



CITY OF ANNANDALE COUNCIL MEETING AGENDA

Meeting #11
Special Meeting
City Council Chambers

July 25, 2023
2:00 P.M.

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

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

Online: <https://us02web.zoom.us/j/85369380951?pwd=RDRZaFY1eEJGMm1lb3lVT29GVjd4Zz09>

Webinar ID: 853 6938 0951

Passcode: 511021

1. CALL TO ORDER/ROLL CALL/ADOPT AGENDA
2. NEW BUSINESS
 - A. [Resolution Approving Application- MN DEED Redevelopment Grant Program](#)
 - B. [Resolution Ordering Improvement](#)
10. MAYOR/COUNCIL REPORTS
11. ADJOURNMENT



City Council Agenda

Agenda Section: New Business
Report From: Kelly Hinnenkamp, City Administrator

Agenda Item: Approving Application
DEED Redevelopment Program

Agenda No. 2A

Core Strategy:

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

Background

The City received a proposal from Taterpup Holdings, LLC for the redevelopment of the property located at 20 Oak Avenue South. Staff is proposing the City apply for grant funds with MN DEED Redevelopment Program to assist with costs associated with site preparation. Staff will present the proposed project funding in more detail at the meeting.

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

Recommended Action

Motion to approve Resolution Approving Application and Committing Local Match

Attachments:

- Resolution
- Program Guidelines
- Proposal from Taterpup Holdings, LLC

RESOLUTION 23-__
APPROVING APPLICATION AND COMMITTING LOCAL MATCH

BE IT RESOLVED that the **City of Annandale** has approved the Redevelopment Grant application submitted to the Department of Employment and Economic Development (DEED) on July 25, 2023, by the City of Annandale for the 20 Oak Ave South site; and,

BE IT RESOLVED that the City of Annandale act as the legal sponsor for project(s) contained in the Redevelopment Grant Program application to be submitted on August 2, 2023, and that Kelly Hinnenkamp, City Administrator is hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of the City of Annandale.

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

BE IT FURTHER RESOLVED that the sources and amounts of the local match identified in the application are committed to the project identified.

BE IT FURTHER RESOLVED that if the project identified in the application fails to substantially provide the public benefits listed in the application within five years from the date of the grant award, the City of Annandale may be required to repay 100 percent of the awarded grant per Minn. Stat. § 116J.575, Subd. 4;

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

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

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

I CERTIFY THAT the above resolution was adopted by the City Council of the City of Annandale on the 25th day of July, 2023.

SIGNED:

WITNESSED:

(Authorized Official)

(Signature)

(Title) (Date)

(Title) (Date)



REDEVELOPMENT GRANT PROGRAM

The Redevelopment Grant Program (M.S. 116J.571 – 575) assists local communities with their redevelopment projects by filling the financial gap that often prevents recycling land into more productive uses. Redeveloping previously developed sites, where there are often dilapidated structures and inadequate adjacent infrastructure is more complex and extraordinarily expensive compared to undeveloped parcels.

Redeveloping sites with a past use produces significant public benefits including:

- Short- and long-term job creation
- Revitalization of tax base/tax revenue
- Local economic growth and investment
- Efficient use of existing infrastructure
- Neighborhood revitalization
- Property value increases
- Reduced sprawl
- Decreased crime



TOTAL Award Amount **\$79,919,544**

1,448
Acres



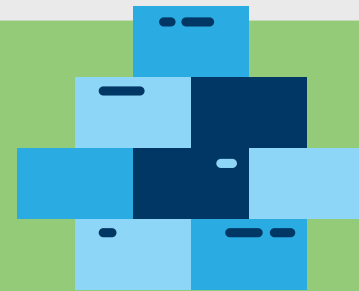
Tax Increase

\$58,042,170



11,677
Jobs Created

18,776 Jobs Retained



Non-State Investment (private)

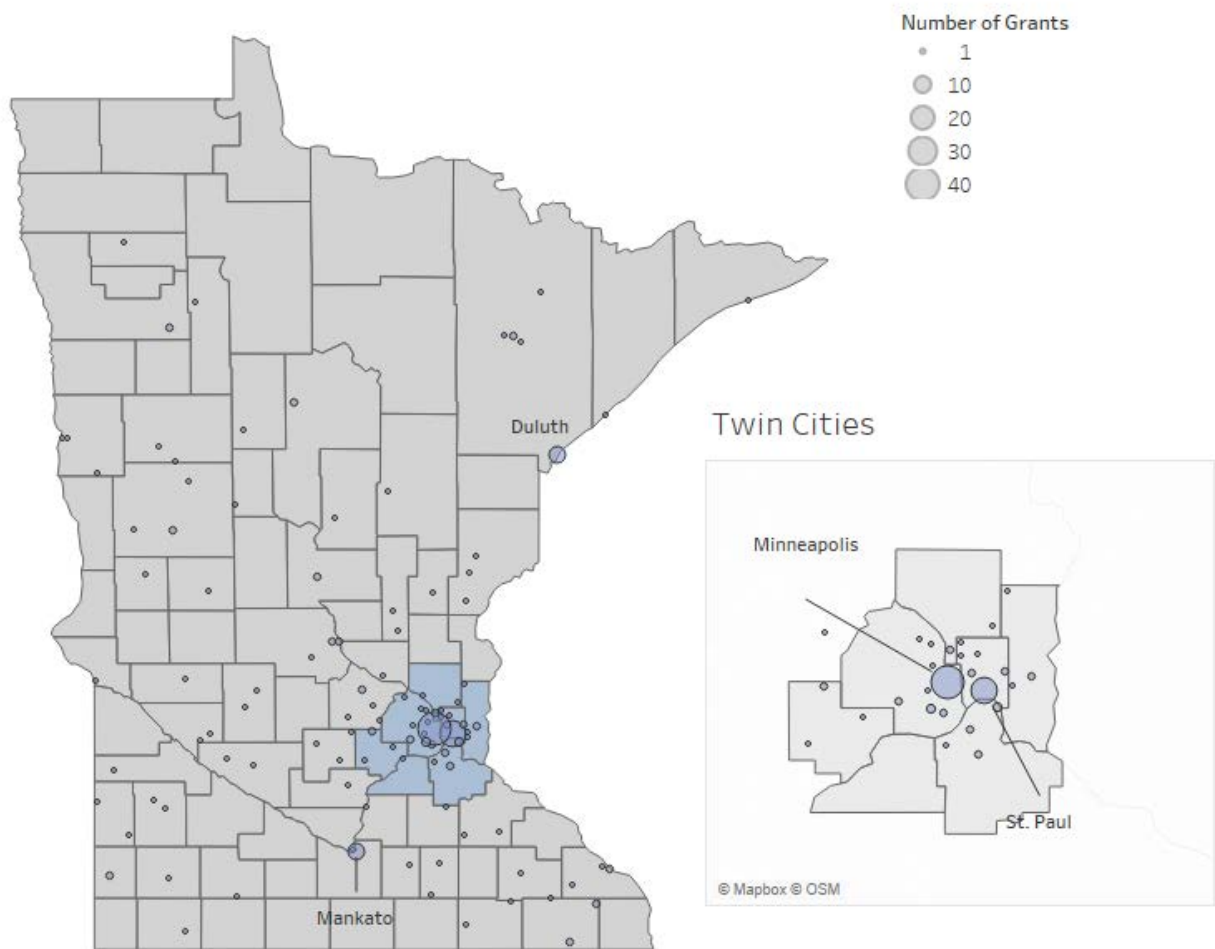
\$3,510,816,795

REDEVELOPMENT GRANT PROGRAM

1998-2022

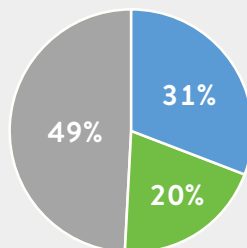
TOTAL NUMBER OF GRANTS TO DATE: 235

TOTAL AWARD TO DATE: \$79.9 MILLION



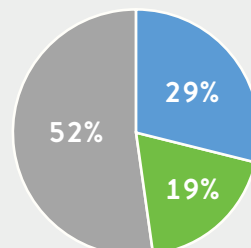
Source: : Community Finance Office. Created by the Economic Analysis Unit, DEED. January 2023.

APPLICATIONS RECEIVED



Metro Suburban Greater Minnesota

APPLICATIONS FUNDED



Metro Suburban Greater Minnesota



Christy McKinlay
Senior Partner
Tater Pup Holdings LLC
13491 80th St NW
Annandale, MN 55302
7/22/2023

Jacob Thunander
Community Development Director
City of Annandale
30 Cedar St E
Annandale, MN 55302

Subject: Letter of Commitment for 30/32 Oak Redevelopment Project

Dear Jacob,

I am writing this letter on behalf of Tater Pup Holdings LLC to express our utmost commitment and dedication to the successful execution of the "30/32 Oak" redevelopment project at 30 and 32 Oak Ave S. As Tater Pup Holdings LLC, we fully endorse and pledge our support to this transformative endeavor, understanding its significance and positive impact on the community and stakeholders involved.

The "30/32 Oak" project aims to revitalize the area at 30 and 32 Oak Ave S and create a dynamic and sustainable mainstreet environment that meets the evolving needs of the location. We have thoroughly reviewed the project's scope, objectives, and proposed outcomes, and we firmly believe that it aligns perfectly with Tater Pup Holdings LLC's mission and values.

Our commitment to the "30/32 Oak" redevelopment project includes the following key aspects:

Financial Support: We commit to providing the necessary financial resources to ensure the project's successful implementation. Our financial support will encompass various stages, including planning, construction, and ongoing maintenance.

Expertise and Resources: Tater Pup Holdings LLC will contribute its expertise and resources to aid in the planning, design, and execution of the "30/32 Oak" redevelopment project. Our experienced team members will actively participate in relevant committees and working groups.

Collaboration and Partnership: We recognize that the success of this project hinges on strong collaboration between all stakeholders involved. We pledge to work closely with the local government, community organizations, and other partners to ensure a seamless and harmonious execution.

Adherence to Regulations: Throughout the "30/32 Oak" redevelopment process, Tater Pup Holdings LLC will ensure strict adherence to all applicable laws, regulations, and environmental guidelines. Our commitment to responsible and sustainable practices will be unwavering.

Timely Progress: We understand the importance of meeting project milestones and deadlines. Our team will diligently work to keep the "30/32 Oak" project on schedule and deliver within agreed-upon timeframes.

Community Engagement: We are dedicated to engaging with the local community and incorporating their input into the "30/32 Oak" project whenever feasible. We believe that their insights are invaluable for creating a redevelopment that truly benefits the people it serves.

Employment: Currently we believe this project will bring 4 full time positions between all business and multiple part time positions.

Quality Assurance: Tater Pup Holdings LLC is committed to delivering high-quality results in all aspects of the "30/32 Oak" redevelopment project. We will implement robust quality assurance processes to ensure that the final outcome surpasses expectations.

We are excited about the possibilities that "30/32 Oak" holds for the area at 30 and 32 Oak Ave S, and we are eager to embark on this transformative journey together. Our commitment to this project reflects Tater Pup Holdings LLC's strong belief in its positive impact on the community, environment, and economy.

We would be delighted to discuss further details, provide additional information, or answer any questions you may have regarding our commitment to the "30/32 Oak" project.

Thank you for considering our letter of commitment, and we look forward to a fruitful collaboration.

Sincerely,

Christy McKinlay
Senior Partner
Tater Pup Holdings LLC

Taterpup Holdings LLC
30/32 Oak Redevelopment
7/22/2023
OVERVIEW

1. Executive Summary

- 1.1. Purchase properties located at 32 S and 30 S Oak St in downtown Annandale and redevelop the site into a mixed use, Commercial & Residential property, from the City of Annandale.



2. Company Scope

- 2.1. Taterpup Holdings LLC. was created by Christy and Topher McKinlay as the primary entity through which we engage in multiple businesses to serve the Annandale and broader Heart of the Lakes area. The purpose of Taterpup Holdings is a real estate acquisition, development and property management company.

3. Our Mission

- 3.1. Create unique spaces for people to come together, explore, connect, share ideas, and thoughts. We are committed to the growth, education, equality, and meaningful living of our community, not only through our physical spaces, but also through encouraging the exploring the beautiful Heart of the Lakes area we call home.

4. Motivation

- 4.1. Improve downtown Annandale's aesthetics to encourage economic growth and promote tourism
4.2. Provide unmet needs in the community to bring modern housing options & broader retail or hospitality offerings

- 4.3. Bring new employment opportunity to Annandale
- 4.4. Improve our financial standing and diversify our portfolio

5. High-level requirements

- 5.1. Acquisition of land from the City of Annandale as “shovel ready” and free from any encumbrances, for the price of \$1
- 5.2. Obtain guarantees for liquor license approval should commercial tenant be a restaurant
- 5.3. No investors may back out of their commitments for a term of 8 years.
- 5.4. Taterpup Holdings, LLC. will retain its majority stake through either financial or contractual terms in the New Entity

6. Market Analysis

- 6.1. Modern Downtown Housing.
 - 6.1.1. There is limited apartment housing available downtown Annandale
 - 6.1.2. In Annandale apartments are rented at \$18/sq ft in 2023
- 6.2. Office/Retail or Hospitality (Restaurants)
 - 6.2.1. Monticello MN averages \$22/ft sq for Office/Retail/light Commercial or Restaurant/hospitality tenants
 - 6.2.2. Monticello is ongoing a major public investment initiative to improve their city, hence the improved prices on commercial rental rates and favorable building conditions
- 6.3. Recent Annandale properties for retail vary from \$15/sq ft to \$50/sq ft, estimated average in Annandale is about \$20/sq ft

7. Tourism

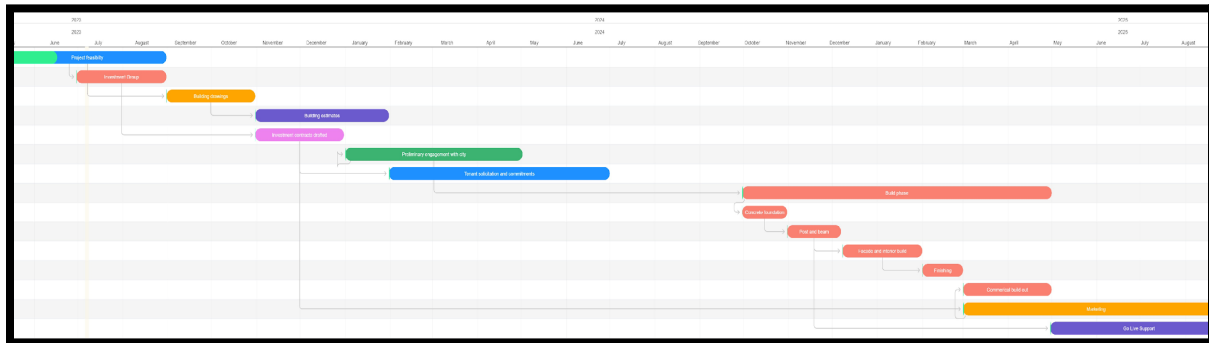
- 7.1. State level grants through “ExploreMN” are available up to \$20,000 per year and can be applied broadly toward efforts to promote tourism in Annandale and the Heart of the Lakes area
- 7.2. Annandale & the Heart of the Lakes area has multiple annual events that draw tourists from distances of over 1hr drive; HOLT Triathlon, 4th of July Carnival, Gear Daddy, Lions Ice Fishing Tournament, and many others.
- 7.3. There are 26 lakes within a 10mile radius of Annandale, which brings both seasonal owners and guests to the area for sporting and recreational activities
- 7.4. Annandale has a Chamber of Commerce, and the Annandale Ambassador programs to promote Annandale outside of the 1hr driving radius
- 7.5. The City of Annandale is planning significant public projects to improve accessibility and tourism improvements within the city limits: Specifically, re-development of the Annandale middle school includes green space, high density housing, community center, and other recreational facilities.

7.6. The City of Annandale is aggressively working in public/private partnerships to redevelop and improve Oak Ave to show a more welcoming and thriving town with shopping, services, restaurants and entertainment

8. Specific exclusions from scope

8.1. The “new entity” is for profit and will not engage in philanthropic nor any other not-for-profit work (non-profit work can be furnished by the individual investors).

9. High-level timeline/schedule



10. Project Feasibility – Deadline Aug 31, 2023

10.1 For the purposes of research, partnership development, and financial considerations we (Taterpup Holdings, LLC) are committed to making a go/no-go decision on moving forward with the proposed enterprise by Aug. 31, 2023. Inclusive will be communications with other potential investors, builders, partners, the City of Annandale and other concerned parties.

11. Tenant solicitation and commitments – Deadline July 31, 2024

11.1 For the project to be viable, the “new entity” will be working in parallel to secure commitments from 2 tenants for the main floor commercial spaces. Tenants will need to sign legal commitments with penalties for retracting their intent to be completed prior to July 31, 2025

12. Site Ready – Deadline Sept 30, 2024

12.1 All City of Annandale work must be completed inclusive of Grant proposals/approvals, site acquisition, demolition, abatement, sale of property to the “new entity” and “Shovel ready” for build work to start.

13. Build phase – Deadline April 30, 2025

13.1. Dirt work & Concrete/Foundation – **Deadline Oct 31, 2024**

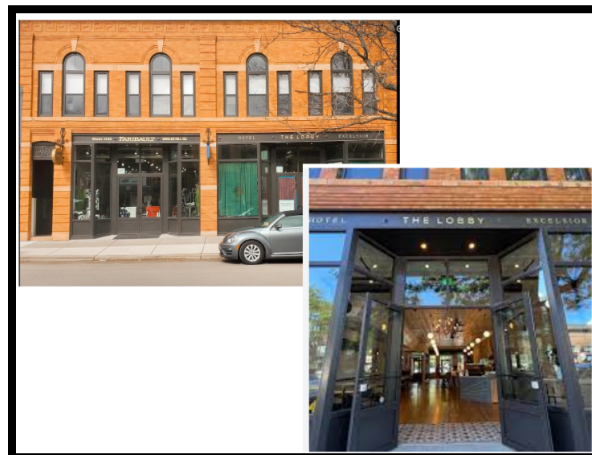
13.1.1. All work to ensure the foundation of the building is ready for construction to continue, must be completed (inclusive of utility ingress, basement and slab, load bearing footings, sealing, inspections, etc.)

13.2. Post and Beam structure, – **Deadline December 7th, 2024**

- 13.2.1. All work to build the load bearing structure and have the entire structure enclosed & waterproofed (inclusive of doors & windows) must be completed by the end of the first week of December.
- 13.2.2. Load bearing components, 2nd floor sub-floor, roofing and exterior walls
- 13.3. Façade, utilities, public facility, non-load bearing walls – **Deadline Jan 31, 2025**
 - 13.3.1. Inclusive of HVAC, Electrical, Water, Sewer, public bathrooms, interior framing, and drywall/wall enclosures, and all final rough in. Exterior facades completed and finished all exterior components (railings, trim, siding, patio/sidewalk, electrical & gas connections, etc.)
- 13.4. Finishing – **Deadline Feb 28, 2025.**
 - 13.4.1. All fixtures, flooring, trim and safety elements (hand railings, transitions, fire suppression rough in), wall finishes, ready for final electrical/plumbing/HVAC inspections. For 2nd floor suites inclusive of appliances, fixtures, cabinets, trim, wall finishes, readiness for final electrics, plumbing and required inspections for certification of occupancy.
- 13.5. Commercial build-out and interior finishing – **Deadline April 30, 2025.**
 - 13.5.1. Keys for commercial spaces would be handed to tenants to begin their buildouts for the respective spaces. This could include; kitchen build, service counters, table build-ins, tv hanging and placement, retail fixtures, workstations, and etc. 2nd floor would be focused on suite furnishing and finishing which could include furnishing all rooms, hanging wall art, TV's, patio furniture, and provisions for meal prep or laundry facilities.
- 13.6. **Open for business – May 1, 2025**

14. Projected Build, Costs & Financial projections

- 14.1. Building
 - 14.1.1. The projected building will have a footprint of approximately 50' x 100' across the 2 parcels of land that comprise the property. The building would directly adjoin other commercial buildings on both sides of the property and will retain both sidewalk frontage on Oak St. and have parking/access via the alley way to the property.
 - 14.1.2. The building would comprise a full footprint basement, main floor & 2nd floor



- 14.1.2.1. The basement of the building would be used for building mechanicals, maintenance and facility management needs, and potential for storage rentals to building tenants.
- 14.1.2.2. Main floor of the building could be split into 2 separate spaces for retail, light commercial or hospitality/restaurants.



- 14.1.2.3. The 2nd floor will be built out into 4 separate 'suites' for short term rentals that could be converted into apartments for long term leases/rentals.



- 14.1.2.4. There is no requirement for ADA, and we will not be putting in elevators nor assisted lift facilities.
- 14.1.2.5. There is no requirement for low-income housing provisions should the suites be converted into long-term rental housing.
- 14.2. Parking on site will be limited, City of Annandale will work with the LLP to address parking variances to leverage the public parking lot off of Cherry St. or on the alleyway behind the building
- 14.3. Costs

- 14.3.1. \$50/sq ft for the basement (mechanicals, and basic segmentation for use cases)

14.3.2. \$100/sq ft for Mainfloor, commercial buildouts will be the burden of the tenant to complete

14.3.3. \$150/sq ft for 2nd floor, inclusive of suite buildouts for all provisions

14.4. Estimated costs for Exterior elements:

14.4.1. Parking surface - \$10,000

14.4.2. Front façade - \$50,000

14.4.3. Back façade - \$50,000

14.4.4. Back decks - \$25,000

14.4.5. Store front and restaurant glazing and doors \$75,000

14.5. Financial Projections

14.5.1. Apartment rentals on second floor 4 units @ \$19/sq ft 5000 sq ft

14.5.2. Restaurant rental of main floor @ \$22/sq ft 3100 sq ft

14.5.3. Retail rental on main floor @ \$18 / sq ft 1600 sq ft

Space	Sq ft	Capacity (Year)	Units	Sq Ft Price	Total
Retail	1600	100%	1	18.00	28,800
Restaurant	3100	100%	1	22.00	68,200
Apartments	5000	100%	4	19.00	95,000
Gross Grand Total					192,000

15. Leadership positions

15.1. Christy McKinlay will be named as the Sr. Partner & Project Manager and will receive a salary for her work to ensure all financial elements are in order, the building goes according to plan and manages all elements to the point of building being certified for occupancy. Ongoing Christy McKinlay will function as Sr. Partner function as the property manager, business development and marketing. Further she will manage the month-to-month business inclusive of financial management, all tenant communications and dispute management, maintenance and associated requirements.

15.2. Partners in the will be provided 'voting' status on major financial decisions. They will retain the right to review financial records and business records inclusive of legal documents, contracts and associated dealings with vendors, regulatory bodies, and similar.

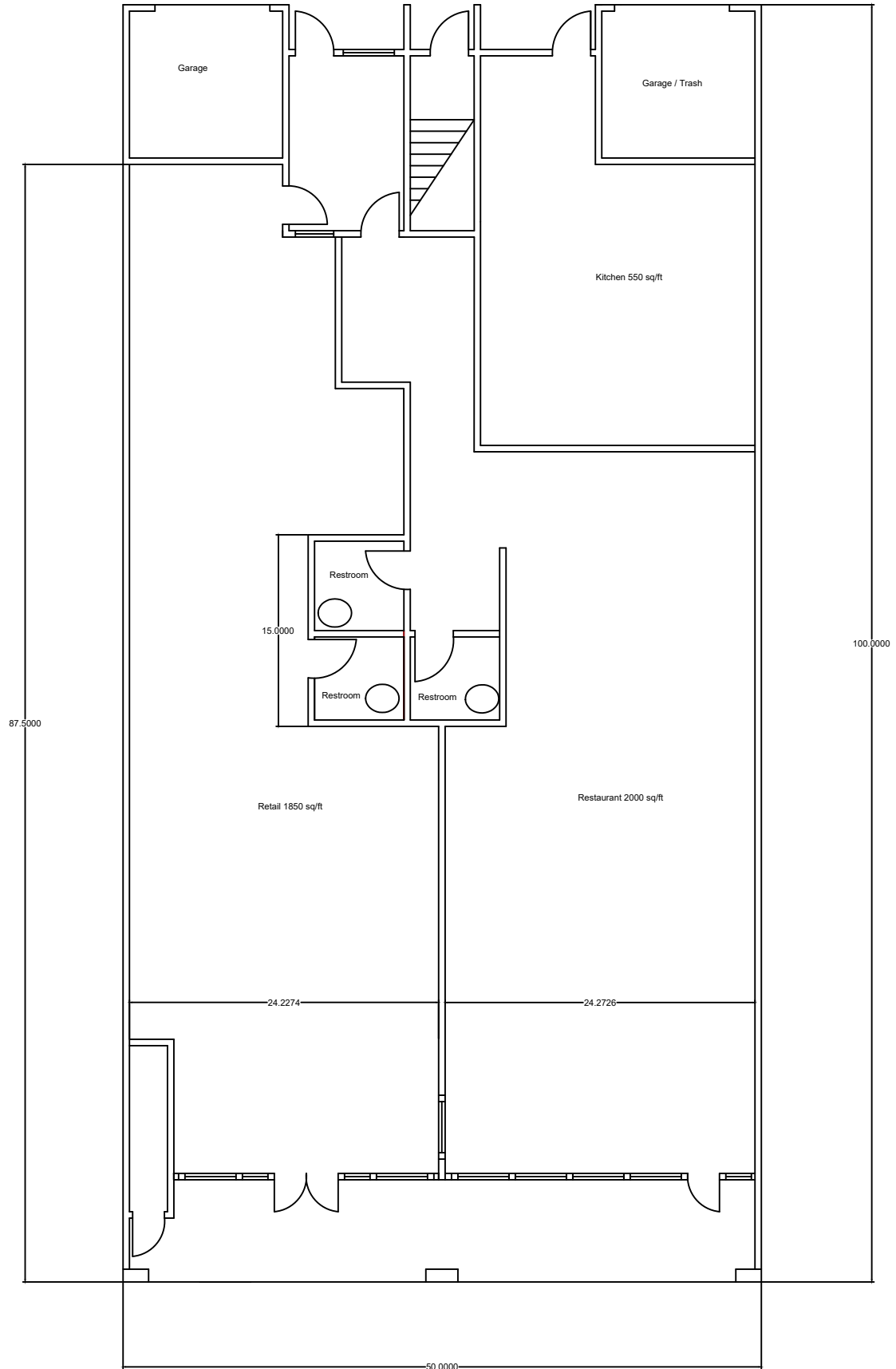
15.3. Investors are entitled to review financial statements but will have no vote in any matters of operations of the business.

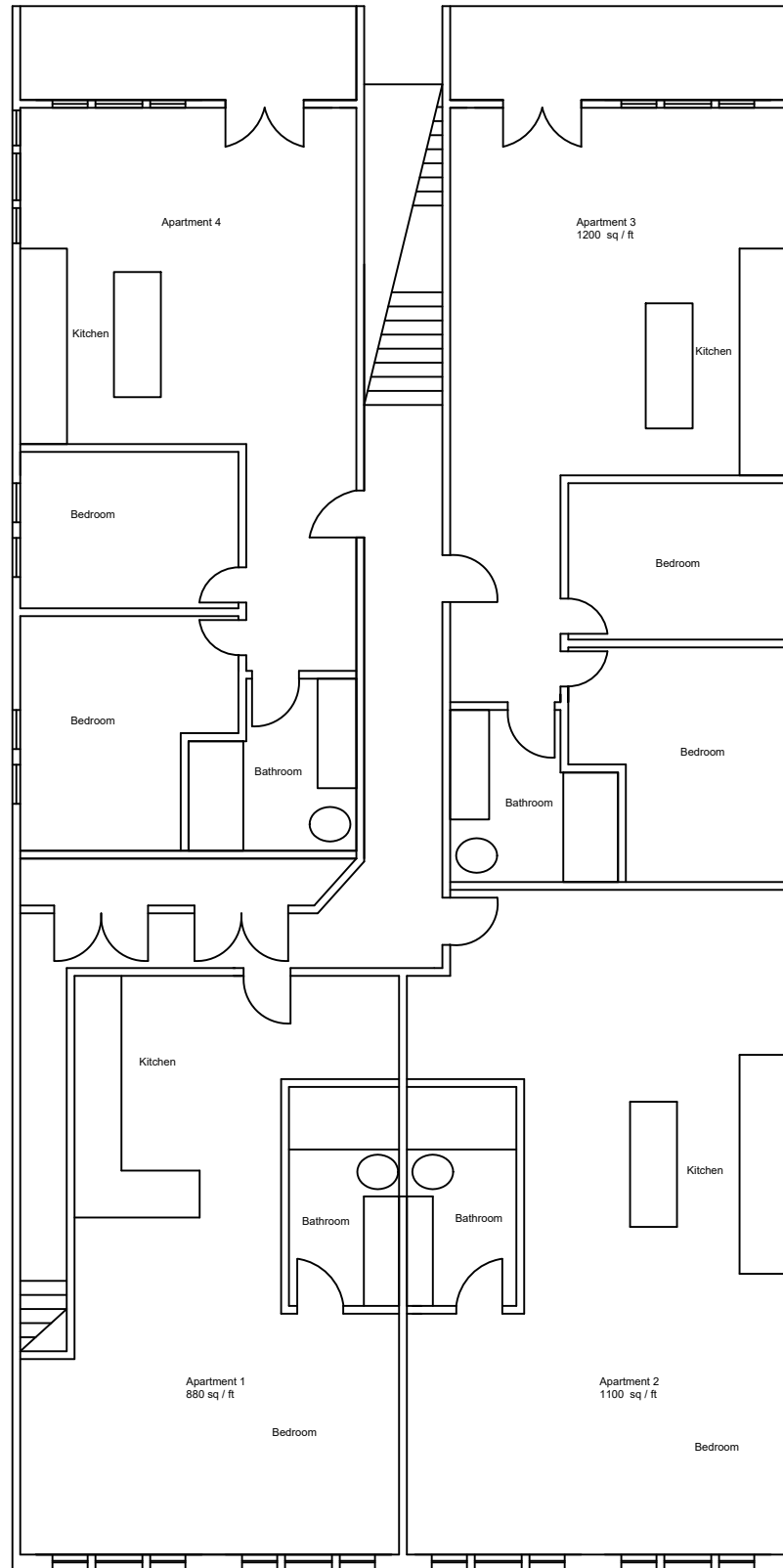
Taterpup Holdings LLC
30 32 Oak Ave Timeline
7/22/2023



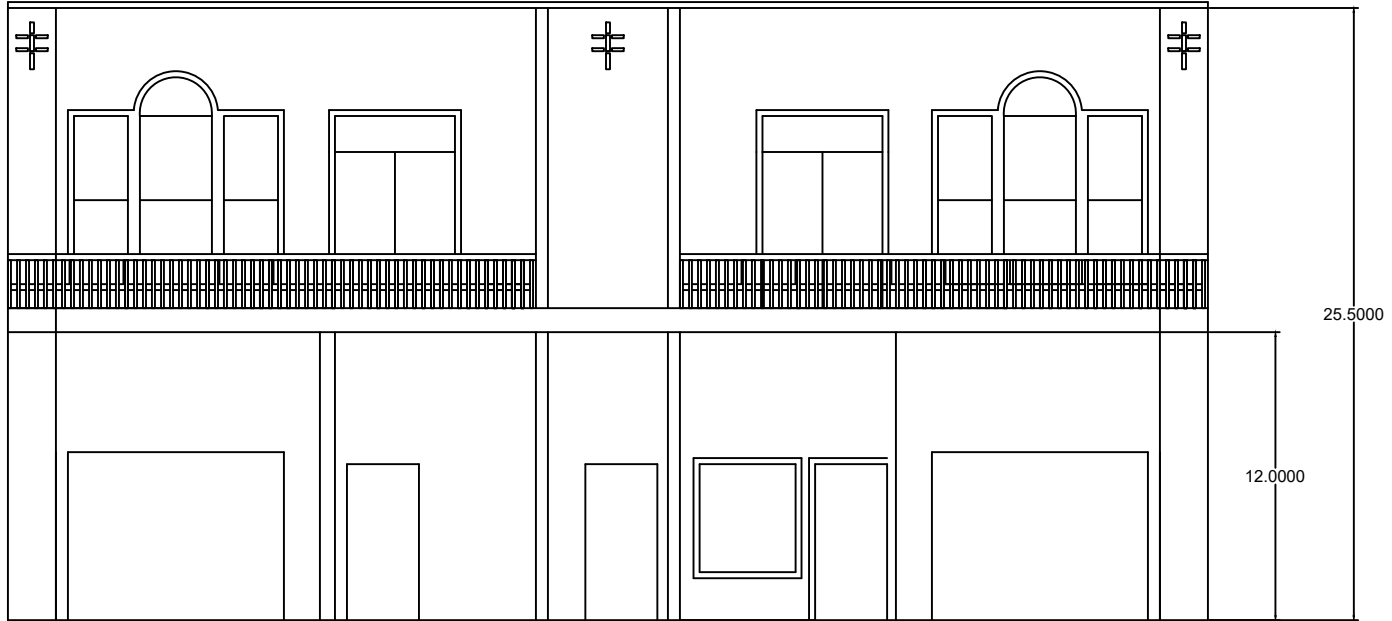
TATERPUP HOLDINGS

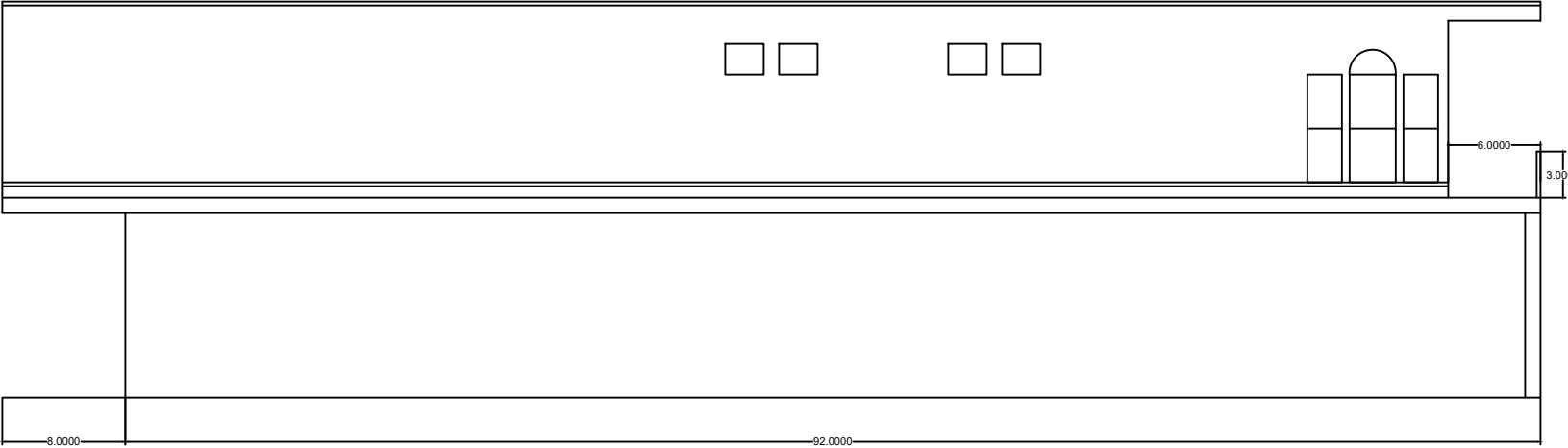
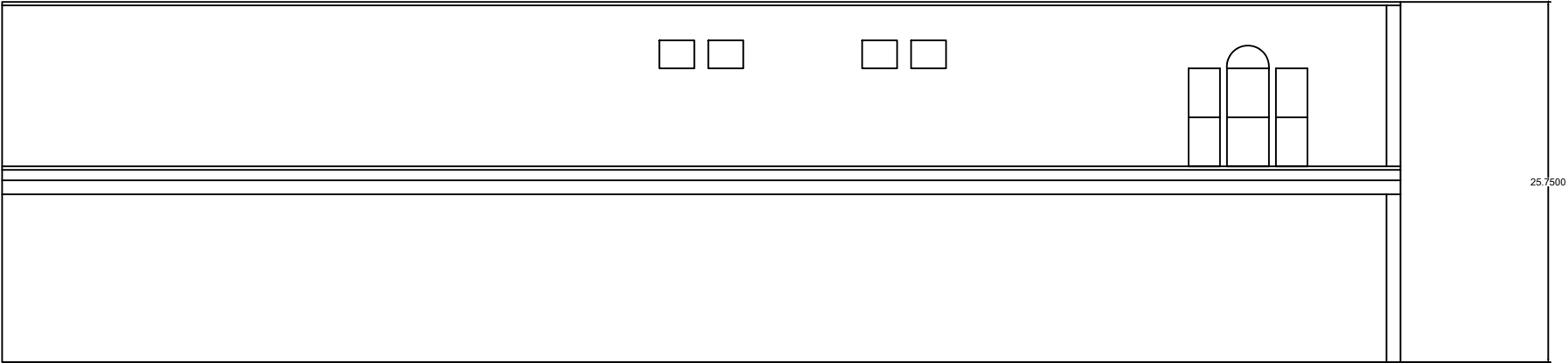
Task	Activities	Dependency	Start Date	Scheduled End Date	Completion	Type	Task Owner
Task 0	Project feasibility		5/15/2023	8/31/2023	31%	Main Task	Christy
Task 1	Investment Group	Task 0	7/1/2023	8/31/2023	90%	Main Task	Christy
Task 2	Building drawings	Task 0	9/1/2023	10/31/2023	10%	Main Task	Christy
Task 3	Building estimates	Task 2	11/1/2023	1/31/2024	10%	Main Task	Christy
Task 4	Investment contracts drafted	Task 1	11/1/2023	12/31/2023	0%	Main Task	Topher
Task 5	Preliminary engagement with city	Task 5	1/1/2024	5/1/2024	0%	Main Task	Topher
Task 6	Tenant solicitation and commitments	Task 4	1/31/2024	6/30/2024	0%	Main Task	Christy
Task 7	Build phase	Task 5	10/1/2024	5/1/2025	0%	Main Task	Christy
Task 8	Concrete foundation	Task 7	10/1/2024	10/31/2024	0%	Sub Task	Christy
Task 9	Post and beam	Task 8	11/1/2024	12/7/2024	0%	Sub Task	Christy
Task 10	Facade and interior build	Task 9	12/8/2024	1/31/2025	0%	Sub Task	Christy
Task 11	Finishing	Task 10	2/1/2025	2/28/2025	0%	Sub Task	Christy
Task 12	Commerical build out	Task 13, Task 6	3/1/2025	4/30/2025	0%	Sub Task	Christy
Task 13	Marketing	Task 4	3/1/2025	8/30/2025	0%	Main Task	Christy
Task 14	Go Live	Task 8	5/1/2025		0%	Milestone	Christy
Task 15	Go Live Support	Task 9	5/1/2025	8/30/2025	0%	Main Task	Christy













City Council Agenda

Agenda Section: New Business

Agenda No. 2B

Report From: Kelly Hinnenkamp, City
Administrator

Agenda Item: Resolution Ordering
Improvement

Core Strategy:

- | | |
|---|--|
| <input type="checkbox"/> Inspire Community Engagement | <input type="checkbox"/> Provide Proactive Leadership |
| <input type="checkbox"/> Increase Operational Effectiveness | <input type="checkbox"/> Ensure Safe/Well Kept Community |
| <input type="checkbox"/> Enhance Local Business Environment | <input checked="" type="checkbox"/> Other: Compliance |
| <input type="checkbox"/> Develop/Manage Strong Parks/Trails | |

Background

The City's Bond Council has requested the City Council re-approve the resolution ordering the improvement for the Hemlock Project due to the delay in timing from the approvals made in 2021 and the start of construction in 2023.

Recommended Action

Motion to approve Resolution Ordering Improvement as presented

Attachments:

- Resolution

RESOLUTION ORDERING IMPROVEMENT AND PREPARATION OF PLANS

CITY OF ANNANDALE, MINNESOTA RESOLUTION NO. 2023-__

WHEREAS, a resolution of the city council adopted the 25th day of July, 2023, fixed a date for a council hearing on the proposed TH 24 & Hemlock Intersection Improvements Project, the proposed improvement along TH 24 from Poplar Avenue to approximately 300 feet north of Hemlock Street, at the Bendix Elementary TH 24 access, and improvements on Hemlock Street from TH 24 at Hemlock Street to approximately 375 feet east of the intersection, and

WHEREAS, ten days' mailed notice and two weeks' published notice of the hearing was given, and the hearing was held thereon on the 5th day of June, 2023, at which all persons desiring to be heard were given an opportunity to be heard thereon,

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF ANNANDALE, MINNESOTA:

1. Such improvement is necessary, cost-effective, and feasible as detailed in the feasibility report.
2. Such improvement is hereby ordered as proposed in the council resolution adopted the 25th day of July 2023.
4. Bolton & Menk, Inc. is hereby designated as the engineer for this improvement. The engineer shall prepare plans and specifications for the making of such improvement.
5. The city council declares its official intent to reimburse itself for the costs of the improvement from the proceeds of tax-exempt bonds.

Adopted by the council this 25th day of July, 2023.

City Administrator

The motion for the adoption of the foregoing resolution was duly seconded by member ___, and upon vote being taken thereof: Honsey, Wuollet, Jonas, Grundy, Czycalla, and the following voted against the same: None

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA CITY OF ANNANDALE COUNTY OF WRIGHT

I, the undersigned, being the duly qualified and acting Clerk of the City of Annandale, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes ordering improvement and preparation of plans.

WITNESS my hand and the seal of said City this 25th day of July, 2023.

(SEAL)

City Administrator