely positioned to fulfill the requirements of the Development Contract Performance Agreement originally entered into between the EDA and Able Companies.

BKCDC recognizes that this project contains unique challenges. To complete the project and all of the obligations under the Development Contract Performance Agreement requires significant development expertise and experience, particularly in the areas of forming and fixing homeowners associations. There are many builders that know how to build homes but these complex issues are simply beyond their knowledge and expertise (as the EDA has experienced with prior builders). BKCDC has worked closely with its legal counsel to ensure that it is prepared to undertake all responsibilities under the Development Contract Performance Agreement. The EDA's City Attorney should be able to attest that BKCDC has received legal counsel throughout this matter from a firm that specializes in home owners association and real estate law, and that has thoroughly reviewed the project and its requirements.

BKCDC Enterprises, LLC, is a female owned, Minnesota limited liability company, and is very interested in developing housing in St. Francis. BKCDC is currently developing a similar project in Stacy, MN, involving 18 1 Level Living townhomes and 2 bedroom, 2 bathroom, 2plex homes and 4 plex homes ranging from \$229K.

BKCDC is eager to move this project forward and is prepared to start digging in footings for a few homes yet this fall. BKCDC is a local, family owned company based in Princeton MN with employees and subcontractors from nearby this area. BKCDC is a subsidiary of Home Improvement Shop Inc. www.homeimpshop.com. We pride ourselves in purchasing building materials from local business owners and we support the communities in which we build and operate. We are happy to supply you with a list of vendors for which we have long standing relationships, in some cases as long as 20+ years if the City is interested in this information. Our finances and balance sheet are strong and we have the funds available to start this project. Further, because there exists a finished unit, we will be able move through the appraising steps easily. BKCDC will be funding the purchase with cash for the lots.

Please know that BKCDC would like to be a strong partner with the City of St. Francis to finish up this failed project with a variety of affordable housing units.

Thank you for your consideration. We appreciate you looking over our offer and hope you to consider us for the purchase of this property.

TO: St. Francis Economic Development Authority
FROM: Kate Thunstrom, EDA Executive Director
SUBJECT: Approval of Sale and Signatory Authority, Resolution 2019-03
DATE: June 17, 2019

OVERVIEW

As requirement to sell and sign for the closings of Real Property, the attached resolution is submitted to the EDA for consideration.

This Resolution is approving the sale of the property listed below, to Transfer the Master Declarant Rights as they pertain to the association and provide signature authority.

Title Companies require this resolution to provide staff the authority to sign the necessary documents on behalf of the EDA. This resolution and its signature authority is valid through the process of the sale and transferring all title and necessary rights to a buyer.

ITEMS TO BE DICUSSED:

Staff recommends approval of Resolution 2019-03. Blank areas to be completed with buyer of purchase offer accepted, prior to signature.

ATTACHMENTS:

Resolution 2019-03, Resolution Approving the Sale of Property, Transfer of Master Declarant Rights for the Master Meadows of St. Francis, Amendment of the Purchase Agreement and Granting Signatory Authority.

Economic Development Authority for the City of St. Francis
St. Francis, MN
Anoka County

RESOLUTION 2019-03

Resolution Approving the Sale of Property,
Transfer of Master Declarant Rights for Master Meadows of St. Francis,
Amendment of the Purchase Agreement and Granting Signatory Authority

BE IT RESOLVED THAT, the Board/Commissioners of the Economic Development Authority for the City of St. Francis, Minnesota hereby approves the sale of the real property described herein and Transfer of Master Declarant Rights for Master Meadows of St. Francis conveying title and master declarant rights regarding Lots 1 through 9, inclusive, and 12 through 22, inclusive, and 43,44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 59, 60, 61, 62, 63, 64, 65, 66, Block 1, MEADOWS OF ST. FRANCIS, Anoka County, Minnesota, to _____ or its successors and assigns.

BE IT FURTHER RESOLVED THAT, the Board/Commissioners of the Economic Development Authority for the City of St. Francis, Minnesota hereby authorizes Kate Thunstrom, Chief Executive Officer of the Economic Development Authority for the City of St. Francis, Minnesota, to execute any and all necessary and reasonable documents to effectuate the sale of the above referenced real property to _____, or its successors and assigns, including but not limited to, closing documents, deed, affidavits and an amendment to the purchase agreement to extend the closing date specified therein.

ADOPTED BY THE BOARD/COMMISSIONERS OF THE ECONOMIC DEVELOPMENT OF THE CITY OF ST. FRANCIS THIS 17th DAY OF JUNE 2019.

APPROVED:

Mike Rodger
EDA President

TO: St. Francis Economic Development Authority
FROM: Kate Thunstrom, EDA Executive Director
SUBJECT: Meadows Townhome – Performance Agreement
DATE: June 17, 2019

OVERVIEW

When the EDA releases property in a sale there are requirements to the sale that are meant to provide the City and EDA with local benefit, meet State Statute requirements and ensure the project moves forward.

When the EDA sold the lots in 2016, it was the Performance Agreement that was used to move forward in litigation due to failed progress. Since that time the Agreement has been updated to meet current expectations, address that the homeowners association no longer includes lots 10-11 and 57-58 and allow a mortgage be granted from an unaffiliated lender.

ITEMS TO BE DICUSSED:

Approval of the attached and authorization for the EDA to enter into the Agreement.

ATTACHMENTS:

Development Contract and Performance Agreement

(reserved for recording information)

DEVELOPMENT CONTRACT PERFORMANCE AGREEMENT

This Development Contract Performance Agreement (“Agreement”) is made and entered into this ____ day of _____, 2019, by and between the **ST. FRANCIS ECONOMIC DEVELOPMENT AUTHORITY**, a public body corporate and politic under the laws of Minnesota (the “EDA”) and _____, a Minnesota corporation (the “Developer”) for the sale and development of property within the City of St. Francis (the “City”).

1. REQUEST FOR PROPERTY CONVEYANCE. The EDA has agreed to sell and the Developer has agreed to purchase forty-two (42) lots from the EDA for the purpose of the development of townhomes, which lots are legally described as:

Lots 1 through 9, inclusive, 12 through 22, inclusive, 43 through 56, inclusive, 59 through 66, inclusive,
Block 1, Meadows of St. Francis, Anoka County, Minnesota

(the “Property”).

2. USE OF PROPERTY. The Developer may use the property for the construction, development, sale, and/or rental of townhome units in a manner that conforms with the City of St. Francis Comprehensive Plan and Zoning Ordinance, and any other applicable ordinances which apply to the construction, development, sale and/or rental of townhome units.

3. TRANSFER OF PROPERTY. During the term of this Agreement, the Developer shall not transfer any interest in the Property without the written consent of the EDA, which consent may be given or withheld in the sole

discretion of the EDA, except that Developer may grant a mortgage to an unaffiliated lender in which Developer, or any of Developer's owners, members, officers, shareholders or board members, have no ownership interest or control. Developer shall immediately notify the EDA in writing if Developer grants a mortgage to an unaffiliated lender and shall immediately provide copies of any mortgage transferring a secured interest in the Property. Any future owner or holder of an interest in the Property takes title or any interest in the Property subject to this Agreement.

4. **PLANS & SPECIFICATIONS.** The Developer shall construct the units as depicted and represented in the plans supplied to the EDA dated _____, 20__ (the "Plans"). Minor adjustments, as determined by the EDA and/or City Zoning Administrator, to the plans may be deemed acceptable by the City's Zoning Administrator in the sole discretion of the EDA and/or City Zoning Administrator. Major amendments to the plans or the site shall require approval of the EDA.

5. **REQUIRED PERFORMANCE.** Within one year from the date of purchase, the Developer shall have substantially completed the construction of two buildings (over Lots 43, 44, 45, 46, 47, 48, 49 and 50) on the southern end of the Property. Additionally, in each subsequent year for the next two years, the Developer shall build two additional buildings on the Property. Therefore, at the end of three years from the date of purchase, the Developer shall have substantially completed six buildings on the Property. Each building constructed in each subsequent year for the next two years shall contain at least two housing units or townhomes.

6. **FAILURE TO PERFORM.** The Developer shall devote the Property to its intended use by completing construction of two buildings in each of the first three years as specified in Paragraph 5. If the Developer fails to comply with the performance requirements specified in Paragraph 5, the EDA may cancel the sale and title to the Property shall return to it free and clear of any lien or encumbrance arising subsequent to the date of this Agreement. The EDA, in its sole discretion, may extend the time to comply with this condition if the Developer has good cause.

7. **HOMEOWNER'S ASSOCIATION.** The Developer is required to establish a common interest community compliant with Minn. Stat. Chapter 515B through subjecting the Property and Lots 10, 11, 57 and 58, Block 1, Meadows of St. Francis, Anoka County, Minnesota and a home owner's association compliant with Minn. Stat. Chapter 317A, for the operations and maintenance of the housing units and common elements, if any. Governing

documents for the common interest community and homeowner's association shall be subject to approval by the attorney for the EDA. Developer shall submit such governing documents to the EDA for approval prior to the sale of any housing unit or townhome to an end purchaser. In the event the EDA commences an action to cancel the sale and seek a return of title, upon request of the EDA, the Developer shall voluntarily and promptly transfer any Master Declarant Rights back to the EDA regarding the lots specified by the EDA.

8. **RECORDING.** This agreement shall be recorded against the Property at the expense of Developer.

9. **VIOLATION.** In the event that Developer breaches the required performance herein and the EDA finds it necessary to enforce this Agreement and/or commences an action to cancel the sale, the Developer shall pay the reasonable attorneys' fees incurred by the EDA for enforcement herein.

10. **NOTICES.** Required notices to the Developer shall be in writing, and shall be either hand delivered to the Developer, its employees or agents, or mailed to the Developer by first class mail at the following address: 7867 Eastwood Road, Moundsview, MN 55112. Notices to the EDA shall be in writing and shall be either hand delivered to the City Administrator, or mailed to the EDA by certified mail in care of the City Administrator at the following address: St. Francis City Hall, 23340 Cree St NW, St. Francis, Minnesota 55070.

11. **RELEASE.** At such time as the Developer and/or Builder has constructed a housing unit or townhome on a lot in accordance with the Plans and a Certificate of Occupancy has been issued therefore by the City of St. Francis and such lot has been subjected to a declaration for a common interest community as specified in Paragraph 7, the EDA agrees to execute a Partial Release of this Agreement upon the request of Developer. Developer shall reimburse EDA for the expense of legal and professional services in preparing the Partial Release.

12. **MISCELLANEOUS.**

A. Third parties shall have no recourse against the City and EDA under this Agreement.

B. Breach of the terms of this Agreement or the conditions of the Resolution approving this sale by the EDA to the Developer shall be grounds for denial of building permits.

C. The action or inaction of the City and/or EDA shall not constitute a waiver or amendment to the provisions of this Agreement. To be binding, amendments or waivers shall be in writing, signed

by the parties and approved by written resolution of the EDA. The EDA's failure to promptly take legal action to enforce this Agreement shall not be a waiver or release.

D. Each right, power or remedy herein conferred upon the EDA is cumulative and in addition to every other right, power or remedy, express or implied, now or hereafter arising, available to EDA, at law or in equity, or under any other agreement, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by the EDA and shall not be waiver of the right to exercise at any time thereafter any other right, power or remedy.

E. The Developer may not assign this Agreement without the prior written permission of the EDA which may be granted or withheld in the sole discretion of the EDA. The Developer's obligation hereunder shall continue in full force and effect until released even if the Developer sells one or more lots, the entire plat, or any part of it.

13. COMPLETION. The Developer shall notify the EDA when the construction of the buildings required to be constructed herein has been completed. If the EDA determines in its sole and absolute discretion that (i) the improvements have been constructed in substantial conformity with the approved plans, and (ii) the improvements are complete for purposes of issuing a certificate of occupancy, the EDA shall, in accordance with this Agreement, note the completion of the required construction herein. Upon the request of the Developer the EDA shall furnish to the Developer a Certificate of Completion certifying the completion of the project. Upon completion of the improvements specified in Section 5 and approval of such completion by the EDA, upon the request of the Developer, the EDA shall furnish to the Developer a Satisfaction of Development Agreement releasing the Property from the terms of this Agreement. Such Certificate of Completion and/or Satisfaction of Development Agreement shall be in recordable form. Developer shall reimburse EDA for the expense of legal and professional services in preparing the Certificate of Completion or Satisfaction of Development Agreement (which such reimbursement requirement shall survive any release of the Property from the terms of this Agreement).