



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

ECONOMIC DEVELOPMENT AUTHORITY MEETING AGENDA

JUNE 3, 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 January 23, 2019
4. Approval of the Agenda
5. Public Hearings
6. New Business
 - a. 3731 Bridge St – Resolution 2019-02 Approving the Purchase of Property and Granting Signatory Authority
 - b. Meadows Townhome – Vacant Lots Update
 - c. Meadows Townhomes – Indemnification Agreement
6. Other Reports
7. Adjourn

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

ECONOMIC DEVELOPMENT AUTHORITY MEETING MINUTES

January 23, 2019

23340 Cree Street NW
St. Francis City Hall

5:30pm

1. Call to order: EDA called to order at 5:39pm
By President Mike Rodger
2. Roll Call
Present: Steve Feldman, Mike Rodger, Joe Muehlbauer, Brenda Pavelich-Beck, MaraLynn Kubacki
Also Present: Community Development Director Kate Thunstrom
Absent:
3. Approve Minutes of
Motion: Joe Muehlbauer
Second: Steve Feldman
Motion Carried: (5-0)
4. Appointment of Officers
Nomination made for
Mike Roger for President
Steve Feldman for Vice President
City Staff for duties of Secretary

Motion: Joe Muehlbauer
Second: Steve Feldman
Motion Carried: (5-0)
5. Approval of the Agenda
Motion: Steve Feldman
Second: Brenda Pavelich-Beck
Motion Carried: (5-0)
6. New Business
 - a. Annual Report for 2018
 - Kate described the contents of the report and what is described. Discussion lead to the future of the EDA and funding sources. The Commission discussed
 - Changing Charter language to allow for the sale of property revenues to come to the EDA. This would be difficult as not all property the City sell is something

that would or should benefit the EDA. Steve Feldman described the willingness of Council to support funding the EDA and that the Charter is not easy to change.

- EDA Tax Levy was discussed. This is a taxing authority decision which under State Statute. This would be a separate tax on properties. There is a limit of 0.01813%.
- Franchise fees were discussed as well and how they would apply.

- b. Resolution 2019-01 for the application submission and commitment of local match for a redevelopment grant to the Minnesota Department of Employment and Economic Development

7. Other Reports: Updates on projects in various states of progress.

8. Motion to Adjourn@ 6:25pm: Steve Feldman
Second: Joe Muehlbauer
5-0 motion Passed

Submitted by.

Kate Thunstrom, EDA Director

TO: St. Francis Economic Development Authority
FROM: Kate Thunstrom, EDA Executive Director
SUBJECT: 3731 Bridge St. – Resolution Update
DATE: June 3, 2019

OVERVIEW

EDA approved staff to move forward with the acquisition of the property at 3731 Bridge Street in November of 2017.

Since that time, the property has had to complete a process known as a Quiet Title Action to clarify property lines and title. This action required extensive time including the survey review of all surrounding properties, a new property survey and a county court action. Staff received notice this had been completed on May 9, 2019.

All documents were resubmitted to the title company to move forward with a closing of this property. Per the title company there is a document related to an ownership interest that continues to be worked on and is needed before a closing date can be set.

Once the City has a closing date, staff can move forward to release the RFP for the demolition of the property. The property condition has continued to deteriorate. If this closing does not occur in a timely fashion it may require staff to begin code enforcement actions.

ITEMS TO BE DICUSSED:

Due to the change in legal description, EDA to update Resolution 2019-02 authorizing staff to purchase the property with signatory authority.

ATTACHMENTS:

Resolution 2019-02 Approving the Purchase of Property and Granting Signatory Authority

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

EDA RESOLUTION 2019-02

Resolution Approving the Purchase of Property
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 purchase of the real property located at 3731 Bridge St. Francis, MN 55070 and legally described as:

That part of the East Half of the Southwest Quarter of Section 32, Township 34, Range 24, described as follows:

Commencing at the southwest corner of the Southwest Quarter of said Section 32; thence North 89 degrees 44 minutes 11 seconds East, assumed bearing, along the south line of said Southwest Quarter a distance of 1 743.95 feet; thence North 0 degrees 34 minutes 41 seconds West a distance of 857.96 feet; thence South 89 degrees 14 minutes 46 seconds West a distance of 65.00 feet; thence continuing South 89 degrees 14 minutes 46 seconds West along the south line of the land described in Certificate of Title No. 102783, a distance of 115.50 feet to the southwest corner of the land described in Certificate of Title No. 102783; thence North 0 degrees 40 minutes 29 seconds West along the west line of the land described in Certificate of Title No. 102783, a distance of 130.00 feet to the northwest corner of the land described in Certificate of Title No. 102783 and to the point of beginning of the land to be described; thence North 89 degrees 14 minutes 46 seconds East along the north line of the land described in Certificate of Title No. 102783, a distance of 115.50 feet to a judicial landmark set pursuant to Torrens Case No. C9-93-655; thence North 89 degrees 14 minutes 46 seconds East a distance of 65.00 feet; thence South 00 degrees 40 minutes 29 seconds East a distance of 130.00 feet; thence North 89 degrees 14 minutes 46 seconds East a distance of 65.84 feet; thence North 00 degrees 30 minutes 51 seconds West a distance of 215.52 feet; thence North 89 degrees 49 minutes 19 seconds East a distance of 132.20 feet; thence North 00 degrees 32 minutes 10 seconds West a distance of 231.49 feet; thence South 89 degrees 24 minutes 37 seconds West a distance of 474.41 feet; thence South 00 degrees 34 minutes 35 seconds East a distance of 164.96 feet; thence North 89 degrees 24 minutes 37 seconds East a distance of 29.97 feet; thence South 00 degrees 31 minutes 08 seconds East a distance of 52.00 feet; thence North 89 degrees 14 minutes 46 seconds East a distance of 65.17 feet to a line which bears North 00 degrees 40 minutes 29 seconds West from the point of beginning; thence South 00 degrees 40 minutes 29 seconds East, along said line, a distance of 100.00 feet to the point of beginning. Anoka County, Minnesota.

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 procure an owner's title insurance policy and to execute any and all necessary and reasonable documents to effectuate the purchase of the above referenced real property, including but not limited to a purchase agreement, amendment of the purchase agreement to extend the closing date, if necessary, to allow time for any title issues to be

resolved, closing documents and any other necessary or beneficial documents which are reasonable and customary.

ADOPTED BY THE BOARD/COMMISSIONERS OF THE ECONOMIC DEVELOPMENT OF THE CITY OF ST. FRANCIS THIS 3 DAY OF JUNE, 2019.

APPROVED:

_____ [sign name]

By: _____ [print name]

Its: President _____

TO: St. Francis Economic Development Authority
FROM: Kate Thunstrom, EDA Executive Director
SUBJECT: Meadows Townhome Development
DATE: June 3, 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. After work on the property title issues, 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 February 25, 2019 the lots were brought before an Anoka County Judge for a "Summary Judgement" for the City to regain the titles.

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. The City legal team will submit an affidavit for legal fees to the Court. Recapture of those fees is unlikely.

While the litigation was in process, several builders contacted staff and discussed the building of the townhome units. These parties they were unable to meet the requested requirements of transparency and a global settlement to encompass all undeveloped or underdeveloped units. Concerns of some potential buyers also were related to the requirements of the EDA Performance Agreement and/or the Meridian development.

Purchase Agreement - Received

Joshua Markum Builders, has been working with staff, legal and title teams since March to review the requirements, history and needs of the Meadows development. This builder has worked to understand the development gaps and the proposed Meridian project. Joshua Markum Builders currently has building projects in Blaine and Chisago City. In April, Joshua Markum Builders acquired the two partially finished units from RCA builders and is working to complete the building permits within the week.

Joshua Markum Builders is proposing to immediately build the four unit buildings. Then would move to build the three unit buildings prior to beginning the large buildings. This will allow them to test the marketability of the interior lots on the six plus sized buildings. It is their goal to have units available for the fall Parade of Homes. They had liked a closing this week, however due to an EDA Public Hearing requirement, this project would be eligible to close no earlier than June 18th.



The terms of the purchase agreement include a purchase of the 42 vacant lots, received from RCA Builders and Able Companies. An escrow has been deposited with the city. They have requested a closing date as soon as possible and have already submitted the building plans for the first building to City Hall.

The buyer is receiving title by Quit Claim Deed and takes any risk during the appeal period of litigation and is taking the properties as-is. Buyer will also receive the Master Declarant Rights from the City and work with the properties to establish the association.

Performance Agreement

As completed in 2016, the buyer must sign a Performance Agreement with the EDA. This agreement will again place the building expectations upon the development to act in a timely manner. This agreement will provide the EDA the authority to recapture the lots if this performance is not met. The City legal team is working to update the document for signatures.

Public Hearing and Resolution Approving Sale

Per State Statute, the EDA to sell property must hold a public hearing. At this hearing the EDA will hear any comment and make a decision on whether the sale is advisable and approve a resolution to approve the sale of the property, transfer the Master Declarant Rights and grant signatory authority to Kate Thunstrom.

ITEMS TO BE DICUSSED:

1. Purchase Agreement
2. Performance Agreement
3. Schedule Public Hearing – June 17th, 5:00pm

ATTACHMENTS:

Meadows Development Lot Structure

JEFFREY S. JOHNSON
RUSSELL H. CROWDER
MICHAEL F. HURLEY
DOUGLAS G. SAUTER
HERMAN L. TALLE
CHARLES M. SEYKORA
DANIEL D. GANTER, JR.
BEVERLY K. DODGE
JAMES D. HOEFT
*JOAN M. QUADE
*JOHN T. BUCHMAN
SCOTT M. LEPAK
ELIZABETH A. SCHADING
CAROLE CLARK ISAKSON
WILLIAM F. HUEFNER

*Also Licensed in Wisconsin



Barna, Guzy & Steffen, Ltd.

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DAVID R. SCHAPS
THOMAS R. WENTZELL
NICOLE R. WIEBOLD
LINDSAY K. FISCHBACH
TYLER W. EUBANK

OF COUNSEL
JON P. ERICKSON
STEVEN G. THORSON
W. JAMES VOGL, JR.
*JAMES H. WILLS

MEMORANDUM

To: St. Francis Economic Development Authority Commission Members

Joe Kohlmann, City Administrator

Kate Thunstrom, Community Development Director

From: David Schaps, Assistant City Attorney

Date: June 3, 2019

Re: Meadows License and Indemnification Agreement.

Pursuant to the court ruling last week regarding the Meadows property, the Judge ruled in favor of the St. Francis Economic Development Authority and cancelled the development contract with the property's previous owner, thus transferring fee title immediately back to the EDA.

The EDA currently has a purchase agreement for the sale of the property with another development entity. As the property is now owned by the EDA, it must hold a public hearing prior to the sale of the property to this new development entity. The public hearing is scheduled for June 17, 2019.

City staff has indicated that the new development entity would like to proceed with site work prior to the closing on the property. In response, the City Attorney's office has drafted a license and indemnification agreement to allow the developer on site to begin improvements. It also very clearly indemnifies both the City as the permitting agency and the EDA as the property owner for any and all work conducted by the developer on the property.

Council Action Requested:

Motion and Second approving the Licensing and Indemnification Agreement with Joshua Markum Builders, Inc. granting access for construction activities at the following properties: Lots 1-9 inclusive, Lots 12-22 inclusive, Lots 43-56 inclusive and Lots 59-66, Block 1, Meadows of St. Francis, Anoka County, Minnesota, subject to approval by the City Attorney as to form.

1901806_1

**LICENSE AND INDEMNIFICATION AGREEMENT TO COMMENCE
CONSTRUCTION
OF IMPROVEMENTS ON THE SITE**

The undersigned, City of St. Francis, a Minnesota municipal corporation (the "City"), and the St. Francis Economic Development Authority (the "EDA") hereby grants to Joshua Markum Builders, Inc., a Minnesota corporation, its subsidiaries, affiliates, agents, consultants, contractors and employees (collectively "Developer") a license to enter upon the land located in the City of St. Francis, State of Minnesota and legally described as follows:

See Exhibit A attached hereto and made a part hereof.

hereinafter ("Site") which is owned by the EDA, for the purposes of constructing improvements on the Site, which improvements include but are not limited to grading, and pad site preparation, including the installation of footings and other initial improvements to the Site as required by Developer (the "Licensed Activities"). This agreement ("License Agreement") shall commence on the date hereof and expire at 11:59 PM CST on August 1, 2019, unless the purchase and closing upon the property by the Developer occurs sooner than said date.

In consideration of the grant of this license, Developer agrees to indemnify, defend, protect and hold the City and EDA harmless from and against any and all losses, damages, causes of action, claims, liabilities, costs and expenses (including reasonable attorneys' fees and court costs), suffered or incurred by the City and EDA as a result of the conduct of the Licensed Activities described above or from mechanic's liens, injury to persons or damage to the Site in connection therewith. The foregoing includes any cost, expense, claim, or liability arising out of or in any way related to contaminated soil, asbestos or other environmental hazards caused by the Licensed Activities and introduced onto the Site by Developer or its agents, consultants, contractors and employees. Developer shall conduct such Licensed Activities and shall otherwise enter upon the Site at its sole risk, cost and expense.

In connection with the foregoing, Developer will maintain commercial general liability insurance covering the Site against claims for personal injury and damage to the Site with a minimum limit of \$2,000,000 combined single limit per occurrence and in the aggregate as applicable for bodily injury, personal injury or property damage. Developer will also maintain workers' compensation or similar insurance to the extent required by law, and shall cause all of its contractors and subcontractors to comply with all of the foregoing liability and workers' compensation insurance requirements.

In addition, Developer hereby agrees to indemnify, defend and hold the City and EDA harmless from and against any and all mechanics' and/or materialman's lien for any services or materials furnished to the Site by or on behalf of Developer or its contractors. Developer agrees to promptly take whatever action is required and necessary to release and remove such lien as soon as possible, but not later than thirty days after the lien was filed. In the event such lien has not been removed within such thirty day period, City and EDA may take whatever action, in his/her/their/its sole discretion, is reasonably necessary or required to release and remove the lien. Any such action will be at Developer's sole reasonable cost and expense, including attorney fees and court costs.

This License Agreement shall be personal to Developer and may not be assigned.

This License Agreement may be executed in several counterparts, each of which may be deemed an original, and all of such counterparts together shall constitute one and the same License Agreement.

Executed as of this _____ day of June, 2019.

City:

City of St. Francis,
a Minnesota municipal corporation

By: _____
Name: _____
Title: _____
Date: June ____, 2019

EDA:

St. Francis Economic Development
Authority,
a Minnesota Nonprofit Domestic Corporation

By: _____
Name: _____
Title: _____
Date: June ____, 2019

DEVELOPER:

Joshua Markum Builders, Inc.
a Minnesota corporation

By: _____
Name: _____
Title: _____
Date: June ____, 2019

Exhibit A

Property Description

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.