



ECONOMIC DEVELOPMENT AUTHORITY

Monday, October 26, 2020, 5:15PM

*Go to Meeting (see webinar instructions below).

Meeting Agenda

1. Call to Order
2. Approval of Agenda
3. Approval of Minutes – October 7, 2020
4. Approval of the Bills – October 26, 2020
5. New Business
 - 5.1. CommonBond – SAC Credit Request
 - 5.2. INH – Termination Agreement
 - 5.3. Housing Update
 - 5.4. Coworking Space Update
6. Other Business
7. Adjournment - Next Meeting: Monday, November 23, 2020 at 5:15pm

*Please register for Le Sueur Economic Development Authority (EDA) Regular Meeting on October 26, 2020 at 5:15pm CDT at:

<https://register.gotowebinar.com/register/1522181900147509519>

After registering, you will receive a confirmation email containing information about joining the webinar.

A Special Meeting of the Le Sueur Economic Development Authority was held on Wednesday, October 7, 2020 at 5:00pm via virtual City webinar. Members present: Dan Mahoney, Melissa Meger, John Favolise, Marvin Sullivan, and Jesse Wenisch. Members Absent: Irene Manke and Brian Pfarr.

Motion by Member Sullivan, seconded by Member Favolise, to approve the agenda as written. Voting in favor: Members Favolise, Wenisch, Sullivan, Meger, and Mahoney. Voting no: None. Motion carried.

Motion by Member Sullivan, seconded by Member Mahoney approving the minutes of the September 28, 2020 meeting. Voting in favor: Members Favolise, Wenisch, Sullivan, Meger, and Mahoney. Voting no: None. Motion carried.

Item 4.1. REV – Housing Discussion: It was determined that a special housing meeting was necessary to continue the discussion on housing and if the EDA should acquire a parcel of land to break down into pad ready single family home sites.

The EDA discussed the potential acquisition of all or a portion of PID 21.453.0430 and compared it to the potential acquisition of PID's 21.520.1030 and 21.520.1020. A **motion** was made by Member Sullivan, seconded by Member Favolise to offer up to the asking price of \$66,250 for PID's 21.520.1030 and 21.520.1020. Voting in favor: Members Favolise, Wenisch, Sullivan, Meger, and Mahoney. Voting no: None. Motion carried.

A **motion** by Member Sullivan, seconded by Member Favolise to adjourn until Monday, October 26, 2020. Voting in favor: Members Favolise, Wenisch, Sullivan, Meger, and Mahoney. Voting no: None. Motion carried.

Respectfully submitted,
Samantha DiMaggio, EDA Executive Director/Community Development Director



City of Le Sueur, MN

EDA Approval Report for October 26, 2020

By Fund

Post Dates 9/29/2020 - 10/26/2020

Account Number	Vendor Name	Description (Item)	Payable Number	Account Number	Amount
Fund: 380 - EDA GENERAL FUND					
Department: 46500 - ECONOMIC DEVELOPMENT ASSIST					
380-46500-101	CITY OF LESUEUR	SEPTEMBER 2020 PAYROLL	INV0010489	380-46500-101	4,182.54
380-46500-121	CITY OF LESUEUR	SEPTEMBER 2020 PAYROLL	INV0010489	380-46500-121	306.55
380-46500-122	CITY OF LESUEUR	SEPTEMBER 2020 PAYROLL	INV0010489	380-46500-122	297.69
380-46500-125	CITY OF LESUEUR	SEPTEMBER 2020 PAYROLL	INV0010489	380-46500-125	56.30
380-46500-131	CITY OF LESUEUR	SEPTEMBER 2020 PAYROLL	INV0010489	380-46500-131	569.74
380-46500-133	CITY OF LESUEUR	SEPTEMBER 2020 PAYROLL	INV0010489	380-46500-133	11.26
380-46500-207	CARDMEMBER SERVICE	SEPT - OCT CREDIT CARD EDA	INV0010491	380-46500-207	10.00
Department 46500 - ECONOMIC DEVELOPMENT ASSIST Total:					5,434.08
Fund 380 - EDA GENERAL FUND Total:					5,434.08
Fund: 384 - TIF DISTRICT #1-21					
Department: 47000 - DEBT SERVICE					
384-47000-437	APG MEDIA OF SOUTHERN MI...	TIF PUBLIC HEARING NOTICE	INV0010490	384-47000-437	216.00
Department 47000 - DEBT SERVICE Total:					216.00
Fund 384 - TIF DISTRICT #1-21 Total:					216.00
Grand Total:					5,650.08

Report Summary

Fund Summary

Fund	Payment Amount
380 - EDA GENERAL FUND	5,434.08
384 - TIF DISTRICT #1-21	216.00
Grand Total:	5,650.08

Account Summary

Account Number	Account Name	Payment Amount
380-46500-101	FULL-TIME EMPLOYEES-R...	4,182.54
380-46500-121	PERA CONTRIBUTIONS	306.55
380-46500-122	FICA CONTRIBUTIONS	297.69
380-46500-125	MEDICARE CONTRIBUTIO...	56.30
380-46500-131	HEALTH INSURANCE	569.74
380-46500-133	LIFE INSURANCE	11.26
380-46500-207	TRAINING & INSTRUCTIO...	10.00
384-47000-437	MISCELLANEOUS EXPENSE	216.00
Grand Total:		5,650.08

Project Account Summary

Project Account Key	Payment Amount
None	5,650.08
Grand Total:	5,650.08



ECONOMIC DEVELOPMENT AUTHORITY
Item 5.1

TO: Economic Development Authority
 FROM: Samantha DiMaggio
 SUBJECT: SAC Credit Request
 DATE: Monday, October 26, 2020

PURPOSE/ACTION REQUESTED

Consider approving partial funding of Sewer Access Charge (SAC) Fee's for CommonBond Communities.

SUMMARY

Staff has been working with CommonBond Communities on their Development Agreement and on their Building Permit and CommonBond is requesting partial financial assistance on the City of Le Sueur's of the Sewer Access Charge (SAC) Fee. The current SAC Fee is \$58,500. CommonBond is requesting the EDA assist by paying \$24,500 of this fee and they will pay the remaining \$34,000.

Fee	Current	Proposed
Park Dedication	\$3,900	\$3,900
Permit Fee	\$21,100.45	\$21,100.45
Plan Review	\$13,715.29	\$13,715.29
Surcharge – Based on Valuation	\$1,545.90	\$1,545.90
Sewer Access Charge	\$58,500	\$34,000 (\$24,500 by EDA)
Water Access Charge	\$58,500	\$34,000 (\$24,500 waived)
Electrical Service Fee	\$58,500	\$58,500
Total Building Permit	\$215,761.64	\$166,761.64

CommonBond is also requesting the City Council waive a portion of their Water Access Charge (WAC) Fee which is why the table shows a reduced proposed rate (this is subject to approval by the City Council).

The EDA has funding in their budget to assist with SAC Fee's for new home construction. In 2019, the EDA authorized up to 15 new homes to receive a SAC Fee Reduction incentive from the EDA in 2019 and 2020 (\$45,000 total annually). Up to 15 new home built in 2020, who applies for the credit, would receive \$3,000/ from the EDA to use on the payment of their SAC Fee. To date in 2020, 7 new home permits have utilized this incentive from the EDA, approximately (\$21,000) with 8 credits remaining (\$24,000). The EDA also has \$10,000 in Façade funds that have not been utilized in 2020. These funds could be used to assist CommonBond.

RECOMMENDATION/OPTIONS

Staff recommends EDA approve \$24,500 to be used to assist CommonBond in the reduction of their Sewer Access Charge (SAC) Fee.



October 21, 2020

City of Le Sueur
203 South 2nd Street
Le Sueur, MN 56058

RE: Le Sueur Meadows II Sewer Access Charges (SAC) Fee Reduction Request to the Economic Development Authority (EDA)

Dear Economic Development Authority Members,

CommonBond Communities requests EDA funds in the amount of \$24,500 for Sewer Access Charges (SAC) for the Le Sueur Meadows II development. The total required fees are \$58,500. The funds would result in \$34,000 of paid SAC fees to the City of Le Sueur.

The development is the new construction of 39 low-income affordable housing. The rents will be maintained as affordable for households earning at or below 60% of the Area Median Income (AMI). The development team must closely monitor costs to keep the rents affordable. Due to the cost restrictive nature of affordable housing development, we frequently apply for a reduction or elimination of SAC fees for 100% affordable housing developments.

The development includes significant on and off-site improvements that will benefit the City of Le Sueur, with an estimated cost of approximately \$400,000. Without funds to offset the SAC fees, the project will have a gap with no available sources to pay the SAC fees.

CommonBond recognizes that the City has committed TIF to the overall development. As a partner with the City of Le Sueur, we appreciate the EDA's consideration of funds to offset the SAC fees.

Thank you,

Justin Eilers

Justin Eilers
Senior Project Manager
CommonBond Communities



ECONOMIC DEVELOPMENT AUTHORITY
Item 5.2

TO: Economic Development Authority
FROM: Samantha DiMaggio
SUBJECT: Termination of Agreement with INH
DATE: Monday, October 26, 2020

PURPOSE/ACTION REQUESTED

Consider approving the Termination of Purchase Agreement and Release of Claims, an agreement between the Economic Development Authority, INH Property Management, and the City of Le Sueur.

SUMMARY

The City of Le Sueur and the Economic Development Authority (EDA) entered into a purchase agreement with INH Property Management (INH) to acquire the King property adjacent to Kingsway. INH and the King Family were unable to come to an agreement on a closing date, therefore the Purchase Agreement was terminated.

City Attorney, Mike Couri, has worked with INH on the termination of the purchase agreement. Once the Termination of Purchase Agreement and Release of Claims has been executed, the Economic Development Authority will receive a refund of \$2,000 in earnest money was paid at the time the Purchase Agreement was signed. INH paid \$3,000 towards the Tax Increment Financing Application, since the TIF application never moved forward and instead of returning INH's application fee, the EDA will receive a reduced amount.

RECOMMENDATION

Staff recommends EDA approve the Termination of Purchase Agreement and Release of Claims and authorize its execution.

TERMINATION OF PURCHASE AGREEMENT AND RELEASE OF CLAIMS

WHEREAS, INH Property Management, Inc. (“INH”) and the City of Le Sueur Economic Development Authority (“EDA”) entered into a vacant land purchase agreement dated May 28, 2019 for the purchase of real property located in the City of Le Sueur, Minnesota (“EDA Purchase Agreement”); and

WHEREAS, INH and the City of Le Sueur (“City”) entered into a vacant land purchase agreement dated April, 2019 for the purchase of real property located in the City of Le Sueur, Minnesota (“City Purchase Agreement”); and

WHEREAS, The City deposited \$5,000 earnest money with INH pursuant to paragraph 2.a. of the City Purchase Agreement; and

WHEREAS, The EDA deposited \$5,000 earnest money with INH pursuant to paragraph 2.a. of the EDA Purchase Agreement; and

WHEREAS, Tri-County Abstract Title and Guaranty (“TCA”) currently holds all earnest money associated with the EDA Purchase Agreement and the City Purchase Agreement; and

WHEREAS, At the time the EDA Purchase Agreement and the City EDA Purchase Agreement were executed, INH did not own the Property but had the right to purchase the Property via a purchase agreement with the then-owner of the Property; and

WHEREAS, INH paid the City \$3,000 as a Tax Increment Financing application fee (“TIF Fee”) for the potential establishment of a Tax Increment Financing District on property adjacent to the Property; and

WHEREAS, INH never took title to the Property and its purchase agreement with the owner of the Property has been terminated; and

WHEREAS, the City engaged consultants to assist with the establishment of the Tax Increment Financing District, but never established the District as INH never took title to the property on which the Tax Increment Financing District was to be established; and

WHEREAS, the parties wish to terminate both the EDA Purchase Agreement and the City Purchase Agreement, and to settle all claims between the parties related to the Purchase Agreements and the Tax Increment Financing application.

NOW, THEREFORE, INH, the City and the EDA agree as follows:

1. The EDA Purchase Agreement and the City Purchase Agreement are hereby terminated by the parties, with no party having any further obligation to any other party under such purchase agreements except as may be set forth in this Agreement.

2. The INH Tax Increment Financing application shall be deemed terminated by the parties, with no party having any further obligation to any other party under such application except as may be set forth in this Agreement.
3. INH shall pay the City \$5,000 of the \$5,000 earnest money it received under the City Purchase Agreement. Such payment shall be made within 14 days of the execution of this Agreement by both parties, and INH and the City hereby authorize TCA to release and distribute said funds accordingly.
4. INH shall pay the EDA \$2,000 of the \$5,000 earnest money it received under the EDA Purchase Agreement. INH shall retain \$3,000 of such earnest money in lieu of seeking a refund of the TIF Fee. Such payment shall be made within 14 days of the execution of this Agreement by both parties, and INH and the EDA hereby authorize TCA to release and distribute said funds accordingly.
5. The City and the EDA release INH from any and all claims that the City or the EDA may have against INH arising from the EDA Purchase Agreement, the City Purchase Agreement, INH's application for Tax Increment Financing, and the payment of earnest money to INH under said Purchase Agreements.
6. INH releases the City and the EDA from any and all claims that INH may have against the City or the EDA arising from the EDA Purchase Agreement, the City Purchase Agreement, INH's Tax Increment Financing application, and INH's payment of the TIF Fee to the City.
7. Each party shall bear their own attorney's fees, surveying fees, engineering fees, consultant costs and other costs incurred in preparing, performing and enforcing the EDA Purchase Agreement, the City Purchase Agreement, the Tax Increment Financing application, any tax increment financing documents, as well as any other costs expended in furtherance of the purchase or sale of the Property.

Dated: October ____, 2020

City of Le Sueur Economic Development Authority

 By: _____
 Its: _____


 By: _____
 Its: _____

City of Le Sueur

Greg Hagg, Mayor

Stacy Lawrence, City Clerk

INH Property Management, Inc.



By: James F. Dier
Its: V.P.