

**CITY OF WEST ST. PAUL  
DAKOTA COUNTY, MINNESOTA**

**RESOLUTION NO. 20-**

**RESOLUTION APPROVING A MODIFICATION TO THE REDEVELOPMENT PLAN  
FOR SOUTH ROBERT STREET REDEVELOPMENT PROJECT NO. 1,  
ESTABLISHING THE TOWN CENTER 1 TIF DISTRICT THEREIN,  
AND APPROVING A TAX INCREMENT FINANCING PLAN THEREFOR**

**WHEREAS**, it has been proposed that the West St. Paul Economic Development Authority (the “EDA”) modify the Redevelopment Plan for its South Robert Street Redevelopment Project No. 1 (the “Project Area”); establish the Town Center 1 TIF District (a redevelopment district), a redevelopment tax increment financing district (the “TIF District”) within the Project Area; adopt the Tax Increment Financing Plan (the “TIF Plan”) therefor; all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), Minnesota Statutes, Sections 469.001 to 469.047 and Sections 469.090 to 469.1081, all inclusive, as amended (collectively, and together with the TIF Act, the “Act”), and all as reflected in that certain document entitled in part “Modification to the Development Program for South Robert Street Redevelopment Project Area and the Tax Increment Financing Plan for Town Center 1 TIF District (a redevelopment district)” dated August 31, 2020 (collectively, the “Plans”), presented for consideration by the City Council (the “Council”) of the City of West St. Paul, Minnesota (the “City”); and

**WHEREAS**, the Council has investigated the facts relating to the Plans and certain information and material (collectively, the “Materials”) relating to the TIF Plan and to the activities contemplated in the TIF District have heretofore been prepared and submitted to the Council and/or made a part of the City files and proceedings on the TIF Plan. The Materials include (1) the “studies and analyses” on why the TIF District meets the requirements to be a redevelopment tax increment financing district, including a “Report of Inspection Procedures and Results for Determining Qualifications of a Tax Increment Financing District as a Redevelopment District - West Saint Paul Town Center 1 Redevelopment TIF District, West Saint Paul, Minnesota,” dated August 14, 2020, prepared by LHB, Inc., Minneapolis, Minnesota, (2) the tax increment application, project pro forma financial statement, project sources and uses and other information supplied by Roers West St. Paul Apartments Owner LLC, a Delaware limited liability company (the “Developer”), as to the activities contemplated therein, (3) the items listed under the heading “Supporting Documentation” in the TIF Plan, and (4) information constituting or relating to (a) why the assistance satisfies the so-called “but for” test and (b) the bases for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Materials, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein; and

**WHEREAS**, the City has performed all actions required by law to be performed prior to the adoption and approval of the Plans, including but not limited to notice to the County Commissioner representing the area of the County to be included in the TIF District (the “County”), delivery of the Plans to Dakota County and Independent School District No. 197 (the

“School District”), and the holding of a public hearing by the City thereon on the date hereof following notice thereof published in accordance with state law; and

**WHEREAS**, the Council has considered the documentation submitted in support of the TIF District and the Plans and has taken into account the information and knowledge gained in hearings upon and during consideration of other matters relating to the proposed development; and

**WHEREAS**, the TIF District is being established to facilitate a redevelopment project by the Developer consisting of the acquisition of certain property, demolition of existing blighted buildings, and construction of approximately 192 units of market rate housing, approximately 1,700 square feet of retail/restaurant, and dependent upon market demand, up to an additional approximately 10,600 square feet of retail, with underground and surface parking, greenspace and related amenities in the City (the “Development”).

**NOW, THEREFORE, BE IT RESOLVED** by the City Council (the “Council”) of the City of West St. Paul, Minnesota (the “City”), as follows:

Section 1. Findings for the Adoption and Approval of the Plans.

1.01. The Council hereby finds that the boundaries of the Project Area are not being expanded and the Redevelopment Plan is not being modified other than to incorporate the establishment of the TIF District therein and therefore the Council reaffirms the findings and determinations originally made in connection with the establishment of the Project Area and the adoption of the Redevelopment Plan therefor.

1.02. The Council hereby finds that: (a) the land within the Project Area would not be available for redevelopment without the financial aid to be sought under the Plans; (b) the Plans will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project Area by private enterprise; and (c) the Plans conform to the general plan for the development of the City as a whole, and otherwise promote certain public purposes and accomplishes certain objectives as specified in the Plans, including without limitation the development of rental housing. The purposes and development activities set forth in the Redevelopment Plan, as modified, are hereby expanded to include all development and redevelopment activities occurring within the TIF District.

1.03. The Council hereby finds that the TIF District is in the public interest and is a “redevelopment district” within the meaning of Minnesota Statutes, Section 469.174, Subdivision 10 for the following reasons:

The TIF District is, pursuant to Minnesota Statutes, Section 469.174, Subdivision 10, a “redevelopment district” because it consists of a project or portions of a project within which the following conditions, reasonably distributed throughout the District, exist: (1) parcels consisting of at least 70% of the area of the TIF District are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and (2) more than 50% of the buildings located within the TIF District are deemed “structurally

substandard” (within the meaning of Minnesota Statutes, Section 469.174, Subdivision 10(b) and (c)) to a degree requiring substantial renovation or clearance.

The TIF District consists of 9 parcels with 4 buildings. The parcels consisting of 100% of the area of the TIF District are “occupied” as defined in Minnesota Statutes, Section 469.174, Subd. 10(e), in that at least 15% of the area of each parcel is occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures. In addition, 3 of the 4 buildings in the TIF District are structurally substandard to a degree requiring substantial renovation or clearance, and therefore, more than 50% of the buildings are structurally substandard as defined in the TIF Act. In addition, the costs of bringing the structurally substandard buildings into compliance with building codes applicable to new buildings would exceed 15% of the cost of constructing new structures of the same size and type on the site.

The Materials, including without limitation the supporting facts for these determinations, is on file with the staff of the City. There have been no building permits issued or improvements made to the buildings since the date of the report.

1.04. The Council hereby makes the following additional findings in connection with the TIF District:

(a) The Council further finds that the proposed Development, in the opinion of the Council, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary. The specific basis for such finding being:

The Development proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of acquiring parcels for the Development that are currently occupied by substandard buildings, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The EDA has marketed the parcels it owns and surrounding parcels for development for over 5 years and no developer has been interested until now. The Developer was asked for and provided a letter and a pro forma as justification that the Developer would not have gone forward without tax increment assistance. Historically, land assemble and construction costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

(b) The Council further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole. The specific basis for such finding being:

The TIF Plan conforms with the general development plan of the City and will generally complement and serve to implement policies adopted in the City's comprehensive plan. The construction of the housing Development contemplated on the property is in accordance with the existing zoning or approved zoning variances for the property.

(c) The Council further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the TIF District by private enterprise. The specific basis for such finding being:

The Development proposed to occur within the TIF District will afford maximum opportunity for the development of the applicable parcels consistent with the needs of the City and the removal of blighted buildings will increase the potential for future redevelopment. The Development is primarily rental housing and retail/restaurant space. Through the implementation of the TIF Plan, the Development will result in the availability of safe and decent rental housing within the City, the removal of substandard properties, increased tax based of the State and add high-quality development to the City.

(d) For purposes of compliance with Minnesota Statutes, Section 469.175, Subdivision 3(b)(2), the Council hereby finds that the increased market value of the property to be developed within the TIF District that could reasonably be expected to occur without the use of tax increment financing is approximately \$0 (other than amounts due to inflation), which is less than the market value estimated to result from the proposed Development (approximately \$22,001,300), after subtracting the present value of the projected tax increments for the maximum duration of the TIF District (i.e., approximately \$7,155,198), which is approximately \$14,846,102. In making these findings, the Council has noted that the property has been declining for several years and would likely continue to do so if tax increment financing were not available for redevelopment. Thus, the use of tax increment financing will be a positive net gain to the City, the School District, and the County, and the tax increment assistance does not exceed the benefit which will be derived therefrom.

1.05. The City (i) elects to retain all of the captured tax capacity to finance the costs of the TIF District and the Project Area, (ii) elects to delay the receipt of the first increment until tax payable year 2022, and (iii) pursuant to Section 469.177, Subd. 3 of the TIF Act, elects to calculate fiscal disparities under clause (b) (i.e. inside).

1.06. The provisions of this Section 1 are hereby incorporated by reference into and made a part of the TIF Plan and the findings set forth in Appendix C to the TIF Plan are hereby incorporated by reference into and made a part of this resolution.

1.07. The Council further finds that the Plans are intended and in the judgment of the Council their effect will be to promote the public purposes and accomplish the objectives specified in the TIF Plan for the TIF District and the Redevelopment Plan for the Project Area.

Section 2. Approval and Adoption of the Plans; Policy on Interfund Loans and Advances.

2.01. The TIF District is hereby established and the Plans, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the City Finance Director. Approval of the Plans does not constitute approval of any project or a development agreement with any developer. The Community & Economic Development Director, or his designee, is hereby directed to request, in writing, the Dakota County Auditor to certify the new TIF District and to file the Plans with the Commissioner of Revenue and the Office of the State Auditor.

2.02. The Council hereby approves a policy on interfund loans or advances (“Loans”) for the TIF District, as follows:

(a) The authorized tax increment eligible costs (including without limitation out-of-pocket administrative expenses in an amount up to \$1,275,078, interest in an amount up to \$5,059,210 and other development costs in an amount up to \$7,691,574) payable from the TIF District, as provided in the TIF Plan as originally adopted or as it may be amended, may need to be financed on a short-term and/or long-term basis via one or more Loans, as may be determined by the City Finance Director from time to time.

(b) The Loans may be advanced if and as needed from available monies in the City’s general fund or other City fund designated by the City Finance Director. Loans may be structured as draw-down or “line of credit” obligations of the lending fund(s).

(c) Neither the maximum principal amount of any one Loan nor the aggregate principal amount of all Loans may exceed \$14,025,862 outstanding at any time.

(d) All Loans shall mature not later than February 1, 2048 or such earlier date as the City Finance Director may specify in writing. All Loans may be pre-paid, in whole or in part, whether from tax increment revenue, tax increment revenue bond proceeds or other eligible sources.

(e) The outstanding and unpaid principal amount of each Loan shall bear interest at the rate prescribed by the statute (Minnesota Statutes, Section 469.178, Subdivision 7), which is the greater of the rates specified under Sections 270C.40 or 549.09 at the time a Loan, or any part of it, is first made, subject to the right of the City Finance Director to specify a lower rate (but not less than the City’s then-current average investment return for similar amount and term).

(f) Such Loans within the above guidelines are pre-approved. The Loans need not take any particular form and may be undocumented, except that the City Finance Director shall specify the principal amount and interest rate and maintain all necessary or applicable data on the Loans.

Adopted by the City Council of the City of West St. Paul, Minnesota, this 31<sup>st</sup> day of August 2020.

ATTEST:

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David J. Napier, Mayor

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Shirley R Buecksler, City Clerk