

Monday, December 16, 2024  
Immediately after the Special City Council Meeting at 6:00 PM

## REGULAR EDA MEETING – AGENDA #14

President Hollies Winston, Vice President Nichole Klonowski, Treasurer Christian Eriksen,  
Commissioners Boyd Morson, Xp Lee, Maria Tran, and Tony McGarvey  
Executive Director Tim Gladhill, Assistant Executive Director Jay Stroebel and Secretary Seng Moua.

If you need these materials in an alternative format or reasonable accommodations for an EDA meeting, please provide a 72-hours' notice to Seng Moua by calling 763-493-8059 or emailing [Seng.Moua@brooklynpark.org](mailto:Seng.Moua@brooklynpark.org).

Si usted necesita esta información en español, llame al 763-424-8000 y solicite un intérprete.  
Yog xav tau kev pab, hu 763-493-8059.

***Our Vision: Brooklyn Park, a thriving community inspiring pride where opportunities exist for all.***

### ***Our Brooklyn Park 2025 Goals:***

***• A united and welcoming community, strengthened by our diversity • Beautiful spaces and quality infrastructure make Brooklyn Park a unique destination • A balanced economic environment that empowers businesses and people to thrive • People of all ages have what they need to feel healthy and safe • Partnerships that increase racial and economic equity empower residents and neighborhoods to prosper • Effective and engaging government recognized as a leader***

#### **I. ORGANIZATIONAL BUSINESS**

##### **1. CALL TO ORDER/ROLL CALL**

##### **2. APPROVAL OF AGENDA**

#### **II. PUBLIC INVOLVEMENT**

##### **3. PUBLIC COMMENT AND RESPONSE**

Provides an opportunity for the public to address the EDA on items which are not on the agenda. Public Comment will be limited to 15 minutes (*if no one is in attendance for Public Comment, the regular meeting may begin*), and it may not be used to make personal attacks, to air personality grievances, to make political endorsements or for political campaign purposes. Commissioners will not enter into a dialogue with members of the public. Questions from the EDA will be for clarification only. Public Comment will not be used as a time for problem-solving or reacting to the comments made but, rather, for hearing from members of the public for informational purposes only.

##### **3A. RESPONSE TO PRIOR PUBLIC COMMENT**

##### **3B. PUBLIC COMMENT**

##### **3C. PUBLIC PRESENTATIONS**

##### **3D. PUBLIC ANNOUNCEMENTS**

#### **III. STATUTORY BUSINESS AND/OR POLICY IMPLEMENTATION**

##### **4. CONSENT**

**4.1** Consider Approving the November 18, 2024, EDA Regular Meeting Minutes

**A.** NOVEMBER 18, 2024, DRAFT REGULAR MEETING MINUTES

**4.2** Consider Authorizing the Executive Director to Enter into an Agreement for Snow Storage with Custom Products for the Noble Park and Ride Site

**A.** AGREEMENT

The following items relate to the EDA's long-range policy-making responsibilities and are handled individually for appropriate debate and deliberation. (Those persons wishing to speak to any of the items listed in this section should fill out a speaker's form and give it to the Secretary. Staff will present each item, following in which audience input is invited. Discussion will then be closed to the public and directed to the EDA table for action.)

**5. PUBLIC HEARINGS**

**6. GENERAL ACTION ITEMS**

- 6.1** Consider Approving Huntington Place Apartments Loan Forgiveness Request and Direct Staff to Prepare the Necessary Documents to Forgive EDA Loan to Huntington Place
  - A.** LETTER FROM WINTHROP & WEINSTINE ON BEHALF OF AEON BP LLC
  - B.** RENTER RESOURCES FLYER
  - C.** AEON TALKING POINTS
- 6.2** Consider Approving the Tax Abatement Assignment Transfer for the Sale of 610 West from Doran 610 Apartments LLC to the New Owner
  - A.** RESOLUTION
  - B.** LETTER FROM DORAN
  - C.** PHASE 1 DORAN ABATEMENT
  - D.** PHASE 2 DORAN ABATEMENT
- 6.3** Consider Authorizing the Executive Director to Enter into a Purchase Agreement with George North Group for the Village Creek Reserves LLC
  - A.** RESOLUTION
  - B.** LOCATION MAP
  - C.** DRAFT RENDERINGS

**IV. DISCUSSION – These items will be discussion items, but the EDA may act upon them during the meeting.**

**7. DISCUSSION ITEMS**

- 7.1** EDA Status Updates
- 7.2** Verbal Commissioner Reports and Announcements

**V. ADJOURNMENT**

Since we do not have time to discuss every point presented, it may seem that decisions are preconceived. However, background information is provided for the EDA on each agenda item in advance from city staff; and decisions are based on this information and past experiences. Items requiring excessive time may be continued to another meeting.

# City of Brooklyn Park Request for EDA Action

<b>Agenda Item:</b>	4.1	<b>Meeting Date:</b>	December 16, 2024
<b>Agenda Section:</b>	Consent	<b>Prepared By:</b>	Seng Moua, EDA Secretary
<b>Resolution:</b>	N/A	<b>Presented By:</b>	Tim Gladhill, Executive Director
<b>Attachments:</b>	1		
<b>Item:</b>	Consider Approving the November 18, 2024, EDA Regular Meeting Minutes		

**Executive Director's Proposed Action:**

MOTION \_\_\_\_\_, SECOND \_\_\_\_\_, TO APPROVE THE NOVEMBER 18, 2024, EDA REGULAR MEETING MINUTES.

**Overview:** N/A

**Primary Issues/Alternatives to Consider:** N/A

**Budgetary/Fiscal Issues:** N/A

**Attachments:**

4.1A NOVEMBER 18, 2024, DRAFT EDA REGULAR MEETING MINUTES

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY  
OF THE CITY OF BROOKLYN PARK  
NOVEMBER 18, 2024 MEETING MINUTES

I. ORGANIZATIONAL BUSINESS:

1A. CALL TO ORDER: President Winston at 7:28 p.m.

ROLL CALL PRESENT: President Hollies Winston, Vice President Nichole Klonowski, Treasurer Boyd Morson and Commissioners Christian Eriksen, XP Lee, and Tony McGarvey. Staff: Executive Director Tim Gladhill, Workforce Development Program Director Catrice O'Neal, Business Development Coordinator Malcom Hicks, Secretary Josephine Tao, and EDA Attorney Joseph Sathe.

ABSENT/EXCUSED: Maria Tran.

2. APPROVAL OF AGENDA

President Winston requested to remove Item 7.2 as conflicting information was received and the City would like additional time to review information.

MOTION WINSTON, SECOND KLONOWSKI, APPROVING THE AGENDA WITH THE AMENDMENT TO REMOVE ITEM 7.2. MOTION PASSED UNANIMOUSLY.

II. PUBLIC INVOLVEMENT:

3. PUBLIC COMMENT AND RESPONSE:

3A. Response to Prior Public Comment: Executive Director Tim Gladhill stated that a resident spoke at the last meeting related to the ongoing Huntington Place discussions, the use of tax dollars and request to forgive the loan. He stated that item will be postponed to December and additional comments can be made at that time.

3B. Public Comment: Collete Hemple, 9277 Trinity Gardens, spoke about Give to the Max Day and asked welcomed residents to donate to local Brooklyn Park charities. She asked that Brooklyn Park create a foundation, which would allow residents to donate towards infrastructure projects. She stated that the City also has the ability for residents to round up their utility bills for the use of parks funding.

President Winston recognized the donations Ms. Hemple has made to the local chess club.

Executive Director Tim Gladhill read written comments received from resident Rich Xiong in regard to the request for qualifications for the 4201 95<sup>th</sup> Avenue N and Oxbow Commons site and asked that an open house for public feedback on the proposals be included in the process. Executive Director Tim Gladhill commented that staff will be holding that open house as requested.

3C. Public Presentations:

3C.1 Annual BrookLynk/Workforce Development Report (2024)

Workforce Development Program Director Catrice O'Neal presented the 2024 annual report on the workforce programs. She stated that 2025 will be the tenth anniversary of the workforce programs and provided background information on the BrookLynk program including its mission, and programs and services. She provided more specific information on the different program data for 2024.

Commissioner Lee congratulated staff for the great work and success of the program. He stated that it is also great to see the success of the public works program for adults.

President Winston referenced the pipeline to public program which stated that 40 percent of participants live in Brooklyn Park and asked for details on the demographics of the remaining participants noting that the program should focus on Brooklyn Park and Brooklyn Center residents.

Workforce Development Program Director Catrice O'Neal confirmed that residents from Brooklyn Center made up a majority of the remaining participants. She explained that this was a partnership program with MnDOT and therefore was also open to residents from North Minneapolis and within District 1 as the focus was to build the workforce within that blue line corridor.

President Winston thanked staff for the work they continue to do for this program, recognizing funds that were received from the legislature. He asked the one thing that would be needed to help maintain this program.

Workforce Development Program Director Catrice O'Neal commented that the most important element for the success of this program would be funding to support all the programs. She stated that when she began at BrookLynk there was a budget of \$300,000 annually and with the additional funding they have been able to secure that budget was increased to \$1,000,000. She noted that some of that funding will be going away, and they continue to look at additional funding sources.

Commissioner McGarvey asked if a local hire initiative, requiring a percentage of jobs to be filled with local residents, be helpful.

Workforce Development Program Director Catrice O'Neal confirmed that it would be helpful to have additional local employers available to hire this local talent.

### 3D. Public Announcements:

## III. STATUTORY BUSINESS AND/OR POLICY IMPLEMENTATION:

### 4. CONSENT:

#### 4.1 Consider Approving EDA Meeting Minutes.

##### A. September 16, 2024 Draft Regular Meeting Minutes

MOTION KLONOWSKI, SECOND LEE TO APPROVE THE CONSENT AGENDA. MOTION PASSED UNANIMOUSLY.

### 5. PUBLIC HEARINGS:

None.

6. GENERAL ACTION ITEMS:

None.

IV. DISCUSSION:

7. DISCUSSION ITEMS

7.1 Update on Huntington Place (HP) Apartments and Potential Sale

Executive Director Tim Gladhill provided a brief update, noting that there will not be discussion or action tonight. He stated that this will be on the agenda for the December meeting.

~~7.2 Discuss the 4D Program for the City of Brooklyn Park~~

~~A. Villa Del Coronado Property Taxes Analysis~~

~~B. The Groves Apartments Property Taxes Analysis~~

Item removed.

7.3 Discuss the Small Business Support Strategy and a Potential for a Future Brooklyn Park Chamber of Commerce

Business Development Coordinator Malcom Hicks provided background information on the history of Brooklyn Park's engagement with local Chambers as well as Metro North Chamber's role in the creation of the Brooklyn Park Chamber. He reviewed the goals of a Brooklyn Park Business Chamber and elements to be considered for the future. He reviewed the duties of the task force, should that be approved.

Commissioner Eriksen asked for more information on how the models for a Chamber relate to municipalities.

EDA Attorney Joseph Sathe explained that they are separate legal entities, as required by law. He stated that it is important to identify what the group would like to accomplish and staff and legal would then work together to develop those parameters. He stated that cities can contribute \$50,000 annually as a block gift to these types of entities.

Business Development Coordinator Malcom Hicks replied that a number of cities hold memberships with their specific Chambers and reviewed the memberships that Brooklyn Park holds with different Chambers.

Executive Director Tim Gladhill explained that the City can help plant the seed and gain energy for this to spin off into its own organization. He stated that the former plan led with the solution while this process would define what is needed for business support, and a Chamber may be one of those strategies. He reviewed the different forms of business support that the City already has, and this process would identify if a Chamber should be another element.

Commissioner McGarvey commented that it would seem that the end goal would be that this would be a private and separate entity from the City.

Business Development Coordinator Malcom Hicks commented that is one route, but would be one of many business strategies. He stated that the discussions would determine what would need to happen next, which could include a Chamber, but could other strategies as well.

Commissioner McGarvey asked about the importance creating the Black Chamber of Commerce and whether a municipality was involved in that process. He noted that the City does not help a church or Lions Club to start.

Business Development Coordinator Malcom Hicks stated that he was unsure as to how the Black Chamber started, but noted the goal of that organization for minority business owners to have a voice in government and business. He stated that the Brooklyn Park Chamber was created at the request of the previous City Council. He stated that after the contract of services with Metro North, which was successful, staff discovered that there were other paths forward as well and decided to pull it back for additional discussion.

Commissioner Lee stated that he likes the idea of Brooklyn Park having its own group, whether that is a Chamber or other form of organization. He stated that the City has a unique opportunity and brand and if they stick to that brand that will help them. He stated that this seems like the next level to the SBC which can help to connect smaller businesses to the larger business communities. He stated that having the goals and vision connected to the City could be a benefit if they can get it going. He liked the idea and appreciated the opportunity for additional discussion. He commented that he appreciates the support Metro North has provided but liked the idea to have something focused on the City brand specifically and supported this concept. He believed that the City has a value and vision of an economy of care with neighbors helping neighbors, and business owners helping business owners. He stated that the task force and conversations seem to be a great idea. He believed that there are a lot of great local business leaders that could be involved in this process.

Commissioner Klonowski stated that this seems a little like the cart before the horse and asked if the performance and/or value of Metro North has been evaluated or why they would want to create something new rather than continuing to work with them.

Business Development Coordinator Malcom Hicks stated that it is not so much as creating something new but looking back at the past year to ensure what they continue to do in the future aligns with the goals and strategies of Brooklyn Park. He stated that when working with a contractor/vendor for these services there is an associated cost that rises over time. He stated that one of the goals of this service was to establish something independent so that cost could eventually decrease.

Commissioner Klonowski commented that she believes that a business development strategy would be helpful noting that the staff report read more towards creating a Chamber. She stated that she would like more information on how other Chambers function, the level of involvement of the municipality, and investments that have been put into other Chambers in the past in return for what has been received in return. She stated that it is hard to determine things when some of the data is missing. She asked the fee that is paid to Metro North annually and what is received in return.

Business Development Coordinator Malcom Hicks replied that the City is paying \$25,000 per year to Metro North and reviewed the deliverables that were included

in that contract. He stated that as great as the quarterly meetings, there could be additional things that could be done.

Commissioner Klonowski stated that perhaps direction or other objectives were not provided to Metro North.

Business Development Coordinator Malcom Hicks stated that the RFP was created with the goal of a broader community outreach which was achieved. He stated that additional items could have been added that were unknown at the time of the RFP. He stated that before sending out another RFP, staff took a step back to look at this further to determine what is wanted and needed.

Commissioner Klonowski reviewed some of the additional information that she would like to see on the cost, services received, and whether a survey has been completed of those that participated. She asked how the task force would be created and how membership would be determined.

Business Development Coordinator Malcom Hicks replied that there are not yet concrete plans on how that would be solicited but the most likely option would be to use partners that have been involved with the City and provided some examples. He noted that those partners have all presented the City with information on how to support and grow its business community.

Commissioner Klonowski stated that she would love to have a worksession on this to review more data and have a discussion on how the City would put together a task force to represent the broad business and nonprofit community.

Executive Director Tim Gladhill commented that the task force would answer some of those questions. He stated that the contract with Metro North has ended and therefore they want to evaluate that. He stated that this was meant to be a worksession but due to timing, staff wanted to solicit input from the Council before moving forward. He stated additional details can be flushed out to be brought back to a future worksession.

Commissioner Eriksen commented on some of the small businesses that have recently started in Brooklyn Park and the things that come into play. He stated that many of those businesses expressed that the City was an obstacle to their success. He believed that part of this evaluation would include the job of the City to ensure that the City is not being in hinderance while obeying local and State laws.

President Winston stated that this is attempting to address a gap within the business community in Brooklyn Park. He commented that larger cities have robust Chambers of Commerce that have networking events, and this seems to speak to that. He believed that this process could assist in identifying how that gap could be filled. He stated that it seems like there should be more engagement and networking between businesses and increased ability to advocate on issues they are facing. He believed that this should also connect to the BrookLynk pipeline. He asked whether the external cost and funding needs for a Chamber if that does move forward. He stated that some cities have a full-time grant writer recognizing that is a staffing cost but also includes a return on investment if outside funding is received. He stated that is there is a strong Chamber, there could be an annual fundraiser held. He commented that this is one of the largest cities in the state and they need to find out how to create infrastructure for these organizations and to support costs. He stated that if the City is going to contribute annual funds, there would need to be hard metrics on what is received in return.

He stated that if there is a Chamber he would want to know what is going on in the minds of the businesses in the community to better understand what is going on in that community.

#### 7.4 EDA Status Updates

Executive Director Tim Gladhill highlighted information about recent events, the 95<sup>th</sup> and Oxbow site, and staffing.

#### 7.5 Verbal Commissioner Reports and Announcements

President Winston commented that there has been discussion about property taxes and stated that the City does not control the property taxes, noting the other entities that are a part of that mix. He suggested that the City send out educational information on how property taxes are allocated between entities. He noted a recent discussion related to the area of Cub in southern Brooklyn Park and the rumor that crime has been down in that area because people are not reporting crime. He stated that people are reporting as they normally do, and crime is actually down. He commented that there are reasons outside of crime that Cub has closed. He stated that Cub has some competition in Dragon Foods, Walmart, and Hy-Vee noting that Cub's prices were not as competitive. He stated that the Cub business model is struggling, inside and outside of the metro area where other business models have shifted. He commented that there are other businesses interested in that space.

Commissioner Lee promoted the community health resource fair which will be held at North Hennepin Community College this Saturday at noon.

- IV. ADJOURNMENT:  
Meeting adjourned at 8:36 p.m.

<b>City of Brooklyn Park</b>			
<b>Request for EDA Action</b>			
<b>Agenda Item:</b>	4.2	<b>Meeting Date:</b>	December 16, 2024
<b>Agenda Section:</b>	Consent	<b>Prepared By:</b>	Tim Gladhill, Executive Director
<b>Resolution:</b>	N/A	<b>Presented By:</b>	Tim Gladhill, Executive Director
<b>Attachments:</b>	1		
<b>Item:</b>	Consider Authorizing the Executive Director to Enter into an Agreement for Snow Storage with Custom Products for the Noble Park and Ride Site		

**Executive Director’s Proposed Action:**

MOTION \_\_\_\_\_, SECOND \_\_\_\_\_, TO AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO AN AGREEMENT FOR SNOW STORAGE WITH CUSTOM PRODUCTS FOR THE NOBLE PARK AND RIDE SITE.

**Overview:**

The EDA has received a request from Custom Products to lease the Noble Park and Ride Site for purposes of snow storage. Custom Products has an ongoing relationship with the City’s Operations and Maintenance Department. This agreement has been made with no issues on a few occasions in the past. The attached agreement has been reviewed by the EDA Attorney and is comfortable with the agreement. Since this is an agreement for use of EDA Property, EDA approval (as opposed so simply Executive Director Approval) is requested.

**Attachments**

4.2A AGREEMENT

## LEASE AGREEMENT

This Lease Agreement (this “Agreement” or “Lease”) is made this \_\_\_ day of \_\_\_\_\_, 2024 by and between the Brooklyn Park Economic Development Authority of the City of Brooklyn Park (the “Landlord”) and Custom Products and Services, a registered assumed name, contracting company whose address is 2648 34<sup>th</sup> Avenue South, Unit C, Minneapolis, MN 55406, hereinafter referred to as (the “Tenant”).

1. **Leased Premises.** In consideration of the rents, covenants, and agreements herein reserved and contained on the part of Tenant to be performed, Landlord does hereby lease to Tenant the vacant lot located at 4201 95<sup>th</sup> Avenue North, Brooklyn Park, MN 55443 (the “Leased Premises”) for the sole purpose of storage of snow.
2. **Lease Term.** The terms of this Lease and Tenant’s obligation to pay rent pursuant to this Lease shall commence upon signing of this Lease (the “Commencement Date”). This Lease shall terminate on April 30, 2025 (the “Lease Term”).
3. **Rent and Deliverables.** Tenant shall pay Landlord rent, and perform Deliverables, according to the schedule included herein as **Attachment A** and as indicated in this Agreement:

Commencement Date	\$2,500
February 2025	\$2,500
March 2025	\$2,500
April 2025	\$2,500

The Rent shall be due on the Commencement Date and the first day of each month thereafter beginning on February 1, 2025, during the term of this Lease. The first rent payment will cover any remaining portion of December 2024 and all of January 2025. If any rent, or other sums payable by Tenant pursuant to this Lease, are not paid within five days of the due date, Tenant shall pay a late charge equal to five percent of the delinquent amount.

4. **Permitted Use and Obligations.** Tenants shall use the Leased Premises solely for a storage of snow. No other uses are permitted unless Tenant obtains Landlord’s written consent. Landlord may remove barricades each day in order to haul snow onto the Leased Premises but must replace barricades at the end of each day.
5. **AS-IS Condition of Leased Premises.** Neither Landlord nor any agent, contractor, or employee of Landlord has made any representations or promises with respect to the Leased Premises except as expressly provided in this Lease, and no right, privileges, easements, or licenses with respect to the Leased Premises are being acquired by Tenant except as expressly provided in this Lease.
6. **Alterations.** No improvements to the Leased Premises shall be made by Tenant.
7. **Indemnity.**
  - a. To the fullest extent permitted by law, Tenant agrees to indemnify Landlord, its officials, employees, contractors, agents, and others acting on its behalf, to hold them harmless,

and to defend and protect them, from and against any and all loss, damage, liability, cost and expense (specifically including attorneys' fees and other costs and expenses of defense), of any sort whatsoever, based upon, resulting from, or otherwise arising out of and in connection with any actions, claims or proceedings (from any source whatsoever) brought, or any loss, damage or injury of any type whatsoever sustained, by reason of any act or omission of Tenant, its officers, employees, contractors, or agents, or any other persons or entities for whose acts or omissions Tenant is legally responsible, in the performance of any of Tenant's obligations (whether express or implied) under this Lease.

b. Tenant, its officers, employees, contractors, agents, and others acting on its behalf agrees to indemnify, defend, and hold harmless Landlord, its officials, employees, contractors, agents, and other acting on its behalf from any and all claims, losses, damages, liabilities, causes of action, judgments, costs or expenses, including reasonable attorneys' fees which may be imposed upon or incurred by or asserted against Landlord or its officials, employees, contractors, agents, and others acting on its behalf with respect to any use, nonuse, or condition of the Leased Premises created by Tenant or its invitees or attributable to Tenant's use or manner of use of the property.

c. Notwithstanding anything to the contrary in the Lease, Landlord does not waive any statutory limited immunity from municipal tort liability available to it under Minnesota Statutes, Chapter 466 or as otherwise provided. Such statutory limited immunity shall apply whether an action, claim, demand, or lawsuit is initiated by Tenant or by any third party. In no event, shall Tenant assert or rely upon such statutory limited liability of Landlord to avoid liability for any act for which Tenant would otherwise be legally responsible.

d. The obligations of this Section shall survive the expiration or other termination of this Lease.

## **8. Insurance.**

a. Tenant and its contractors, subcontractors, and agents must carry insurance during the term of this Lease in accordance with the following requirements:

1. Workers' Compensation Insurance with limits as provided by statute, with all necessary statutory elections to provide coverage for actions brought by or claims made by any person doing work on the Leased Premises on behalf of Tenant pursuant to this Agreement.

2. Comprehensive General Liability Insurance with minimum combined single limits of \$2,000,000 per occurrence.

3. Tenant shall provide to Landlord a certificate of insurance evidencing that all insurance required by this Section is in effect and complies with the requirements of this Section.

b. All insurance policies shall contain an endorsement requiring 30 days' written notice from the insurance company to both parties before cancellation or change in coverage, scope or amount of any such policy; and contain the standard form of waiver of subrogation.

## 9. **Environmental.**

a. HAZARDOUS SUBSTANCES. Tenant agrees that throughout the term of the Lease, it shall not use the Leased Premises for the storage, handling, transportation, or disposal of any Hazardous Substances. "Hazardous Substances" for purposes of this Lease shall be interpreted broadly to include, but not be limited to, any material or substance that is defined, regulated or classified under any Environmental Law of other applicable federal, state or local laws and the regulations promulgated thereunder as: (i) a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601(14), the Federal Water Pollution Control Act, 33 U.S.C. §1321(14), as now or hereafter amended; (ii) a "hazardous waste" pursuant to Section 1004 or Section 3001 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6903(5), 6921, as now or hereafter amended; (iii) toxic pollutant under Section 307(a)(1) of the Federal Water Pollution Control Act, 33 U.S.C. §1317(a)(1) as now or hereafter amended; (iv) a "hazardous air pollutant" under Section 112 of the Clean Air Act, 42 U.S.C. §7412(a)(6), as now or hereafter amended; (v) a "hazardous material" under the Hazardous Materials Transportation Uniform Safety Act of 1990, 49 U.S.C. §5102(2), as now or hereafter amended; (vi) toxic or hazardous pursuant to regulations promulgated now or hereafter under the aforementioned laws or any state or local counterpart to any of the aforementioned laws; or (vii) presenting a risk to human health or the environment under other applicable federal, state or local laws, ordinances or regulations, as now or as may be passed or promulgated in the future. "Hazardous Substances" shall also mean any substance that after release into the environment or upon exposure, ingestion, inhalation, or assimilation, either directly from the environment or directly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer, or genetic abnormalities and specifically includes, but is not limited to, asbestos, polychlorinated biphenyls ("PCBs"), radioactive materials, including radon and naturally occurring radio nuclides, natural gas, natural gas liquids, liquefied natural gas, synthetic gas, oil, petroleum and petroleum-based derivatives and urea formaldehyde.

b. Tenant will be solely liable for and will defend, indemnify, and hold Landlord, its officials, employees, contractors, and agents harmless from and against any and all claims, costs and liabilities, including reasonable attorneys' fees and costs, arising out of or in connection with Tenant's use, storage, handling, transportation, or disposal of Hazardous Substances on, at or under the Leased Premises or the Common Areas, including cleanup or restoration of the Leased Premises or Common Areas.

c. The obligations of this Section shall survive the expiration or other termination of this Lease.

**10. Surrender.** Upon termination of this Lease, Tenant shall peaceably surrender the Leased Premises and remove all debris and personal property from the Leased Premises.

## 11. **Default.**

a. Any one of the following events shall constitute an event of default (an "Event of Default"):

1. Tenant fails to pay any monthly installment of Rent and such default continues for 15 days after written notice to Tenant from Landlord;

2. Tenant violates or fails to perform any of the other conditions, covenants, or agreements made by Tenant in this Lease and such default continues for 15 days after written notice to Tenant from Landlord; provided, however, that if Tenant informs Landlord in writing that the nature of such default is such that Tenant can cure the default, but not within 15 days, then the Event of Default will be suspended for a period not in excess of 30 additional days, provided that Tenant diligently and continuously prosecutes the curing of the default, and so long as continuation of the default does not create a material risk to the Leased Premises or to persons using the Leased Premises; or

b. If an Event of Default occurs and continues, Landlord may at its sole option by written notice to Tenant terminate the Lease. Neither the passage of time after the occurrence of the Event of Default nor exercise by Landlord of any other remedy with regard to such Event of Default shall limit Landlord's rights under this Section.

c. In addition to all other remedies of Landlord, Landlord shall be entitled to reimbursement upon demand of all reasonable attorneys' fees incurred by Landlord in connection with any Event of Default.

d. No remedy provided for herein or elsewhere in this Lease or otherwise available to either party by law, statute, or equity, shall be exclusive of any other remedy, but all such remedies shall be cumulative and may be exercised from time to time and as often as the occasion may arise.

**12. Assignment & Subletting.** Tenant shall not assign or sublet the Leased Premises without the written consent of Landlord.

**13. Compliance with Laws.** Tenant must maintain the Leased Premises in a clean, neat, sanitary, and orderly condition. Tenant, at its sole expense, shall promptly comply with all laws, ordinances, and requirements of federal, state, and local laws and regulations relating to Tenant's use and occupation of the Leased Premises, and with any lawful order or direction of any public officer relating to Tenant's use and occupation of the Leased Premises during the Lease Term.

**14. Miscellaneous.**

a. **Holding Over.** If Tenant remains in possession of the Leased Premises after the expiration or termination of this Agreement, it shall be deemed to be occupying said Leased Premises as a Tenant at sufferance, subject to all the conditions, provisions, and obligations of this Agreement insofar as the same can be applicable to a tenancy at sufferance.

b. **Relationship of Landlord and Tenant.** This Agreement does not create the relationship of principal and agent or of partnership or of joint venture or of any association between Landlord and Tenant, the sole relationships between the parties hereto being that of Landlord and Tenant under this Agreement.

c. **Waiver.** No waiver of either party's remedies upon the occurrence of an Event of Default shall be implied from any omission by such party to take any action on account of such

Event of Default, and no express waiver shall affect any Event of Default other than the Event of Default specified in the express waiver and such an express waiver shall be effective only for the time and to the extent expressly stated. One or more waivers by the non-defaulting party shall not then be construed as a waiver of a subsequent Event of Default.

d. Choice of Law. The laws of the State of Minnesota shall govern the validity, performance, and enforcement of this Agreement.

e. Notices and Demands. Except as otherwise expressly provided in this Agreement, any notice, demand, or other communication under this Agreement and any related document by either party to the other shall be sufficiently given or delivered if it is dispatched by United States Mail or delivered personally to:

1. in the case of Landlord:  
Brooklyn Park EDA  
5200 85th Avenue North  
Brooklyn Park, MN 55443  
Attention: Executive Director
2. in the case of Tenant:  
Custom Products and Services  
2648 34th Avenue South, Unit C  
Minneapolis, MN 55406  
Attention: James Mika

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

f. Entire Agreement and Amendment. This Agreement constitutes the entire agreement between Landlord and Tenant affecting the Leased Premises and there are no other agreements, either oral or written, between them other than said documents and as are herein set forth. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon Landlord or Tenant unless reduced to writing and executed in the same form and manner in which this Agreement is executed.

g. Severability. If any term of this Lease is found to be void or invalid, such invalidity shall not affect the remaining terms of this Lease, which shall continue in full force and effect.

*[Signature page to follow]*

**IN WITNESS WHEREOF**, the parties have executed this Lease as of the date and year first above written.

**LANDLORD:**

**BROOKLYN PARK ECONOMIC  
DEVELOPMENT AUTHORITY**

By \_\_\_\_\_

Tim Gladhill

Its: Executive Director

**TENANT:**

**CUSTOM PRODUCTS AND SERVICES**

By \_\_\_\_\_

Its: Authorized Signer

## ATTACHMENT A

**Milestone One:** Contract execution; Custom Products and Services to Clear existing lot with snow stacked on the South end of lot. Snow Storage to commence thereafter with a chain or Snow Pile placed to deter others from entering between snow events.

Timeline	ASAP at time of Commencement
Hours/cost	\$2,500
Deliverable	<ul style="list-style-type: none"> <li>• Executed Agreement; lot clearing by CP&amp;S thereafter</li> </ul>

**Milestone Two:** February Lease Payment due to EDA by 2/1/25

Timeline	February 1, 2025
Hours/cost	\$2,500
Deliverable	<ul style="list-style-type: none"> <li>• Lease Payment due to EDA office by 2/1/25</li> <li>• CP&amp;S to continue management of the lot with snow clearing and storage as necessary with each snow event</li> </ul>

**Milestone Three:** March Lease Payment due to EDA by 3/1/25

Timeline	March 1, 2025
Hours/cost	\$2,500
Deliverable	<ul style="list-style-type: none"> <li>• Lease Payment due to EDA office by 3/1/25</li> <li>• CP&amp;S to continue management of the lot with snow clearing and storage as necessary with each snow event</li> <li>• CP&amp;S to begin weekly trash pickups of the entire property beginning the week of 3/15/25 and continuing weekly until final cleanup</li> </ul>

**Milestone Four:** April Lease Payment due to EDA by 4/1/25

Timeline	April 1, 2025
Hours/cost	\$2,500
Deliverable	<ul style="list-style-type: none"> <li>• Lease Payment due to EDA office by 4/1/25</li> <li>• CP&amp;S to continue management of the lot with snow clearing and storage as necessary with each snow event</li> <li>• CP&amp;S to continue weekly trash pickups until snow melt is complete</li> <li>• Following completion of snow melt, CP&amp;S to perform a parking lot sweeping and planting bed cleanup of the entire property to complete the contract</li> </ul>

# City of Brooklyn Park Request for EDA Action

<b>Agenda Item:</b>	6.1	<b>Meeting Date:</b>	December 16, 2024
<b>Agenda Section:</b>	General Action Items	<b>Prepared By:</b>	Dylan Armstead, Senior Project Manager  Tim Gladhill, Executive Director
<b>Resolution:</b>	N/A	<b>Presented By:</b>	Tim Gladhill, Executive Director
<b>Attachments:</b>	3		
<b>Item:</b>	Consider Approving Huntington Place Apartments Loan Forgiveness Request and Direct Staff to Prepare the Necessary Documents to Forgive EDA Loan to Huntington Place		

## Executive Director's Proposed Action

MOTION \_\_\_\_\_, SECOND \_\_\_\_\_, TO WAIVE THE READING AND APPROVE HUNTINGTON PLACE APARTMENTS LOAN FORGIVENESS REQUEST AND DIRECT STAFF TO PREPARE NECESSARY DOCUMENTS TO FORGIVE THE EDA LOAN TO HUNTINGTON PLACE.

## Overview:

Aeon is in the final stages of negotiating a purchase agreement with a buyer for Huntington Place Apartments. Aeon is requesting 1) forgiveness of their entire loan, including a payment due in January 2025 and 2) that the City's lien on their property be removed and 3) transfer of the declaration of restricted covenants ensures that the property is to be used for affordable housing for the next (30) years.

According to Aeon, the offer price is such that there are not proceeds from the sale that will go to the Seller (Aeon), the Lender in second position (LISC), or the Lender in third position (Brooklyn Park EDA). This distressed financial situation is not unique to Huntington Place.

Finally, when this loan was approved, it was noted that there was a high level of risk for this loan and that there was a probability that the EDA may not be paid back. The EDA could have structured this assistance as a Grant or Forgivable Loan; however, the original pre-COVID deal structure allowed for the opportunity that the EDA could be paid back if the community performed well from a cash flow perspective.

## Background:

Aeon purchased Huntington Place in January 2020. Huntington Place includes 834 units of affordable housing and is one of the largest multi-family, affordable housing developments in the state. Due to several factors, including the pandemic, Aeon has been unable to cashflow the property. They have been seeking a buyer of the property for a while and they are seeking loan forgiveness from the EDA.

Aeon has received multiple grants/loans from the Brooklyn Park EDA for Huntington Place including:

Loan/Grant	Status
<i>Pre-Covid (January 2020)</i>	
\$5,000,000 Non-Forgivable Loan	\$3,557,516 distributed, \$3,809,593 due with interest
<i>Post-Covid</i>	
\$500,000 Forgivable Loan	\$500,000 distributed and forgiven
\$500,000 ARPA Grant	\$500,000 awarded and distributed

At this point, Aeon is in the process of executing a purchase agreement with MAS Capital Group to purchase the property. As part of this, Aeon has requested:

1. Forgiveness of their entire loan with Brooklyn Park, including payment due in January 2025.
2. Removal of any Brooklyn Park liens against the property.
3. Transfer of the declaration of restrictive covenant that the property continues to be used as affordable housing.

#### *Current Risks and Liabilities to City*

In discussions with the EDA Attorney, it is unlikely that the EDA will be paid back on the original loan. Unlike a traditional real estate transaction, there are no true net proceeds/profits at the time of sale to distribute. This leaves two (2) options for the EDA.

1. Forgive the Loan
  - a. The affordable housing protections recorded against the Property **are transferred** at time of sale
  - b. Property is sold to a **known Buyer** that City Staff has directly connected with to understand future plans for the Property
  - c. **Less period** of uncertainty for all parties by avoiding foreclosure
  - d. The EDA is **not paid back** for its original loan
2. Do Not Forgive the Loan
  - a. The affordable protections recorded against the Property **are terminated** due to foreclosure
  - b. **Uncertain** who the Property would be sold to
  - c. **Extended period** of uncertainty for all parties during the foreclosure period
  - d. The EDA is **not paid back** for its original loan

In summary, if it is the goal of the EDA to protect the affordability of the existing units, it should forgive the loan. If the EDA is not concerned with protecting the affordability of the existing units, it should not feel obligated to forgive the loan.

#### *Due Diligence Efforts*

Staff has had the following conversations during our due diligence efforts in the past 30 days.

- Initial Meeting with Aeon to review request
- Meeting with Buyer (MAS Capital Group) and Aeon
- Aeon Weekly Meeting with City Staff
- Meeting with Hennepin County Housing Staff and Minnesota Housing (State) Staff
- Aeon Weekly Meeting with City Staff
- Inquiry to Senator Klobuchar's Office regarding Congressionally Directed Spending Allocation
- Inquiry to Representative Phillips' Office regarding Congressionally Directed Spending Allocation
- Meeting with peer community colleagues to discuss Crossroads at Penn/Concierge (similar project example)
- Meeting with City Legal Team
- Internal Meeting to discuss Community Engagement and November 6 Tenant Meeting
- Meeting with Buyer (MAS Capita Group)
- Meeting with Primary Lender (NEF)
- Meeting with City Legal
- Meeting with Hennepin County Housing Staff
- Meeting with ACER regarding Community Impacts and Community Engagement
- Meeting with Aeon regarding Congressionally Directed Spending Allocation Options
- Aeon Weekly Meeting with City Staff
- City Staff Check-In Meeting
- Continued Weekly Meetings with Aeon

### Counter Offers and Status

City Staff has reviewed multiple settlement/counter offers with both Buyer and Seller. It should be noted that with the Subordination Agreement (standard in these transactions), the City has limited legal standing to challenge the non-payment of our Loan in the event of foreclosure. The City's legal protection and negotiation power is limited to the Declaration of Restrictive Covenants related to the affordability of units.

Proposal	Seller Response	Buyer Response
Open Community Room and/or Pool to Brooklyn Park Residents (or at least Zanewood Recreation Center Guests)	Buyer Decision	Decline. Liability and Safety Risk. Focused on stabilizing Tenant Screening.
Re-subordinate EDA Loan and convert to Forgivable Loan, forgiven upon completion of proposed site and unit improvements. Lookback Provision at time of future sale.	Buyer Decision	Decline.
Amend Declaration of Restrictive Covenant to allow % of units to convert to Market Rate (mixed income) upon completion of remodel.	Buyer Decision	Counter Proposed. Amend Declaration now, revise back to 100% affordable if improvements are not completed.
Make donation to Zanewood Teen Center	Decline. Insufficient Funds	Considering. Requesting more information.
Convert portion of units to 2-3 bedroom.	Buyer Decision	Decline. Would need to re-negotiate purchase with Aeon.
Reallocate Federal Congressionally Directed Spending Allocation	Exploring options.	No role for Buyer. Allocation is specific to Seller/Aeon.

### Actual Affordability Thresholds, Current Rents, and Potential Displacement

It is hereby noted that current Rents at Huntington Place are already below the affordability thresholds within the EDA's restrictive covenants. The table below uses the Area Median Income (AMI) limits found in the EDA's Declaration of Restrictive Covenants (50% to 60% AMI) as the basis for comparison.

Metropolitan Council Rent Affordability Limits (allowed per EDA Loan Agreement)	Huntington Place Rent Rates (according to Aeon's website)
\$1,165 to \$1,398	\$900 to \$950

MAS Capital is proposing a full remodel of each unit, common areas, and exterior site with an investment ranging from \$10,000 to \$24,000 per unit. This will result in an increase in Lease Rates, but will still stay below the AMI Thresholds within our Restrictive Covenants. MAS Capital is planning to not renew existing leases at time of expiration, but allow Tenants to enter into new Leases for renovated units. It should be expected that this will cause some amount of displacement for existing Tenants. Finally, it is noted that many tenants have access to rent vouchers, which limits their rent based on a percentage of their income. In other words, base rent may increase, but the impact to the Tenant may be minimal (unless there is a change to their income).

### Renter Resources for Impacted Tenants

Staff's focus has expanded to begin to plan for Tenant Support for relocation. While the City and County do not have additional funds to assist with relocation, focus has begun to shift on connection to resources through on-site housing fairs, resources, etc. A potential Housing Fair could help identify a number of resources already referred by City Staff in these situations.

- Hennepin County Emergency Rent Assistance
- Housing Link

- City of Brooklyn Park Tenant Notification Ordinance
- Attorney General: Landlord and Tenant: Rights and Responsibilities Handbook
- HOME Line
- LawHelpMN
- Housing Justice Center
- Hennepin County Tenant Resource Center
- Hennepin County Office of Multicultural Services
- United Way 211
- Community Mediation and Restorative Services
- Day One Emergency Shelter or Crisis Hotline

City Staff will also be reaching out to the School District to share these updates, as this process is likely to result in a decline in enrollment for the School District as well.

#### *Additional Assistance Huntington Place*

Aeon received other assistance for Huntington Place.

Entity	Amount	Status
Hennepin County	\$3.5M Grant	Fully Distributed
State of Minnesota	\$10M Grant	Partially Distributed Continues Post-Sale
Federal – Congress	\$4M Grant	Unused Exploring Alternative Options

Furthermore, many Residents of Huntington Place receive Tenant Based Assistance. Staff is attempting to collect this data.

#### **Budgetary/Fiscal Issues:**

If the loan were to have been repaid, the funds would have gone back to the City's Housing Set Aside Fund for other similar housing assistance.

#### **Attachments:**

- 6.1A Letter from Winthrop & Weinstine on Behalf of Aeon BP LLC
- 6.1B Renter Resources Flyer
- 6.1C Aeon Talking Points



September 24, 2024

Katherine A. Johnson  
Direct Dial: (612) 604-6767  
Main Fax: (612) 604-6800  
kjohnson@winthrop.com

**VIA EMAIL**

Brooklyn Park Economic Development Authority  
5200 85th Ave. N.  
Brooklyn Park, MN 55443  
Attn: Jay Stroebel  
Email: [Web-CityManagerDL@brooklynpark.org](mailto:Web-CityManagerDL@brooklynpark.org)

**RE: Huntington Place Apartments – Requests to Brooklyn Park EDA for October 15, 2024 Agenda**

Dear Mr. Stroebel:

This firm represents Aeon BP LLC, a Minnesota limited liability company (“Aeon BP”), which is an affiliate of Aeon, a Minnesota nonprofit corporation (“Aeon”).

As you know, Aeon BP, as borrower, and the Brooklyn Park Economic Development Authority (the “EDA”), as lender, are parties to that certain Loan Agreement dated January 30, 2020, as the same has been amended and restated over time, including the most recent Third Amended and Restated Loan Agreement dated February 27, 2023 (collectively, the “Loan Agreement” and together with all accompanying loan documents, the “Loan Documents”), related to the multifamily housing development known as Huntington Place Apartments (the “Project”).

We understand that you and Eric Johnson, Aeon’s Chief Executive Officer, have had conversations regarding the Project and the Loan Agreement.

Aeon BP is in the very final stages of negotiating a Purchase and Sale Agreement for the transition of ownership of the Project; information regarding the same will be forth coming shortly. In the meantime, we wanted to make a formal request to the EDA as set forth in this letter. It is imperative to the Project and that transaction that the requests herein be included on the EDA’s agenda for its meeting on October 15, 2024.

Accordingly, Aeon BP is hereby formally requesting the following:

1. Approval to transfer the Project and assign that certain Declaration of Restrictive Covenants dated January 30, 2020, between Aeon BP and the EDA, as the same has been amended by that certain Amendment to Declaration of Restrictive Covenants dated

September 24, 2024

Page 2

February 16, 2021 (collectively, the “Declaration”) in accordance with Section 4 of the Declaration. For reference, a copy of the Declaration is enclosed. As part of Aeon BP’s contemplated transfer of the Project, the new buyer will assume the obligations under the Declaration (including obligations related to the providing of affordable housing at the Project as required by the Declaration).

2. Forgiveness of the loan set forth in the Loan Documents, including a release of that certain Promissory Note, Loan Agreement, Combination Mortgage, Security Agreement and Fixture Financing Statement secured by the Project, and a release of the Guaranty by Aeon.

We would like to coordinate a meeting with EDA staff regarding the above requests at your soonest convenience. If you could please reach out to Eric Johnson, copied here, with your availability, that would be greatly appreciated.

Very truly yours,

WINTHROP & WEINSTINE, P.A.

*/s/ Katherine A. Johnson*

Katherine A. Johnson

Enclosures

CC: Eric Anthony Johnson (via email at [EJohnson@aeon.org](mailto:EJohnson@aeon.org))  
Caroline Horton (via email at [CHorton@aeon.org](mailto:CHorton@aeon.org))

29803631v1

# Renter Resources

## Maintenance Concerns?

Notify your landlord or property manager of a maintenance issue.  
For an unresolved maintenance concern or issue, contact the City of Brooklyn Park.



### Rental and Business Licensing Division

 763-493-8182 |  [bplicense@brooklynpark.org](mailto:bplicense@brooklynpark.org)

## Housing




### Tenant Resource Center

Maintains housing stability for Hennepin County tenants

 612-767-9737  
 [www.trchennepin.com](http://www.trchennepin.com)

### Housing Link

Provides affordable housing information for renters and landlords

 612-522-2500  
 [info@housinglink.org](mailto:info@housinglink.org)  
 [www.housinglink.org](http://www.housinglink.org)





### Renter Resources in Brooklyn Park

Scan the QR Code with your smartphone  
[www.brooklynpark.org/housing](http://www.brooklynpark.org/housing)

## Community



### Office of Multicultural Services

Connects immigrants and refugees to resources and services

 612-328-2193  
 [oms@hennepin.us](mailto:oms@hennepin.us)

### United Way 211

Provides free and confidential health and human services for people in Minnesota

 211 or 651-291-0211  
 [www.211unitedway.org](http://www.211unitedway.org)



### Community Resources in Brooklyn Park

Scan the QR Code with your smartphone  
[www.brooklynpark.org/community-resources](http://www.brooklynpark.org/community-resources)

## Legal



### Attorney General's Office

Informs tenants of their rights and responsibilities. Copies of the Minnesota Attorney General's Landlords and Tenants: Rights and Responsibilities handbook are available at:

 [www.ag.state.mn.us/](http://www.ag.state.mn.us/)



### HOME Line

Offers free and low-cost legal, organizing, education, and advocacy services to tenants

 612-728-5767  
 [www.homelinemn.org](http://www.homelinemn.org)

### Housing Justice Center



Preserves and expands affordable housing for low-income individuals and families

 612-807-1139  
 [www.hjcmn.org](http://www.hjcmn.org)

## Safety & Stability




### Community Mediation and Restorative Services (CMRS)

Provides low to no cost conflict resolution services between renters and property owners as well as between family members and neighbors

 763-561-0033  
 [referrals@cmrsmn.org](mailto:referrals@cmrsmn.org)

### Day One Emergency Shelter or Crisis Hotline

Provides support and assistance to individuals experiencing domestic violence or sexual assault

 1-866-223-1111  
 612-399-9977 (Text)  
 [safety@dayoneservices.org](mailto:safety@dayoneservices.org)

### Domestic Abuse Service Center

Offers multiple services to victims of domestic violence

 612-348-5073

# Renter Rights Information

## Housing Policies

The City of Brooklyn Park has policies in place to preserve affordable housing and ensure renter rights. Below are a couple of key policies:

The Minnesota **Fair Housing Policy** protects people from discrimination and promotes equal access to housing. This policy prevents discrimination based on:

- Race
- National origin
- Religion
- Sex
- Familial status
- Disability

The City of Brooklyn Park **Tenant Notification Ordinance** protects renters from immediate lease changes when their apartment building is transferred to a new owner. Within 30 days of sale, a new owner must notify renters if they intend to:

- Increase the rent;
- Require that residents meet new criteria to live in the building;
- Issue lease non-renewals without cause or as the result of rescreening; or
- Make a material change to the lease.

If the new owner makes any of those changes and the renter needs to move, they may be eligible for relocation assistance.

## Questions?


For more information, contact John Kinara, Housing and Redevelopment Coordinator, at 763-493-8054 or [john.kinara@brooklynpark.org](mailto:john.kinara@brooklynpark.org)

## Language Support


Para asistencia, llame al 763-424-8000 y solicite un intérprete.


Yog koj xav kom txhais rau lu Hmoob, hu Chris Xiong, 763-315-8466 or [chris.xiong@brooklynpark.org](mailto:chris.xiong@brooklynpark.org).



For reasonable accommodations or alternative formats, please contact Josie Shardlow at 763-493-8388 or [josie.shardlow@brooklynpark.org](mailto:josie.shardlow@brooklynpark.org).

 **City Hall**  
5200 85th Avenue North  
Brooklyn Park, MN 55443

 763-424-8000  
 [bpcustserv@brooklynpark.org](mailto:bpcustserv@brooklynpark.org)

 **Hours**  
8:00 AM - 4:30 PM, Monday - Friday

 **Police Station**  
5400 85th Avenue North  
Brooklyn Park, MN 55443

 763-493-8222 (Non-emergency)  
 [bppolice@brooklynpark.org](mailto:bppolice@brooklynpark.org)

 **Hours**  
24 hours a day, every day

## Huntington Place Apartments Transaction

### Aeon and Brooklyn Park Economic Development Authority Key Points

- The sale of Huntington Place to MAS Capital Group LLC has been directed by NEF Preservation Mortgage Loan Fund I LP (“NEF”), the senior lender, as the last alternative. Failure to consummate the transaction would have catastrophic consequences to the community of residents, City and Aeon.
- The sale of Huntington Place will achieve substantial benefit to the community as it will (i) preserve the continued affordability, (2) result in the buyer making substantial investments and improvements of the property, which would otherwise not occur, and (3) continue to preserve and permit the community at Huntington Place to prosper and grow.
- But for the transaction, preservation of affordability and the community at Huntington Place would not be guaranteed. But for the transaction, the significant investment and improvements into Huntington Place will not occur.
- Notably, Aeon specifically negotiated a transaction conditioned on an assumption by the buyer of the affordable housing covenants that will be maintained through January 2050.
- All alternatives for capital, financing and recapitalization have been explored by Aeon with professional assistance and exhausted.
- Aeon held the Huntington Place project together despite a moratorium that prevented evictions and collection of rental revenue necessary to sustain project and service debt.
- Aeon invested over \$5 million at Huntington Place to fund security services necessary to ensure that the safety of more than 2,500 residents during the national pandemic, at a time when gang elements and drug dealers threatened the Brooklyn Park community and those that consider the apartment complex home.
- NEF, the senior lender, will lose approximately \$50 million in the transaction and the Twin Cities Local Initiatives Support Corporation (LISC), a subordinate lender, is not expected to receive any money from the sale.
- NEF and LISC support the sale transaction despite the substantial losses the lenders will incur.
- City of Brooklyn Park approved and executed a Subordination Agreement in favor of NEF as part of the original financing for the Huntington Place project in which the City specifically agreed, among other things, as follows: (1) that its debt will at all times continue to be subject and subordinate in right of payment to the prior and full payment of all amounts owed to NEF (see Section 3(a)); (2) that any payment the City at any time receives is to be held in trust for the NEF and promptly turned over (see Section 3(d)); (3) the City consented and authorized the future sale of Huntington Place property (see Section 5(b)(ii)); (4) the City further consented

and authorized the future release by NEF of the mortgaged property from the lien, operation and effect of applicable loan documents by NEF as part of a sale transaction (see Section 5(b)(i)); and (6) the City waived all equitable or other rights it may have in connection in connection with the release of the mortgaged property.

- The City's support of the Huntington Place project has been, and is now, critical to the successful transfer of the property to a financially secure and invested buyer that is committed to maintaining affordability, improving the property and committed to providing affordable, secure and quality housing to thousands of current and future residents in the Brooklyn Park community.

# City of Brooklyn Park Request for EDA Action

<b>Agenda Item:</b>	6.2	<b>Meeting Date:</b>	December 16, 2024
<b>Agenda Section:</b>	General Action Items	<b>Prepared By:</b>	Dylan Armstead, Senior Project Manager
<b>Resolution:</b>	X	<b>Presented By:</b>	Dylan Armstead, Senior Project Manager
<b>Attachments:</b>	4		
<b>Item:</b>	Consider Approving the Tax Abatement Assignment Transfer for the Sale of 610 West from Doran 610 Apartments LLC to the New Owner		

## Executive Director's Proposed Action:

MOTION \_\_\_\_\_, SECOND \_\_\_\_\_, TO WAIVE THE READING AND ADOPT RESOLUTION #2024-\_\_\_\_\_, APPROVING THE TAX ABATEMENT ASSIGNMENT TRANSFER FOR THE SALE OF 610 WEST FROM DORAN 610 APARTMENTS LLC TO THE NEW OWNER.

## Overview:

The purpose of this report is to update the Economic Development Authority (EDA) Board of Commissioners on the pending transfer of sale of 610 West from Doran 610 Apartments LLC to a new owner. Staff has conferred with the Ehlers to analyze the request and Jason Aarsvold, from Ehlers, is present to aid in questions regarding the sale request, questions surrounding abatements, and to aid in giving the recommendation.

## Background:

Doran 610 Apartments LLC (Developer) began the process of developing 610 West apartments (Property) starting in 2015. The EDA and Developer entered an agreement for abatement in June of that year. The goal of the abatement was to promote development and job opportunities, while promoting the development and redevelopment of land which was previously underutilized within the city. The EDA voted in favor of the Abatement Agreement due to the belief that the development of the Property would serve to expand housing options for residents, will attract nearby industrial development, and will enhance the community's tax base. To comprehensively note, a TIF Agreement was also agreed upon for land acquisition and construction plan development and was fully satisfied.

The Developer is now interested in selling the property. Previous agreements allow for transfer and assignment with approval of the EDA, which cannot be unreasonably withheld, and this is a common request among these types of agreements.

### Brief Overview of Abatements

An abatement allows a political subdivision to expend money to benefit a property in several ways, including reducing property taxes, deferring payment of property taxes, or spending the money directly on improving the property. In exchange for an abatement, the landowner agrees to develop the land in a way that will promote local economic development.

The goal is to abate property taxes to promote local economic growth.

### 610 West Abatement Terms – Original Approval

- (I) the EDA issued the Phase I Abatement Note to the Developer in a principal amount equal to \$2,500,000
- (II) the EDA issued the Phase II Abatement Note to the Developer in a principal amount equal to \$1,500,000

To appease the abatement the Developer and EDA agreed to have a lookback provision to inquire into the vitality of the property. This lookback provision required to amend the abatement payments if the Property achieved a 95% occupancy rate or if the Developer achieved a 11.5% return-on-investment.

What is the status of the abatement?

Currently Phase I has been executed and Phase II will not take place until the remaining terms of the Abatement Agreement have been met in the future. An estimation of what is to be repaid is attached in attachment's 6.2D and 6.2E.

What are the requests being asked?

EDA approval of the transfer of sale and assignment of the Abatement Agreement dated June 2015 to the new owner.

**Recommendation:**

Staff and advisors' recommendation is to approve the transfer of sale and assignment of the Abatement Agreement, contingent upon completing a lookback provision per the terms of the Abatement Contract.

**Attachments**

- 6.2A RESOLUTION
- 6.2B LETTER FROM DORAN
- 6.2C PHASE I DORAN ABATEMENT
- 6.2D PHASE II DORAN ABATEMENT

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY  
OF THE CITY OF BROOKLYN PARK

RESOLUTION #2024-\_\_\_\_\_

RESOLUTION APPROVING THE TAX ABATEMENT ASSIGNMENT TRANSFER FOR THE  
SALE OF 610 WEST FROM DORAN 610 APARTMENTS LLC TO THE NEW OWNER

WHEREAS, the Brooklyn Park Economic Development Authority, a public body corporate and politic (the “EDA”), have heretofore approved an Abatement Contract for Private Development, dated as of June 25, 2025, (the “Abatement Contract”) with Doran 610 Partners, LLC (the “Assignor/Developer”); and

WHEREAS, in connection with the sale of the Development Property (as defined in the Abatement Contract), Assignor/Developer desires to assign to Spyglass – 610 West, LLC (the “Assignee”), and Assignee desires to assume from Assignor/Developer, all right, title, interest and obligations in the Abatement Contract and has requested that the EDA consent thereto; and

WHEREAS, there has been prepared and presented to the Board for its consideration a certain Assignment and Assumption of Abatement Contract for Private Development and Tax Abatement Notes, between the EDA, the Assignor/Developer and the Assignee (the “Assignment of Abatement Contract”); and

WHEREAS, in connection with financing the Assignee’s acquisition of the Development Property, its lender (the “Lender”) has required that the Developer assign all of its rights, but not its obligations, under the Abatement Contract and the Abatement Notes to the Lender as collateral for a loan (the “Collateral Assignment”) and has requested that the EDA consent thereto.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners (the “Board”) of the Brooklyn Park Economic Development Authority (the “EDA”), as follows:

1. The Board hereby approves the Assignment of Abatement Contract and the Collateral Assignment in substantially the forms presented to the Board, together with any related documents necessary in connection therewith, including but not limited to any documents, exhibits, certifications or consents referenced in or attached to the Assignment of Abatement Contract (collectively, the “Assignment Documents”), and hereby authorizes the Executive Director, in his/her discretion and at such time, if any, as he/she may deem appropriate, to execute the same on behalf of the EDA, and to carry out, on behalf of the EDA, the EDA’s obligations thereunder when all conditions precedent thereto have been satisfied.

2. The approval hereby given to the Assignment Documents 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 legal counsel to the EDA and by the officer authorized herein to execute said documents prior to their execution; and said officer is hereby authorized to approve said changes on behalf of the EDA. The execution of any instrument by the appropriate officer of the EDA herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. This resolution shall not constitute an offer and the Assignment Documents shall not be effective until the date of execution thereof as provided therein.

3. In the event of absence or disability of the Executive Director, any of the documents authorized by this resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the City Attorney, may act on his/her behalf. Upon execution and delivery of

the Assignment Documents, the officers and employees of the Board are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the Board to implement the Assignment Documents.

**DORAN 610 APARTMENTS, LLC  
6423 CITY WEST PARKWAY  
EDEN PRAIRIE, MN 55344**

Evan J. Doran  
Manager  
952-641-9400  
Evan.doran@thedoragroupus.com

November 1, 2024

**VIA PERSONAL DELIVERY AND  
ELECTRONIC MAIL**

City of Brooklyn Park  
Economic Development Authority  
5200 85<sup>th</sup> Avenue North  
Brooklyn Park, MN 55443  
Attn: Executive Director

City of Brooklyn Park  
Economic Development Authority  
5200 85<sup>th</sup> Avenue North  
Brooklyn Park, MN 55443  
Attn: Tim Gladhill  
Community Development Director

**RE: Potential Sale of Multi-Family Apartment Community commonly known as 610 West, located at 6705, 6711, 6717, 6723 and 6729 Oak Grove Parkway, Brooklyn Park, Minnesota (collectively, the “Property”)**

To Whom it May Concern:

As a follow-up to our initial correspondence dated October 21, 2024, Doran 610 Apartments, LLC (“**Owner**”) hereby formally informs the City of Brooklyn Park Economic Development Authority (“**EDA**”) that Owner has now entered into a Purchase and Sale Agreement as of October 31, 2024 (“**Purchase Agreement**”) for the sale of the Property commonly referred to as 610 West.

The Purchase Agreement contemplates:

- (i) the Owner assigning to Purchaser (as defined in the Purchase Agreement) and Purchaser assuming from Owner at Closing (as defined in the Purchase Agreement) the following:
  - a. that certain Abatement Contract for Private Development dated June 25, 2015, and recorded on July 1, 2015 in the Office of the County Recorder in and for Hennepin County, Minnesota, as Document No. A10209348;
  - b. that certain Abatement TIF Contract For Private Development dated June 25, 2015, recorded July 1, 20215 in the Office of the County Recorder in and for Hennepin County, Minnesota, as Document No. A10209349 (collectively the “**Abatement Contract**”);
  - c. that certain Taxable Phase I Abatement Revenue Note dated July 13, 2017 in the original principal amount of \$2,500,000 issued by the Brooklyn Park Economic Development Authority (“**Phase I TIF Note**”); and
  - d. that certain Taxable Phase II Abatement Revenue Note dated June 1, 2019 in the original principal amount of \$1,500,000 issued by the Brooklyn Park Economic

City of Brooklyn Park  
Economic Development Authority  
Attn: Executive Director and Tim Gladhill, Community Development Director  
Page: 2

Development Authority (“**Phase II TIF Note**” and, together with the Abatement Contract and the Phase I TIF Note, the “**EDA Documents**”) pursuant to the terms of such EDA Documents.

- (ii) Purchaser obtaining agency funding to finance all or a portion of the purchase price, which will require the subordination of the EDA’s rights contained in the Abatement Contract to the rights of Purchaser’s Lender (“**Subordination**”).
- (iii) Seller seeking an estoppel from the EDA that will include, among other things, confirmation from the EDA that the abatement and annual amount which is due and payable pursuant to the TIF Notes has not been reduced by the Statutory Cap (as defined in the Abatement Contract) or payments under the Target Contract (as defined in the Abatement Contract) (“**Estoppel**”).
- (iv) Seller seeking a Certificate of Completion pursuant to Article IV of the Abatement Contract relating to Phase II of the Minimum Improvements in form and substance substantially similar to the Certificate attached hereto as **Exhibit A**.

Pursuant to Section 8.2 of the Abatement Contract, we will provide the EDA with copies of all instruments and other legal documents involved in effectuating the assignment of the EDA Documents, which documentation will include a certification from the Purchaser regarding its understanding of the special, limited nature of the TIF Notes and their limited marketability, as well as a proposed drafts of the Subordination and Estoppel in short order.

Closing is tentatively targeted for **January 6, 2025**.

Should you have any questions or wish to discuss the potential sale further, please do not hesitate to contact me.

Very Truly Yours,



Evan J. Doran

cc: Erica Delain  
Jonathan Bishop





City of Brooklyn Park  
610 West Apt - Phase I

Maximum amount \$ 2,500,000		Interest Rate 5.25%						
Note Issue Date 8/1/2017								
Final Payment 2/1/2032								
Date	Interest Due	Total Tax Abatement Available	Tax Abatement Available at 100.00%	Principle Paid	Unpaid Interest	Cumulative Tax Abatement Paid	Note Balance	Year
2/1/2017	-	-	-	-	-	-	\$ 2,500,000.00	0
8/1/2017	-	7,074.78	7,074.78	7,074.78	-	7,074.78	\$ 2,492,925.22	0.5
2/1/2018	65,439.29	7,074.78	7,074.78	-	(58,364.51)	14,149.55	\$ 2,492,925.22	1
8/1/2018	65,439.29	85,355.27	85,355.27	-	(38,448.52)	99,504.83	\$ 2,492,925.22	1.5
2/1/2019	65,439.29	85,355.27	85,355.27	-	(18,532.54)	184,860.10	\$ 2,492,925.22	2
8/1/2019	65,439.29	155,247.04	155,247.04	71,275.22	-	340,107.15	\$ 2,421,650.00	2.5
2/1/2020	63,568.31	155,247.04	155,247.04	91,678.73	-	495,354.19	\$ 2,329,971.27	3
8/1/2020	61,161.75	160,399.59	160,399.59	99,237.85	-	655,753.79	\$ 2,230,733.42	3.5
2/1/2021	58,556.75	160,399.59	160,399.59	101,842.84	-	816,153.38	\$ 2,128,890.58	4
8/1/2021	55,883.38	155,673.86	155,673.86	99,790.48	-	971,827.24	\$ 2,029,100.10	4.5
2/1/2022	53,263.88	155,673.86	155,673.86	102,409.98	-	1,127,501.10	\$ 1,926,690.11	5
8/1/2022	50,575.62	161,353.15	161,353.15	110,777.53	-	1,288,854.25	\$ 1,815,912.58	5.5
2/1/2023	47,667.71	161,353.15	161,353.15	113,685.45	-	1,450,207.40	\$ 1,702,227.13	6
8/1/2023	44,683.46	151,527.68	151,527.68	106,844.22	-	1,601,735.08	\$ 1,595,382.92	6.5
2/1/2024	41,878.80	151,527.68	151,527.68	109,648.88	-	1,753,262.76	\$ 1,485,734.04	7
<b>8/1/2024</b>	<b>39,000.52</b>	<b>188,385.65</b>	<b>188,385.65</b>	<b>149,385.13</b>		<b>1,941,648.41</b>	<b>\$ 1,336,348.91</b>	<b>7.5</b>
2/1/2025	35,079.16	188,385.65	188,385.65	153,306.49	-	2,130,034.06	\$ 1,183,042.42	8
8/1/2025	31,054.86	188,385.65	188,385.65	157,330.78	-	2,318,419.70	\$ 1,025,711.64	8.5
2/1/2026	26,924.93	188,385.65	188,385.65	161,460.72	-	2,506,805.35	\$ 864,250.92	9
8/1/2026	22,686.59	188,385.65	188,385.65	165,699.06	-	2,695,191.00	\$ 698,551.86	9.5
2/1/2027	18,336.99	188,385.65	188,385.65	170,048.66	-	2,883,576.65	\$ 528,503.20	10
8/1/2027	13,873.21	188,385.65	188,385.65	174,512.44	-	3,071,962.29	\$ 353,990.76	10.5
2/1/2028	9,292.26	188,385.65	188,385.65	179,093.39	-	3,260,347.94	\$ 174,897.37	11
8/1/2028	4,591.06	179,488.42	179,488.42	174,897.37	-	3,439,836.36	\$ -	11.5
<b>TOTAL</b>	<b>939,836.36</b>	<b>3,439,836.36</b>	<b>3,439,836.36</b>	<b>2,500,000.00</b>				

City of Brooklyn Park  
610 West Apt - Phase 2

Maximum amount		\$ 1,500,000		Interest Rate		5.25%		
Note Issue Date		6/1/2019						
Final Payment		2/1/2032						
Date	Interest Due	Total Tax Abatement Available	Tax Abatement Available at 100.00%	Principle Paid	Unpaid Interest	Cumulative Tax Abatement Paid	Note Balance	Year
6/1/2019	-	-	-	-	-	-	\$ 1,500,000.00	0
8/1/2019	13,343.75	31,771.79	31,771.79	18,428.04	-	31,771.79	\$ 1,481,571.96	2.5
2/1/2020	38,891.26	31,771.79	31,771.79	-	7,119.47	63,543.58	\$ 1,481,571.96	3
8/1/2020	46,010.74	85,670.05	117,441.84	71,431.10	-	180,985.42	\$ 1,410,140.85	3.5
2/1/2021	37,016.20	85,670.05	85,670.05	48,653.85	-	266,655.47	\$ 1,361,487.00	4
8/1/2021	35,739.03	114,290.48	82,518.69	46,779.65	-	349,174.16	\$ 1,314,707.35	4.5
2/1/2022	34,511.07	114,290.48	114,290.48	79,779.41	-	463,464.64	\$ 1,234,927.94	5
8/1/2022	32,416.86	118,436.86	118,436.86	86,020.00	-	581,901.50	\$ 1,148,907.94	5.5
2/1/2023	30,158.83	118,436.86	118,436.86	88,278.03	-	700,338.36	\$ 1,060,629.91	6
8/1/2023	27,841.54	111,140.89	111,140.89	83,299.35	-	811,479.25	\$ 977,330.56	6.5
2/1/2024	25,654.93	111,140.89	111,140.89	85,485.96	-	922,620.13	\$ 891,844.60	7
<b>8/1/2024</b>	<b>23,410.92</b>	<b>138,475.21</b>	<b>138,475.21</b>	<b>115,064.29</b>		<b>1,061,095.35</b>	<b>\$ 776,780.31</b>	<b>7.5</b>
2/1/2025	20,390.48	138,475.21	138,475.21	118,084.73	-	1,199,570.56	\$ 658,695.58	8
8/1/2025	17,290.76	138,475.21	138,475.21	121,184.45	-	1,338,045.77	\$ 537,511.12	8.5
2/1/2026	14,109.67	138,475.21	138,475.21	124,365.54	-	1,476,520.98	\$ 413,145.58	9
8/1/2026	10,845.07	138,475.21	138,475.21	127,630.14	-	1,614,996.19	\$ 285,515.44	9.5
2/1/2027	7,494.78	138,475.21	138,475.21	130,980.43	-	1,753,471.40	\$ 154,535.01	10
8/1/2027	4,056.54	138,475.21	138,475.21	134,418.67	-	1,891,946.62	\$ 20,116.34	10.5
2/1/2028	528.05	20,644.39	20,644.39	20,116.34	-	1,912,591.01	\$ -	11
<b>TOTAL</b>	<b>419,710.48</b>	<b>1,912,591.01</b>	<b>1,912,591.01</b>	<b>1,500,000.00</b>				

<b>City of Brooklyn Park</b>			
<b>Request for EDA Action</b>			
<b>Agenda Item:</b>	6.3	<b>Meeting Date:</b>	December 16, 2024
<b>Agenda Section:</b>	General Action Items	<b>Prepared By:</b>	Dylan Armstead, Senior Project Manager
<b>Resolution:</b>	X	<b>Presented By:</b>	Dylan Armstead, Senior Project Manager
<b>Attachments:</b>	3		
<b>Item:</b>	Consider Authorizing the Executive Director to Enter into a Purchase Agreement with George North Group for the Village Creek Reserves LLC		

**Executive Director’s Proposed Action:**

MOTION \_\_\_\_\_, SECOND \_\_\_\_\_, TO WAIVE THE READING AND ADOPT RESOLUTION #2024-\_\_\_\_\_, AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A PURCHASE AGREEMENT WITH GEORGE NORTH GROUP FOR THE VILLAGE CREEK RESERVES LLC.

**Overview:**

Since 2018, the Economic Development Authority (EDA) has worked with developer George North Group on the Village Creek Apartments project. It should be noted that while purchase agreements have previously been approved by the EDA, George Group has never fully executed contingencies for said purchase agreement and there is none currently active. The most recent drafted purchase agreement had a deadline of December 31, 2024, although the EDA is not obligated to honor that deadline as the purchase agreement was not fully executed.

Village Creek Apartments is a planned five story, 83-unit mixed-use development project proposed to be developed on EDA owned land located at 7621 Brooklyn Boulevard in the Village Creek neighborhood. Along with a proposed 83 apartment homes, there is also a 10,000 square foot commercial component that is planned to include a retail incubation space. The EDA has supported this project through various actions including previous term sheets, purchase agreement, Tax Increment Financing (TIF) development agreement, and new TIF district approvals.

Following the COVID-19 pandemic, constructions costs and interest rates increased significantly and created a \$5-7 million gap in the proposed financing structure for this project. George North Group altered its financing structure to utilize 4% Low Income Housing Tax Credits (LIHTC) and financing from the U.S. Department of Housing and Urban Development (HUD). While the number of units, building design, amenities, and the mixed-income nature of the project will remain the same, this financing includes requirements for further affordable units.

Per previous agreements, George Group North had until 12/31/24 to advance the project. Devean George is here today to update the EDA on the process and request an extension to 12/31/25 to allow for application of bonding in January and utilize recently approved primary lending. Overall, the purpose of this report is to update the Economic Development Authority (EDA) Board of Commissioners on the Village Creek Apartments project and to update on work conducted thus far. Additionally, to seek EDA guidance on if this project is permissible to continue working towards its completion.

**Background:**

7621 Brooklyn Boulevard is part of the 133-acre Village Redevelopment Area located near the intersection of Zane Avenue North and Brooklyn Boulevard. Planning for the area began in 1997. Since the start of

redevelopment efforts, the City, EDA, Hennepin County, and Metropolitan Council has invested more than \$28 million into preparing the Village Creek area for redevelopment. Preparation of the area has resulted in over \$82 million of investment to date, including:

- New housing
- New retail
- Public facilities
- Improvements to the Zane Avenue and Brooklyn Boulevard streetscapes
- Restoration and transformation of Shingle Creek
- Several remaining development opportunity sites

The redevelopment of the Village Creek Redevelopment Area follows the Village Master Plan/Shingle Creek Corridor Plan, adopted in 2000. A master development plan for this site was approved by the City Council in 2005 and includes the creation of additional, multi-story housing options.

The master development plan, adopted by the City Council in 2005, envisioned mixed use development with condominiums at this site. The development community and the lenders have shown little interest in supporting condos throughout the region because of market limitations and insurance/liability challenges. However, the proposed project is consistent with the vision of creating additional multi-family housing and commercial options on the site.

In addition to providing financing, the EDA assisted this project by applying for the Metropolitan Council's Livable Communities Demonstration Act (LCDA) program in 2018. The project received a \$832,000 award from that fund and \$750,000 from the Hennepin County Transit Oriented Development (TOD) grant program. The EDA requested and was granted an extension on the timeline to spend the funds to account for COVID and supply related delays to the project.

## **Timeline**

### **2018**

- Village Creek Apartment first pitched
- LCDA and TOD Grants awarded by Met Council

### **2020**

- June 15 approval of a term sheet for the foundations of sale of land and TIF assistance

### **2021**

- July 26 public hearing and final approval

### **2022**

- March 21 approving TIF District 1-27 and approving a TIF financing plan

### **2023**

- May 15 amended term sheet approval using tax-exempt bonds due to construction cost inflation and interest rate increases
- June 20 developer agreement approval but not executed

## Considerations:

- **What is unique about this project?**

The design and layout support a walkable neighborhood and transit use. The building fronts the street and includes amenities such as wider sidewalks with landscaping, underground parking, an integrated bus shelter, and sustainable design features. The project includes 10,000 square feet of commercial on the main level fronting Brooklyn Boulevard and Welcome Avenue. The commercial components include kitchen space with a restaurant, a small business coworking space, a classroom area, and a small event space, which was a direct response to community desire for these types of uses.

The developer is anticipating that the commercial kitchen and its programming will be managed by LaChelle Cunningham who has experience running commercial kitchens through the organization Appetite for Change. The proposed restaurant, Chelle's Kitchen and Healthy Roots University, will be available to residents and community members and will offer a coffee and juice bar with grab and go pantry and hot breakfast bar during the day. It is anticipated that the kitchen will be available to food entrepreneurs to test-run their concepts and develop their management processes and can also be rented as a catering kitchen. The kitchen can comfortably be rented by 4-6 food businesses at a given time. Additionally, Healthy Roots Institute, also managed by LaChelle Cunningham, will be hosting workshops and classes meant for both food entrepreneurs and the greater community. The additional commercial space will serve primarily as a coworking space with a small incubator element for businesses to host pop-up shops for short periods of time.

- **What is the unit mix?**

Below is a table detailing the breakdown of units and rents. Units must remain at these affordability levels for a minimum of 30 years. Current market rate rents in this neighborhood are mostly in the 60-80% AMI range.

**Table 1. Unit and bedroom mix**

Unit Size	Number of Units	2023 Estimated Monthly Rent
1-bedroom – 30% AMI	4	\$699
1-bedroom – 50% AMI	5	\$1,165
1-bedroom – 60% AMI	22	\$1,398
1-bedroom – 80% AMI	8	\$1,598
2-bedroom – 30% AMI	4	\$838
2-bedroom – 50% AMI	3	\$1,397
2-bedroom – 60% AMI	16	\$1,677
2-bedroom – 80% AMI	4	\$1,795
3-bedroom – 30% AMI	2	\$969
3-bedroom – 50% AMI	2	\$1,525
3-bedroom – 60% AMI	8	\$1,870
3-bedroom – 80% AMI	5	\$2,540

- **What are the sources and uses? (Previously)**

Below are tables containing breakdowns of the sources and uses for the Village Creek project. George Group North has previously received a variety of these uses. Previously the projected has been halted due to the inability to secure all necessary sources. However, Devean George has resecured and committed funding and is now pursuing conduit bonding.

**Table 2. Sources**

<b>SOURCES</b>			
	<b>Amount</b>	<b>Percent</b>	<b>Per Unit</b>
First Mortgage	\$15,051,900	57%	\$181,348
TIF Mortgage	\$830,000	3%	\$10,000
Tax Credits	\$6,740,790	26%	\$81,214
Deferred Developer Fee (39% of Total Fee)	\$301,717	1%	\$3,635
Local Grants	\$1,270,000	5%	\$15,301
Other Public Sources	\$1,582,000	6%	\$19,060
Private Sources	\$500,000	2%	\$6,024
<b>TOTAL SOURCES</b>	<b>\$26,276,407</b>	<b>100%</b>	<b>\$316,583</b>

**Table 3. Uses**

<b>USES</b>			
	<b>Amount</b>	<b>Percent</b>	<b>Per Unit</b>
Acquisition Costs	\$370,000	1%	\$4,458
Construction Costs	\$20,915,233	80%	\$251,991
Professional Services	\$703,983	3%	\$8,842
Financing Costs	\$2,243,085	9%	\$27,025
Developer Fee	\$768,000	3%	\$9,253
Cash Accounts/Escrows/Reserves	\$1,276,106	5%	\$15,375
<b>TOTAL USES</b>	<b>\$26,276,407</b>	<b>100%</b>	<b>\$316,583</b>

- **What are the budget impacts?**

A portion of the EDA assistance for this project is proposed to come out of the TIF housing set aside account, which is required to be used for affordable housing development purposes (\$900,000). The remaining assistance is proposed to be financed from PAYGO TIF, which is an annual cash payment generated from the development's own annual tax payments as they are paid or pay-as-you-go. The EDA is also selling the land to the developer for \$1 to help close the funding gap for the project. The land was valued at \$370,000 in 2020.

- **What BP 2025 goals are being achieved in this project?**

Village Creek Apartments is consistent with several of the Brooklyn Park stated community goals including access to healthy and safe housing, contributing to a thriving economy, the creation of beautiful spaces, and creating a more equitable community. This could also serve as a catalyst for the re-development of the remaining EDA owned parcels on Brooklyn Boulevard, bringing a high quality, higher density, mixed use project to the area.

- **What are the alternatives?**

The EDA could opt to dismiss this project due to its tenure and lack of substantial progress. This could allow opportunity to explore different developers to aid in appeasing the EDA's goals. This parcel, however, has been vacant for decades and has received no interest other than Village Creek Apartments.

**What are the next steps?**

The developer would apply for conduit bonding from Minnesota Management & Budget (MMB) in January 2025. The coverage of this bonding would further secure primary financing and allow for additional aid from HUD, which they have previously received preliminary approval from the City. Once bonding is obtained the project would be ready to proceed to formalizing agreements and schedule construction. If bonding is not obtained Devean has indicated he would continue to seek financing.

**What are the requests being asked?**

EDA approval of pursuing a purchase agreement and authorization for staff to continue working on Village Creek Apartments and Devean George to pursue bonding from MMB for the project.

**Attachments**

- 6.3A RESOLUTION
- 6.3B LOCATION MAP
- 6.3C DRAFT RENDERINGS

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY  
OF THE CITY OF BROOKLYN PARK

RESOLUTION #2024-\_\_\_\_\_

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A PURCHASE  
AGREEMENT WITH GEORGE NORTH GROUP FOR THE VILLAGE CREEK RESERVES LLC

WHEREAS, the City of Brooklyn Park, Minnesota (the "City") and the Brooklyn Park Economic Development Authority, a public body corporate and politic (the "EDA"), have undertaken a program to promote economic development and job opportunities, promote the development and redevelopment of land which is underutilized within the City, and have created a development district known as Development District No. 1 (the "Development District") in the City; and have adopted a Development Program therefor (the "Development Program"), pursuant to Minnesota Statutes, Sections 469.124 to 469.133 (the "Development District Act"), the administration of which has been transferred to the EDA; and

WHEREAS, on March 21, 2022, the EDA approved establishing Tax Increment Financing District No. 1-27, a housing tax increment financing district (the "TIF District"), within the Development District; adopted a Tax Increment Financing Plan (the "TIF Plan") therefor; and authorized, among other things, the execution of (1) a certain Development Assistance Agreement (the "Original Development Agreement"), between the EDA and Village Creek Reserves, LLC, a Minnesota limited liability company (the "Developer"); 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 and the Development District Act, the "Act") and (2) a certain Purchase Agreement between the Developer and the EDA (the "Original Purchase Agreement") in connection with the conveyance of title to Parcel Identification Number 2811921210034 (the "Parcel") to the Developer for the construction of the Development; and

WHEREAS, the Original Development Agreement and the Original Purchase Agreement have not been executed and the deadlines for closing and construction set forth therein have passed and the Developer has proposed certain revisions to (i) the timing of their acquisition of the Parcel, (ii) their plan to redevelop the Parcel, and (iii) the terms and conditions of the EDA's assistance with financing certain costs of such redevelopment; and

WHEREAS, the Developer has requested that the EDA authorize an extension of and renegotiation of the terms of the Original Development Agreement and the Original Purchase Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners (the "Board") of the Brooklyn Park Economic Development Authority (the "EDA"), as follows:

The Board hereby directs staff to continue negotiating the terms of the acquisition of the Parcel and the terms of assistance for the redevelopment thereof by the Developer and prepare, for future consideration by the Board, a replacement purchase agreement with a closing to occur not later than December 31, 2025.

# CityView map Village Creek Apartments - 7621 Brooklyn Blvd

12/10/2024



Map Scale = 1:2,838

237 ft  1 in

Map provided by the City of Brooklyn Park, MN. This map is for general reference only. It is not for legal, engineering, or surveying use. Please contact the sources of the information if you desire more details. [www.brooklynpark.org](http://www.brooklynpark.org)



view looking west from Welcome Ave & Brooklyn Blvd.

Village Creek Apartments - Brooklyn Park, MN | 04.24.20





view looking west from Welcome Ave & Brooklyn Blvd.

Village Creek Apartments - Brooklyn Park, MN | 04.24.20





view looking west from Welcome Ave & Brooklyn Blvd.

Village Creek Apartments - Brooklyn Park, MN | 04.24.20





view looking west from Welcome Ave & Brooklyn Blvd.

Village Creek Apartments - Brooklyn Park, MN | 04.24.20





view looking west from Welcome Ave & Brooklyn Blvd.

Village Creek Apartments - Brooklyn Park, MN | 04.24.20





view looking southwest from Welcome Ave & Brooklyn Blvd.

Village Creek Apartments - Brooklyn Park, MN | 04.24.20





## MEMORANDUM

**DATE:** December 12, 2024  
**TO:** EDA Commissioners  
**FROM:** Tim Gladhill, EDA Executive Director  
**SUBJECT:** EDA Status Update

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### Overview

This memo provides an update to the Brooklyn Park Economic Development Authority (EDA) and serves to keep interested community members informed.

### **BUSINESS DEVELOPMENT UPDATES:**

#### **CEO Start Pilot Program**

On Tuesday, November 19, the CEO Start Pilot Program, in partnership with Hennepin County, completed its 11-week course with its final presentation and pitch event. Held at the Brooklyn Park Small Business Center over the past weeks, business owners have honed the foundational skills needed to ensure their ventures' long-term success. As a critical component of our efforts to support business viability and growth within the community, the CEO Start program will continue to assist entrepreneurs in developing their businesses and ideas into viable and sustainable businesses.

#### **Business Forward Forum**

On Wednesday, November 13, the City of Brooklyn Park hosted the 13th Annual Business Forward Forum at the Edinburgh Clubhouse. The Business Forward Forum brings together business leaders, entrepreneurs, and community stakeholders. This event was attended by over 75 guests.

The event consisted of guest speakers by Business Development Coordinator, Malcolm Hicks, and Community Development Director, Tim Gladhill, whose presentations centered around building bridges to prosperity, as well as a panel discussion highlighting access to capital:

- Adrian Ruddock, Metropolitan Economic Development Association
- Lana Peters, Neighborhood Development Center
- Josh Borgerding, CorTrust Bank
- Jeff Hables, Stearns Bank



## **DEVELOPMENT UPDATES:**

### **Park-and-Ride and Oxbow RFQ**

Last month's application deadline for proposals saw the city see multiple submissions. City staff, city advisors and the panel for the RFQ debriefed in a meeting in late November. Due to the submissions, questions raised, and the holiday season's scheduling, the city is exercising its right to amend the RFQ timeline. The goal is to efficiently impact the opportunities these sites bring to the city and ultimately select a partner who shares the EDA's vision. Developers and city staff are in contact and on board with having interviews take place in January.

Next steps:

- Connect with submitted proposals to clarify individualized questions raised from city staff and advisors.
- Panelists will then invite preferred proposal(s) to interview.

### Bio Tech District RFP

The Bio Tech District RFP closed October 4th. First Round Interviews (Staff Level) will be occurring on Friday, November 15 and Monday, November 18. Second Round Interviews with are tentatively scheduled for January 10 or January 17.

### WORKFORCE DEVELOPMENT UPDATE:

BrookLynk is now registering for the 2025 Youth Entrepreneurship Program. If you or someone you know is between the ages of 16-24, lives and/or attends school in Brooklyn Park or Brooklyn Center, and is interested in business and entrepreneurship as a future career sign up today by scanning the QR code in the flyer.

# YEP

YOUTH ENTREPRENEURSHIP PROGRAM




**ARE YOU INTERESTED IN STARTING A BUSINESS?**

SIGN UP FOR THE **PAID** YOUTH ENTREPRENEURSHIP PROGRAM!

**WORKSHOP LOCATION:**  
Zanewood Recreation Center  
7100 Zane Ave N, Brooklyn Park, MN 55429

**LEARN HOW TO:**  
Start a business, operate a business, create a personal action plan and more!

**WEEKLY WORKSHOPS:**  
Begins January 22nd 2025

**MUST BE:**

- 16-24 years of age
- Must live or attend school in Brooklyn Park or Brooklyn Center

**GET A \$600 STIPEND FOR COMPLETING THE PROGRAM!**

Students will gain **public speaking, communication, problem solving skills and more!**

**TO REGISTER VISIT:** <https://forms.office.com/g/SCRhLK60hw>



For more information contact Lauren Melzer at (952) 262-4492 or [lauren.melzer@brooklynk.works](mailto:lauren.melzer@brooklynk.works)  
 Para obtener servicios de interpretación gratuitos, llame al 763-424-8000 y solicite un intérprete.  
 Yog xav tau tus neeg txhais lus, thov hu rau 763-424-8000 lawm mam li nrhiv ib tus neeg txhais lus rau koj.



Hosted by BrookLynk

## **HOUSING UPDATES:**

### **Home Improvement Loan Programs Update**

The EDA administers several housing reinvestment programs that provide financial resources to first time homebuyers, single-family and townhome homeowners in the community. During fiscal year 2024, the EDA allocated \$1.5 million for the home improvement programs administered by Center for Energy and Environment (CEE) and \$200,000 in Community Development Block Grant (CDBG) funds for the Hennepin County administered home rehab program. To date, almost \$1.5 million has been awarded to about 95 homeowners in the community to reinvest in the existing housing stock.

### **Homeowners' Associations (HOA) Workshop**

On Saturday, November 16, 2024, the City of Brooklyn Park hosted the Winter HOA Workshop at City Hall. During this workshop, HOA homeowners and Board members engaged in a robust conversation regarding HOA governance matters, budgeting, insurance, operations and maintenance. The conversation will be facilitated by an HOA attorney from Curtis Law Firm and others. Based on the feedback received at the HOA meetings and others, staff has developed a webpage for residents to access HOA resources located here:

<https://www.brooklynpark.org/housing/homeowner-resources/homeowners-associations/>

## **DEVELOPMENT INQUIRY UPDATES**

As noted in the November 18 EDA Agenda Packet, Staff desires to better report on Pre-Application Concepts to the EDA to ensure that Staff Direction to Applicants is in line with EDA Policies, Direction, and Desires. Below is what the format will likely look like moving forward.

If the EDA desires to discuss any of these concepts that was otherwise directed by Staff, please let the EDA Executive Director to request to be placed on a future agenda.

Project Name	Project Details	Staff Response
Fidel's Restaurant	Restaurant Proposal at Northwinds Plaza (EDA Site)	Public Assistance and EDA Risk are higher than standard assistance package. Staff will forward to EDA for direction at a future meeting (January 2025 EDA Meeting).

## **OTHER UPDATES:**

### **American Rescue Plan Act (ARPA)**

American Rescue Plan Act (ARPA) activities for all programs will wrap up in December 2024. Currently, ARPA funds are deployed for council approved projects – direct city implemented projects and Community Partner Programs (CPP). The CPP programs are funded by both ARPA dollars and EDA funds. In July 2023, City Council extended work for 10 community partners who received the original CPP awards to continue their work into 2024. Those partners received funds from both EDA and ARPA for the extensions. The extension partners are wrapping up their work and submitting reports. Additionally, in December 2023, the City Council also approved \$294,438 for 10 community partners to begin work in 2024. The EDA awarded

\$75,938 in funding to five of these community partners. The partner work will also be completed in November 2024.

**Economic Development and Housing Director Update**

As the EDA is aware, the Economic Development and Housing Division Director is currently vacant. This position is key to directing project management for the Staff that supports the EDA and the EDA Executive Director. Staff has appointed Malcolm Hicks, Business Development Coordinator, as Interim Director. Economic Development and Housing Division Staff are now currently working on completing an updated Position Profile for the long-term replacement of the Economic Development and Housing Director.

**Development Project Coordinator**

This position is also currently vacant. Staff is attempting to schedule second interviews for Friday, December 17.

**Workforce Development Program Director Update**

Catrice O'Neal, current division manager, has announced her resignation as Program Director. Staff is working on appointing an Interim Director, as well as developing a position profile for a long-term replacement. Staff is confident that it can still deliver 2025 programming with some internal staffing shifts.

**Attachments:** N/A