



CITY OF ANNANDALE COUNCIL MEETING AGENDA

Meeting #2
Special Meeting
City Council Chambers

January 31, 2023
1:00 P.M.

Mayor: Shelly Jonas
Councilmember's: Matthew Wuollet
Corey Czycalla
Tina Honsey
JT Grundy

For those who would like to view or listen to the public meeting:

Online: <https://us02web.zoom.us/j/88967345196?pwd=N2VvRXVYZGJVeW5TSWZzN2gvRnkxdz09>

Webinar ID: 889 6734 5196

Passcode: 093988

1. CALL TO ORDER/ROLL CALL/ADOPT AGENDA

2. NEW BUSINESS

- A. [Discuss Purchase of Property- 20 Oak Avenue South](#)
- B. [Resolution Approving Application- MN DEED Demolition Loan Program](#)

10. MAYOR/COUNCIL REPORTS

11. ADJOURNMENT



City Council Agenda

Agenda Section: New Business

Report From: Kelly Hinnenkamp, City
Administrator

Agenda No. 2A

Agenda Item: Purchase of Property- 20 Oak
Avenue South

Core Strategy:

- ☐ Inspire Community Engagement
- ☐ Increase Operational Effectiveness
- ☒ Enhance Local Business Environment
- ☐ Develop/Manage Strong Parks/Trails

- ☐ Provide Proactive Leadership
- ☒ Ensure Safe/Well Kept Community
- ☐ Other: [Click or tap here to enter text.](#)

Background

The City Council identified 20 Oak Avenue South as a property to consider redevelopment. Staff has worked with the Economic Development Committee to secure the purchase of the property. The Council should discuss the proposed contract terms of the purchase during a closed meeting.

Recommended Action

Motion to close the meeting under MS 13D.05 to discuss the purchase of property at 20 Oak Ave South.

Attachments:

None



City Council Agenda

Agenda Section: New Business

Agenda No. 2B

Report From: Kelly Hinnenkamp, City Administrator

Agenda Item: Approving Application- MN DEED Demo Loan Program

Core Strategy:

- | | |
|--|---|
| <input type="checkbox"/> Inspire Community Engagement | <input type="checkbox"/> Provide Proactive Leadership |
| <input type="checkbox"/> Increase Operational Effectiveness | <input checked="" type="checkbox"/> Ensure Safe/Well Kept Community |
| <input checked="" type="checkbox"/> Enhance Local Business Environment | <input type="checkbox"/> Other: Click or tap here to enter text. |
| <input type="checkbox"/> Develop/Manage Strong Parks/Trails | |

Background

The City Council identified 20 Oak Avenue South as a property to consider redevelopment. MN DEED has a program available to municipalities for the purchase and demolition of properties that have been vacant for more than a period of 1 year.

The program will provide a loan to the municipality for the purchase and demolition of the property with the following terms:

- Loans will be low-interest (2%)
- Loans will be interest-free for first two years
- Principal and interest payments will start in year three
- Loan terms cannot exceed 15 years

Within the first two years, if the property is redeveloped, the City would be eligible to apply for loan forgiveness up to 50% of the project costs. This would require approval from the Commission and it would be based on the project.

Attached is a resolution required to be submitted with the application. Applications are due by 4pm on February 1, 2023.

Recommended Action

Motion to approve Resolution Approving Application and Committing Repayment of Funds

Attachments:

- [Resolution](#)
- [Program Guidelines](#)

RESOLUTION 23-__
APPROVING APPLICATION AND COMMITTING REPAYMENT OF LOAN

BE IT RESOLVED that City of Annandale act as the legal sponsor for project(s) contained in the Demolition Loan Program to be submitted on February 1, 2023 and that Kelly Hinnenkamp, City Administrator is hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of City Administrator.

BE IT FURTHER RESOLVED that the City of Annandale has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED that the sources and amounts of the loan repayment and security identified in the application are committed to the project identified and the City of Annandale has the authority to incur debt by resolution of the board or council authorizing issuance of a bond or note, payable to DEED to repay and secure the loan.

BE IT FURTHER RESOLVED that the City of Annandale has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the state, the City of Annandale may enter into an agreement with the State of Minnesota for the above referenced project(s), and that the City of Annandale certifies that it will comply with all applicable laws and regulation as stated in all contract agreements.

NOW, THEREFORE BE IT FINALLY RESOLVED that the Mayor and City Clerk, are hereby authorized to execute such agreements as are necessary to implement the project on behalf of the applicant.

I CERTIFY THAT the above resolution was adopted by the City Council of the City of Annandale on July 31, 2023.

SIGNED:

WITNESSED:

(Authorized Official)

(Signature)

(Title) (Date)

(Title) (Date)

DEMOLITION LOAN APPLICATION

TABLE OF CONTENTS

Introduction

Purpose/Background	ii
Funding Availability	ii
Deadlines/Requirements	ii
Eligible Sites	ii
Eligible Applicants	iii
Eligible Program Costs	iii
Eligible Bonding Costs	iii
Required Appraisals or Assessments	iii
Awarding Loans	iv

Application

Cover Page	1
Site Identification	2
Valuation	2
Maps and Site Features	3
History	3
Current Conditions and Development Potential	3
Cost Analysis	4
Sources and Uses of Funds (Budget Table)	4
Analysis of Loan Need	4
Financial Information	6
Payment Information	7
Local Government Resolution	8

MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

**First National Bank Building
332 Minnesota Street, Suite E200
St. Paul, Minnesota 55101
Brownfields and Redevelopment Unit
651-259-7451
1-800-657-3858**

DEMOLITION LOAN APPLICATION

******YOU MUST READ THE FOLLOWING NARRATIVE
TO FULLY UNDERSTAND THE APPLICATION PROCESS******

INTRODUCTION

PURPOSE/BACKGROUND: Although the traditional Redevelopment Grant Program works well for sites where there are costly detriments to site development, and the need to level the playing field between these sites and undeveloped sites exist, there is also an untapped need for assistance with demolition and other redevelopment activities when either there is no current development plan or future development visions are hindered by current blight.

In some cases, despite a potential for future redevelopment, hazardous conditions or other public safety factors may be a community's immediate concern. In addition, securing and maintaining vacant dilapidated structures is costly. Therefore, DEED has amended the Redevelopment Grant Program to include loan funds for demolition activities when an imminent redevelopment opportunity does not currently exist.

FUNDING AVAILABILITY: Available funding amounts vary, depending on Legislative appropriation.

DEADLINES/REQUIREMENTS: The Demolition Loan Program operates on a semi-annual application cycle. Applications are due February 1 and August 1 of each year. **3 complete sets of application documents are required for each project: 2 on paper and 1 on a flash drive or other memory device.** They must be received by DEED's Brownfields and Redevelopment Unit **by 4:00 p.m.** on the due date to be considered for funding. An applicant may apply for more than one project, but an individual (separate) application must be completed for each site. **NOTE: Electronic copies will not be accepted in place of paper. Please fill out the entire application. All applications must be complete upon submission in order to qualify for a loan.**

QUALIFYING PROJECTS: A project qualifies for a loan if the following conditions are met:

1. The property and structures are owned by the development authority;
2. The structures on the property have been vacant for at least one year;
3. The structures constitute a threat to public safety because of inadequate maintenance, dilapidation, obsolescence, or abandonment;
4. The structures are not listed on the National Register of Historic Places;
5. Upon completion of the demolition, the development authority reasonably expects that the property will be improved and these improvements will result in economic development benefits to the municipality.

ELIGIBLE APPLICANTS “Development Authorities”: Eligible applicants for this program are statutory or home rule charter cities, economic development authorities, housing and redevelopment authorities, counties, or port authorities. **Note: Applicant must be the owner of the property at the time of the application or before disbursement of funds.**

ELIGIBLE PROGRAM COSTS: The Demolition Loan Program can pay up to 100 percent of the acquisition and demolition costs for a qualifying site. “Demolition costs” means the costs of demolition, destruction, removal, and clearance of all structures and other improvements on the project site, including interior remedial activities, and proper disposal thereof. As used in this subdivision, “structure” has the meaning given it in section 116G.03, subdivision 11. **Costs incurred before the loan is awarded are not eligible for payment.**

TERMS: Loans for acquisition and demolition costs may be made subject to the following terms and conditions:

1. The agreement to repay the loan shall be a general obligation of the development authority, payable primarily from a dedicated source of revenue, or other security subject to review and approval by the commissioner, and the development authority must deliver its bond or note to the commissioner, along with an attorney’s opinion that security is binding and legal per bond counsel to secure the loan;
2. The term of the loan may not exceed 15 years;
3. The loan shall bear interest at a rate equal to two percent, but interest will not accrue during the first two years of the loan term.
4. The development authority shall make semiannual interest payments and annual principal payments beginning in the third year of the loan until the end of the term;
5. The principal amount of a loan may not exceed \$1,000,000;
6. Loan proceeds shall be disbursed for eligible demolition costs as incurred or paid by the borrower and upon submission of invoices and other supporting documentation satisfactory to the commissioner;
7. An eligible borrower shall establish a dedicated source of revenue for repayment of the loan.

FORGIVENESS: The commissioner may forgive principal of the loan and interest accrued but unpaid thereon, if any, up to 50 percent of the original loan amount, not to exceed the costs of demolition, upon completion of the redevelopment plan, if the project would otherwise have received grant funding in the most recent semiannual grant round, based on the priorities in section 116J.575.

REQUIRED APPRAISALS OR ASSESSMENTS: Land appraisals of the current (as-is) and expected (pre-construction) value of the site are required so that DEED can determine the fair market value and any business subsidy. Both appraisals must be done by an independent appraiser using accepted appraisal methodology. In lieu of an appraisal, the applicant may use the current and projected assessed values as determined by the local assessor. Values cannot be determined in any other manner. The value of the property after the proposed development is completed is also requested. This estimate is generally based on similar development projects in the city.

AWARDING LOANS: DEED will award loans to projects that provide the highest return in public benefits for the public costs incurred and meet all of the statutory requirements. In order to evaluate the applications for public benefits with respect to the costs incurred, the law specifies priorities that DEED must consider.

To fulfill this requirement of reviewing applications in an objective and fair manner, the following criteria have been assigned maximum point values in order to systematically award loans. All assigned scores will be relative to scores awarded to other applications.

1. The extent to which the existing property conditions threaten public safety. Maximum = 15 points
2. The length of vacancy of the property. Maximum = 5 points.
3. The development potential of the property. Maximum = 10 points
4. The proximity of the property to existing sufficient public infrastructure. Maximum = 5 points.
5. The applicant's financial condition and ability to repay the loan. Maximum = 15 points
6. Other public benefits, including but not limited to, health, safety, environmental benefits, blight reduction, community stabilization, crime reduction and reduction of maintenance costs.
Maximum = 5 points



1st National Bank Building 332 Minnesota Street, Suite E200 St. Paul, MN 55101-1351

Demolition Loan Application

Cover Page

Applicant (Public Entity): _____

Head of Applicant Agency (e.g. Mayor): _____

Applicant Address: _____

City: _____ Zip Code: _____

If the applicant is a city, what form of government?

_____ Home Rule Charter _____ Statutory City

For reference, please give the State Statute number which gives the applicant authority to carry out the activities for which you are requesting loan funds. _____

Project Contact for the Public Entity _____

Phone: _____ - _____ - _____

E-mail: _____

Mailing Address: _____

Project Manager for this project from the Public Entity, in the event of an award

Project Manager's Phone & email _____

Application Author _____

Author's Phone and email

Provide a written executive summary of the project, including the applicant's involvement in the project to date and how the applicant intends to manage the project should a loan be awarded.

I. SITE IDENTIFICATION AND HISTORY

SITE INFORMATION

1. Name of Site: _____
 Site Address: _____
 City, County or Township: _____ Zip Code: _____

 Acreage of Site: _____ Sq. Ft. of Site: _____

 Minnesota Legislative District # _____A _____B

(Note: The Minnesota Legislature has a tool to look up legislative district numbers. You must have a precise address and know the zip code of the site. Go to:
<http://www.gis.leg.mn/mapserver/districts/index.html>

In order to qualify for a loan, the property and structures must be owned by the development authority.

2. A. Does the applicant own the property? _____
 B. If not, at what point will the applicant acquire the property? _____
 C. What is the purchase price? _____

Attach the Purchase Agreement or other evidence of the commitment of both parties.
 D. Is it anticipated that the development authority will retain ownership of the property once the demolition is complete? _____
3. **Provide** a legal description of the site.

SITE VALUATION

4. What is the current appraised or assessed value of the Site? _____
Attach the appraisal or assessor's value.
5. What is the projected appraised or assessed value after the demolition activities have been completed (prior to development)? _____
Attach the appraisal or assessor's value.
6. What is the projected value after the proposed development is complete? _____

MAPS AND SITE FEATURES

7. **Attach** an accurate and legible site and location map indicating the site showing locations of prominent and relevant site features such as buildings, retaining walls, etc. (NOTE: maps shall include property boundaries, a north arrow and bar scale). The map(s) should show the following:
 - a) The current condition of the site including labeled structures and where and for what activities DEED money will apply.
 - b) The proposed potential development of the site including labeled structures if known.
8. Please **provide** current photographs of the site. **Note: Photographs are a very important part of review process.**

HISTORY

9. Please **attach** a synopsis on the history and general background of the site. This includes, but is not limited to, a description of the former and current uses of the site, as well as an explanation of what has occurred on the site, leading to its current dilapidated condition.

CURRENT CONDITIONS

10. **In order to qualify, structures on the property must have been vacant for at least one year.**

How many buildings are currently on site?

Industrial _____ How many are occupied? _____ If vacant, for how long? _____

Commercial _____ How many are occupied? _____ If vacant, for how long? _____

Residential _____ How many are occupied? _____ If vacant, for how long? _____

11. Year building(s) was/were built: _____
12. Please **provide** evidence that the structures are not listed on the National Register of Historic Places. You may request a database search from the State Historic Preservation Office by sending the property address to datarequestshpo@state.mn.us. Within a few days you will have an email reply to attach to your application.

DEVELOPMENT POTENTIAL

13. Please attach a narrative of the development potential for the site. Please include information such as the type of business, any potential future tenants, potential jobs created, and any other potential economic benefit. Also please include any previous development interest in the site.

II. COST ANALYSIS

14. How much money are you seeking from DEED? _____
(May not exceed \$1,000,000)
15. Fill out the budget table below indicating the uses, and amounts of **all** funds that will be used for eligible costs as defined on Page iii. The table should indicate the total project budget non-incurred costs.

Demolition Uses of Funds for the Project (Budget Table)

Use of Funds (Activity)	Amount	Date Activity Will Occur
Acquisition		
Demolition		
Interior Abatement for Demolition		
Other:		
Total		

III. ANALYSIS OF LOAN NEED

16. Describe how the structures on the property constitute a threat to public safety, are functionally obsolete, or are economically unfeasible to repair.

17. Describe how demolition of the site will reduce blight and improve the property's economic vitality, functionality and aesthetics.
18. Describe how close the property is to existing sufficient public infrastructure.
19. By providing hard data on current crime rates, and in a narrative, depict how demolition and redevelopment of the site will reduce crime.
20. Describe how demolition of the site will reduce maintenance costs.

How much was spent on maintenance last year? _____

How much was spent on maintenance in the last 5 years? _____
21. Describe how the community is stabilized, health is improved or any environmental benefits are achieved by the demolition of the site.

IV. FINANCIAL INFORMATION

22. Submit **Historical Financial Statements:** Financial statements should cover the past three years. Financial Statements should include: Balance Sheets, Income Statements, Details on existing debt agreements, Statements of Changes in Financial Position, and Notes to the Financial Statements.
23. The maximum term of the loan cannot exceed 15 years.
What is your proposed term? _____

The agreement to repay the loan must be a general obligation of the development authority payable from a dedicated source of revenue.

24. What type of bond will you be issuing to secure the loan? _____

25. What is your time line for issuing your bond? _____

26. Who is your bond counsel? _____

27. Provide your statutory authorization for issuing bonds. _____

28. Please provide a statement that the statutory provision authorizes the use of proceeds of such bonds to pay demolition costs and secure the loan.

Please note that at the time of issuing a loan, the borrower will need to supply a legal opinion that the borrower has both legal authority to incur debt and that the manner of repayment is legal.

VI. PAYMENT INFORMATION

Most loan payments take place through electronic funds transfer (EFT). To ensure proper payment, a Vendor Number assigned by Minnesota Management & Budget is required.

Financial Contact Person: _____

Telephone Number or e-mail: _____

State of Minnesota Vendor Number: _____

If a Minnesota Vendor Number does not exist, please supply:

Minnesota Identification Number: _____

and

Federal Employer Identification Number: _____

State Vendor info may be found at:

https://supplier.swift.state.mn.us/psp/fmssupap/SUPPLIER/ERP/h/?tab=SUP_GUEST

Vendor # conversions from the old system to the new SWIFT may be found at: - <http://www.swift.state.mn.us/vendors>

VII. LOCAL GOVERNMENT RESOLUTION

You must attach a resolution approving this application and committing the source of the loan repayment from the governing body of the municipality in which the site is located. A blank resolution has been attached for your convenience. You may chose to re-format this resolution but make sure to include all of the statements that appear in the resolution.

RESOLUTION OF APPLICANT.

Applicants must adopt and submit the following resolution. This resolution must be adopted prior to submission of the application package.

BE IT RESOLVED that _____ act as the legal sponsor for project(s)

(Applicant)

contained in the Demolition Loan Program to be submitted on _____

(Day, Month, Year)

and that _____ is hereby authorized to apply to the Department of

(Title of Authorized Official)

Employment and Economic Development for funding of this project on behalf of _____.

(Applicant)

BE IT FURTHER RESOLVED that _____ has the legal authority to

(Applicant)

apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED that the sources and amounts of the loan repayment and security identified in the application are committed to the project identified and the _____ has

the authority

(Applicant)

to incur debt by resolution of the board or council authorizing issuance of a bond or note, payable to DEED to repay and secure the loan.

BE IT FURTHER RESOLVED that _____ has not violated any

(Applicant)

Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the state,

_____ may enter into an agreement with the State of Minnesota for

(Applicant)

the above referenced project(s), and that _____ certifies that it will comply with

(Applicant)

all applicable laws and regulation as stated in all contract agreements.

NOW, THEREFORE BE IT FINALLY RESOLVED that the Mayor and the Clerk (for Statutory Cities), or Title of Authorized Official(s), are hereby authorized to execute such agreements as are necessary to implement the project on behalf of the applicant. *Note: Do not include the proper name, only the title of the official(s).* **Pursuant to Minn. Stat. § 412.201, Statutory Cities must authorize both the Mayor and Clerk to execute all contracts**, whereas Home Rule Charter Cities or other public entities may differ.

I CERTIFY THAT the above resolution was adopted by the _____.

(City Council, County Board, etc.)

of _____ on _____

(Applicant)

(Date)

SIGNED:

WITNESSED:

(Authorized Official)

(Signature)

(Title)

(Date)

(Title)

(Date)