

AGENDA
ECONOMIC DEVELOPMENT AUTHORITY
MAY 16, 2022

11. CALL TO ORDER

REGULAR ITEMS

A. Minutes – April 4, 2022

Motion by _____ seconded by _____ to approve, table or deny approving the minutes for April 4, 2022.

B. Assignment of tax increment note and estoppel certificate related to the Hilger TIF district

Motion by _____ seconded by _____ to approve, postpone, table or deny approving EDA Resolution No. 33.

ADJOURNMENT

Motion by _____ seconded by _____ to adjourn.

Meeting adjourned at _____.

Maple Grove Economic Development Authority

DRAFT meeting minutes

April 4, 2022

DRAFT

(Delete this when final edits are complete)

Call to order

Pursuant to call and notice thereof, an Economic Development Authority meeting of the Maple Grove City Council was held at 7:30 p.m. on April 4, 2022 at the Maple Grove Government Center/Public Safety Facility, Hennepin County, Minnesota.

Members present were President Mark Steffenson, Vice President Karen Jaeger, Secretary Heidi Nelson, Treasurer Judy Hanson, and Commissioners Phil Leith and Kristy Barnett. Absent was none. Present also were Joe Hogeboom, Community and Economic Development Director; Brett Angell, Economic Development Manager, Ken Ashfeld, Director of Public Works/City Engineer; and Justin Templin, City Attorney.

President Steffenson called the meeting to order at 8:42 p.m.

Approval of December 20, 2021 minutes

Motion by Vice President Jaeger, seconded by Commissioner Leith, to approve the December 20, 2021 Economic Development Authority meeting minutes. Upon call of the motion by President Steffenson, there were five ayes and no nays. Motion carried.

Sewer Availability Charge (SAC) Credit Policy amendments

Economic Development Manager Angell explained at the January 4, 2021 meeting, the EDA created a new sewer availability charge (SAC) credit policy which is designed to reduce the total SAC charge a business receives when entering the city. SAC is a charge for the expected demand on the regional sewer system which charges on a per credit basis. SAC charges are determined by the Metropolitan Council and operate on a pass-through basis with the city, meaning the city collects the total SAC fee at the time of building permit issuance and transfers those funds to the Metropolitan Council. Businesses with expected high demand (e.g. restaurants) receive a higher unit charge as compared to those with expected low demands (e.g. banks). The 2022 rate for one SAC unit in 2022 is \$2,485. The SAC credit policy operates by

reducing the total amount of credits a new business must pay for through the utilization of community-wide credits the city has collected. When properties are redeveloped and/or commercial spaces get new tenants, there are often previously paid for credits which are available on the property to be utilized. If the previously paid for credits exceed the needs of the new user, those excess credits can be claimed by the city. Staff commented further on the proposed amendments for the program and stated this program has been viewed positively since its adoption by businesses, brokers, and property owners. It is anticipated that one or more applications for assistance will be received within the next few months.

Commissioner Leith indicated he supported the proposed changes to the SAC program.

Motion by Commissioner Leith, seconded by Treasurer Hanson, to approve amendments to the Sewer Availability Charge (SAC) Credit Policy. Upon call of the motion by President Steffenson, there were five ayes and no nays. Motion carried.

Adjournment

Motion by Vice President Jaeger, seconded by Treasurer Hanson, to adjourn to the City Council meeting. Upon call of the motion by President Steffenson, there were five ayes and no nays. Motion carried.

The meeting was adjourned at 8:45 p.m. by President Steffenson.

Respectfully submitted,

Heidi Nelson
EDA Secretary



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

MEETING DATE: May 16, 2022

PREPARED BY: Brett Angell, Economic Development Manager

AGENDA ITEM: Assignment of tax increment note and estoppel certificate related to the Hilger TIF district

PREVIOUS ACTIONS:

At the meeting of November 19, 2018, the EDA approved EDA Resolutions 10, 11, and 12 authorizing the establishment of the Hilger tax increment financing district within the gravel mining project area and adopting a tax increment financing plan therefor, an interfund loan for advance of certain costs in connection with the Hilger tax increment financing district, and the execution of a TIF development agreement.

At the meeting of September 16, 2019, the EDA approved EDA Resolution No. 16 authorizing the execution of a first amendment to the TIF development agreement.

At the meeting of December 21, 2020, the EDA approved EDA Resolution No. 26 authorizing the assignment and assumption of the TIF development agreement.

RECOMMENDED ECONOMIC DEVELOPMENT AUTHORITY ACTION:

Motion to approve EDA Resolution No. 33.

COMMENTS:

The Hilger tax increment financing (TIF) district, which is in the broader gravel mining area (GMA) soils deficiency district, was granted to IDP-ODC Arbor Industrial, LLC in order to aid in the costs related to the environmental clean-up of the property and subsequent construction of Arbor Lakes Corporate Center. In December 2020, following the completion of construction of the building, the property was sold and the TIF development agreement was assigned to PRIM Arbor Lakes, LLC, who was the buyer of the property. Per terms of the sale, the TIF note was not included as part of that sale. As the property was sold, staff anticipated that the TIF note would be sold and transferred to a new entity in the near future.

Recently, IDP-ODC Arbor Industrial, LLC has made the decision to transfer the TIF note related to this district to Arbor Lakes TIF, LLC. This entity is related to Inland Development

Partners, which was one of two developer partners which completed Arbor Lakes Corporate Center. The assignment of the TIF note allows for Arbor Lakes TIF, LLC to be the direct benefactor of increment payments.

In order for the tax increment note to be assigned to a new party, the economic development authority must consent to the assignment. Additionally, an estoppel certificate related to the proposed sale of the TIF note is required from both the city and the EDA. Copies of both of the agreements are attached.

ATTACHMENTS:

Attachment A: EDA Resolution No. 33

Attachment B: Assignment of tax increment note

Attachment C: City and EDA estoppel certificate

EXTRACT OF MINUTES OF A MEETING
OF THE BOARD OF COMMISSIONERS OF THE
MAPLE GROVE ECONOMIC DEVELOPMENT AUTHORITY

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners of the Maple Grove Economic Development Authority, was duly called and held at the Government Center/Public Safety Facility in the City of Maple Grove, Minnesota, on May 16, 2022, at 7:30 P.M.

The following commissioners were present:

and the following were absent:

Commissioner _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. 33

RESOLUTION APPROVING THE ASSIGNMENT OF TIF NOTE, THE
CONSENT AND ESTOPPEL CERTIFICATE

A. WHEREAS, the Maple Grove Economic Development Authority (the "Authority") and the City of Maple Grove (the "City") entered into a TIF Development Agreement, dated November 1, 2018; entered into a First Amendment to TIF Development Agreement dated September 27, 2019 with IDP-ODC Arbor Industrial, L.L.C., a Delaware limited liability company (the "Developer"); and assigned to PRIM Arbor Lakes LLC, a Delaware limited liability company pursuant to an Assignment and Assumption of TIF Development Agreement, dated December 30, 2020 (collectively, referred to herein as the "TIF Development Agreement").

B. WHEREAS, the Authority has issued and delivered to the Developer a Tax Increment Revenue Note, in the principal amount of \$1,400,000, dated August 1, 2021 (the "TIF Note").

C. WHEREAS, the Developer desires to assign its interest in the TIF Note pursuant to an Assignment of Tax Increment Note (the "Assignment") by and between the Developer and Arbor Lakes TIF LLC, a Minnesota limited liability company, (the "Assignee").

D. WHEREAS, the Assignee is requesting that the Authority approve the Assignment and execute a Consent (the "Consent") between the Assignee and the Authority and an Estoppel Certificate (the Estoppel Certificate") among the Assignee, the Authority and the City.

E. WHEREAS, a draft of the Assignment, Consent and Estoppel Certificate have been submitted to the Board of Commissioners for approval.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Maple Grove Economic Development Authority, as follows:

1. The Board of Commissioners hereby approves the Assignment, Consent and Estoppel Certificate in substantially the forms submitted, and the President and the Secretary are hereby authorized and directed to execute the Consent to the Assignment and the Estoppel Certificate on behalf of the Authority. In the absence of the President or the Secretary, any document authorized by this resolution to be executed may be executed by an acting or duly designated official.

2. The approval hereby given to the Assignment, Consent and Estoppel Certificate includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the Authority officials authorized by this resolution to execute the Consent to the Assignment and the Estoppel Certificate. The execution of the Consent to the Assignment and the Estoppel Certificate by the appropriate officer or officers of the Authority shall be conclusive evidence of the approval of the Assignment, Consent and Estoppel Certificate in accordance with the terms hereof.

The motion for the adoption of the foregoing resolution was duly seconded by commissioner _____, and after full discussion thereof and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

President

Attest:

Secretary

STATE OF MINNESOTA
COUNTY OF HENNEPIN

I, the undersigned, being the duly qualified and acting Secretary of the Maple Grove Economic Development Authority, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the Board of Commissioners of said Authority duly held on the date therein indicated, insofar as such minutes relate to a Resolution Approving the Assignment of TIF Note, the Consent and the Estoppel Certificate.

WITNESS my hand this 16th day of May, 2022.

Secretary

ASSIGNMENT OF TAX INCREMENT NOTE

The undersigned, IDP-ODC Arbor Industrial, L.L.C., a Delaware limited liability company (“Assignor”), hereby transfers and assigns all of Assignor’s right, title and interest in and to that certain Tax Increment Note issued by the Maple Grove Economic Development Authority in the principal amount of \$1,400,000 and registered in the name of Assignor on August 1, 2021 (the “Note”), to Arbor Lakes TIF LLC, a Minnesota limited liability company (the “Assignee”).

Assignor hereby warrants and represents that it has the full right and title to the Note and, subject to receipt of the consent of the Maple Grove Economic Development Authority, that Assignor has the full right and authority to assign the Note to Assignee.

This Assignment is without recourse to Assignor.

IN WITNESS WHEREOF, the undersigned has executed this Assignment effective on this _____ day of _____, 2022.

IDP-ODC ARBOR INDUSTRIAL, L.L.C.
a Delaware limited liability company

By: Opus Development Company, L.L.C.
Its: Manager

By: _____
Its: _____

CONSENT OF MAPLE GROVE ECONOMIC DEVELOPMENT AUTHORITY

The undersigned, on behalf of the Maple Grove Economic Development Authority hereby consents to the foregoing assignment of the Note and from and after the date of this Assignment, the Maple Grove Economic Development Authority agrees that Assignee is the owner of the Note and all subsequent payments under the Note shall be paid to Assignee, subject to the terms of the TIF Development Agreement with the Maple Grove Economic Development Authority, the City of Maple Grove and Assignor dated as of November 1, 2018, as amended by First Amendment to TIF Development Agreement dated September 27, 2019, and as assigned to PRIM Arbor Lakes LLC, a Delaware limited liability company by Assignor pursuant to the Assignment and Assumption of TIF Development Agreement dated December 30, 2020 (“TIF Development Agreement”). The City agrees to give notice to Assignee if there is a default by Assignor under the terms of the Development Agreement that would give the City the right to interrupt or cease the payments on the Note.

IN WITNESS WHEREOF, the undersigned has executed this Consent effective on this 16th day of May, 2022.

MAPLE GROVE ECONOMIC DEVELOPMENT
AUTHORITY

By _____
Its President _____

By _____
Its Secretary _____

ACKNOWLEDGEMENT BY ASSIGNEE

Assignee hereby acknowledges and agrees that Assignor has assigned the TIF Development Agreement to PRIM Arbor Lakes LLC and that events of default under the TIF Development Agreement by PRIM Arbor Lakes LLC can cause a suspension of TIF payments or cancellation of the TIF Development Agreement and the Note.

IN WITNESS WHEREOF, the undersigned has executed this Acknowledgement effective on this _____ day of _____, 2022.

ARBOR LAKES TIF LLC

By _____
Its _____

ESTOPPEL CERTIFICATE
(TIF Development Agreement)

Arbor Lakes TIF LLC (the “Buyer”)
c/o Inland Development Partners, LLC
100 Lake Street West, Suite 200
Wayzata, MN 55391
Attn: Thomas Shaver

Re: TIF Development Agreement with the Maple Grove Economic Development Authority (the “EDA”), the City of Maple Grove (the “City”) and IDP-ODC Arbor Industrial, L.L.C., a Delaware limited liability company (the “Seller”) dated as of November 1, 2018, as amended by First Amendment to TIF Development Agreement dated September 27, 2019, and as assigned to PRIM Arbor Lakes LLC, a Delaware limited liability company by Seller pursuant to the Assignment and Assumption of TIF Development Agreement dated December 30, 2020 (“TIF Development Agreement”)

Mr. Shaver:

Reference is made to the TIF Development Agreement. All capitalized terms used in this Estoppel Certificate and not otherwise defined herein shall have the meanings ascribed to such terms in the TIF Development Agreement. The EDA and City understand that the Buyer has entered into an agreement with the Seller to buy the TIF Note issued by the EDA in the principal amount of \$1,400,000 and registered in the name of Seller on August 1, 2021 (the “Note”) and understands and acknowledges that Buyer is relying on the information set forth in this Estoppel Certificate in connection with its proposed purchase of the Note.

In consideration of the foregoing, the undersigned hereby certifies to Buyer, Buyer’s lender, Tradition Capital Bank, and their respective successors and assigns as follows:

1. The EDA and the City have not declared an Event of Default under the TIF Development Agreement.
2. The TIF Development Agreement is valid and enforceable according to its terms against the Property.
3. The Minimum Improvements have been fully completed and the Certificate of Completion has been issued.
4. Any look back and reduction of the TIF Note as described in Section 5.2 of the Development Agreement and the property stabilization analysis and reduction of the TIF Note as described in Section 5.3 of the Development Agreement have been completed and those provisions are of no further force and effect.
5. The Goals set forth in Article 6 of the Development Agreement have been met.

6. Any sharing of the sales prices between the City and the Developer if the Developer sells the Minimum Improvements in the first seven (7) years on the term of the Development Agreement as set forth in Section 5.4 of the Development Agreement has already occurred and such provisions are of no further force and effect.

7. This certification may not be changed, waived or discharged orally, but only by an agreement in writing.

8. This certification may be relied upon, and shall inure to the benefit of Buyer, its lenders and their respective successors and assigns and all parties claiming through or under such persons or any such successor or assign.

9. The persons signing this certification on behalf of the EDA and the City are duly authorized signatories for the City and the EDA, respectively.

IN WITNESS WHEREOF, the undersigned has caused this certification to be executed as of this 16th day of May, 2022.

CITY OF MAPLE GROVE

By _____
Its _____

By _____
Its _____

MAPLE GROVE ECONOMIC DEVELOPMENT
AUTHORITY

By _____
Its _____

By _____
Its _____