

**May 16, 2023 — 6:30 PM**  
**Golden Valley City Hall**  
**Hybrid Meeting**

## HRA SPECIAL MEETING AGENDA

Special Housing and Redevelopment Authority meetings are being conducted in a hybrid format with in-person and remote options for attending.

**Remote Attendance Options:** Members of the public may attend this meeting by watching on cable channel 16, streaming on [CCXmedia.org](https://www.ccxmedia.org), streaming [via Webex](#), or by calling 1-415-655-0001 and entering access code **2467 474 9960**. The webinar password is Rpmcvf3dy95 (77628333 from phones and video systems).

### Special Meeting Item(s):

1. Roll Call
2. [Adopt HRA Resolution No. 23-005 Approving Tax Increment Financing Term Sheet for Sentinel Development at 8200 Golden Valley Road and 8240 Golden Valley Drive](#)
3. Adjournment



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# EXECUTIVE SUMMARY

## Community Development

763-512-2345 / 763-512-2344 (fax)

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### Golden Valley Housing and Redevelopment Authority Meeting

May 16, 2023

#### Agenda Item

2. Adopt HRA Resolution No. 23-005 Approving Tax Increment Financing Term Sheet for Sentinel Development at 8200 Golden Valley Road and 8240 Golden Valley Drive

#### Prepared By

Cherie Shoquist, Housing and Economic Development Manager  
Alma Flores, Community Development Director

#### Summary

##### Background

May 9, 2023, the HRA reviewed and recommended that staff submit the Preliminary Term Sheet for approval at the May 16th Special Meeting of the HRA.

##### Proposed Development

Sentinel Holdings Company proposes an estimated \$109 Million mixed use housing and commercial development at 8200 Golden Valley Road and 8250 Golden Valley Drive. The 303-unit mixed income multifamily rental development (Multi-Family Building, Phase 2) includes 46 units affordable at 60% of Area Median Income for a period of twenty years, and 257 market rate units. The units are a mix of studio, 1, 2, and 3 bedroom apartments. The building will be wrapped around a 450 space parking ramp. The building will be five to six stories in height with ground level walk up units. Amenities will include a great room, wellness studio, entertainment suite, theatre, patio, rooftop deck, business center, hospitality suite, and guest suites. The commercial development will be the replacement and relocation of the Wells Fargo Bank on the southwest corner of the site (Wells Fargo Bank Building, Phase 1).

##### Mixed Income Housing Policy Requirements

This is the first multifamily rental development proposed under the City's Mixed Income Housing Policy. The multifamily rental development creates ten or more units, receives approvals under a Zoning Map Amendment and Comprehensive Plan Map Amendment, and requests finance assistance from the City.

- **The location, number, type, and size of affordable housing units to be constructed:** The 46 units affordable at 60% Area Median Income (\$70,380 for a household of four) include 5 studio units (\$1,233 rent); 19 1-bedroom units (\$1,320 rent) and 12 2-bedroom Units (\$1,584 rent), with income as calculated by Minnesota Housing under the Low Income Housing Tax Credit program, and rents based on the Area Median Income for the metropolitan area that includes Golden Valley adjusted for bedroom size (2022). The affordable housing units range in size from

525-1,100 square feet, and are located on every level of the development.

- **Rental terms and occupancy requirements:** 15% of the units will be affordable at 60% of Area Median Income and include requirements to maintain affordability for 20 years.
- **Timetable for completion of the units:** Construction is expected to be complete within 18-24 months of construction start; to begin in the spring of 2024 and completed by summer 2026.
- **Restrictions to be placed on the units to ensure their affordability:** The affordability requirements will be incorporated into the Affordable Housing Performance Agreement and/or Tax Increment Financing Agreement and a Declaration of Affordable Housing Covenants will be recorded with the title.

## **Financial or Budget Considerations**

### Tax Increment Financing Request

On September 6, 2022 the Developer, Sentinel Holdings Company, submitted an application for Tax Increment Financing to the City. The Developer has estimated the total development cost applicable to the bank portion of the development is \$4,869,480 and the multi-family building is \$103,964,485, bringing the total cost of the combined development to \$108,833,965. The Developer requests Tax Increment Financing to assist in providing 46 affordable units, acquiring the sites, demolishing the substandard structure, completing public improvements, and other eligible activities.

### Proposed Tax Increment Financing Terms

The HRA would invest in the project by approving a Renewal and Renovation Tax Increment Financing District and a TIF PAY-AS-YOU-GO note with a principal amount of up to **\$11,243,000**, generated by the Project based on an interest rate of 6%. The final TIF amount will be determined by the parties based on the contractor's final construction timeline and will be included in the TIF Agreement, which will be before the Council for consideration on June 20, 2023.

The PAYGO note will be payable from 90% of the tax increment generated from the Multi-Family Building and Wells Fargo Building, on a PAY-AS-YOU-GO basis until the principal amount of the TIF has been satisfied as determined by the HRA.

The maximum duration of TIF District is 15 years from the first increment.

## **Legal Considerations**

The Term Sheet regarding the developer's request for Renovation and Renewal Tax Increment Financing to construct the multifamily rental and commercial bank development and related legal agreements have been reviewed by the City Attorney.

## **Equity Considerations**

This development meets the City's goals to preserve and promote economically diverse housing options in our community by creating high quality housing in Golden Valley for households with a variety of income levels, ages, and sizes.

Under [Fair Housing Law](#), future residents will not face housing discrimination. The law is intended to prevent discrimination of the protected classes--race, color, creed, religion, national origin, sex, marital status, disability, public assistance, sexual orientation, gender identity or familial status.

Lastly, by linking this incentive to affordable housing development provides much needed housing to economically disadvantaged people and households and provides an opportunity for the mixing of

incomes to further future residents' access to social networks and opportunities.

**Recommended Action**

Motion to Adopt HRA Resolution No. 23-005 to Approve Tax Increment Financing Term Sheet for Sentinel Development at 8200 Golden Valley Road and 8240 Golden Valley Drive.

**Supporting Documents**

- [Term Sheet Agreement with Sentinel](#)
- [HRA Resolution No. 23-005 Adopt Sentinel Tax Increment Financing Term Sheet](#)

## Term Sheet

This Term Sheet, dated as of May 16, 2023, is intended to set forth the general terms upon which the Developer (as defined below) and the Housing and Redevelopment Authority of the City of Golden Valley, MN (the "HRA") may be willing to enter into a Development Agreement (the "Development Agreement").

1. Developer: Sentinel Holdings Company (or a limited partnership or other entity to be formed thereby or affiliated therewith) ("Developer").
2. Property: 8240 Golden Valley Dr.; 8200 Golden Valley Rd.; Golden Valley, MN 55427 portion of PID: 3111821140043; 3111821140044, subject to a final plat of the Property.
3. Developer Conditions, as determined to date:
  - a. Execution of one or more Development Agreements in mutually agreeable form and acceptable to lenders.
  - b. Securing necessary financing for the construction of the Minimum Improvements
  - c. Site Control
4. HRA Conditions, as determined to date:
  - a. Establishment of a new Renewal and Renovation TIF District subject to approval after all proceedings required by law
  - b. HRA approval of Construction Plans
  - c. City Council approval of:
    - i. Final Plat
    - ii. Planning Application for Conditional Use Permit for bank drive-thru
    - iii. Easement vacation application
  - d. Execution of one or more Development Agreements
5. Minimum Improvements: Improvements to the Property will include the construction and equipping of a multifamily rental housing facility with approximately 303 units (the "Multi-Family Building" also known as Phase 2) with a mix of studio, 1, 2 and 3-bedroom units, of which 46 units will be allocated to tenants earning 60% of the area median income (AMI) or below per the Housing and Urban Development (HUD) annual rental maximums for a 20-year period. Common area amenities will include a great room, wellness studio, entertainment suite, theatre, patio, rooftop deck, business center, hospitality suite, and guest suites.
6. Public Improvements: In addition to the private improvements planned in connection with the Project, Developer shall be solely responsible for the cost of all public improvements required by the Project and shall deposit with the City an amount sufficient to cover 150% of the estimated cost of such public improvements. The City shall construct all required public improvements, which shall include:
  - a. Sidewalk and/or trail around the perimeter of the site including ADA ramps
  - b. Storm Sewer extension from Golden Valley Drive to Wisconsin Avenue

- c. Water main relocation in Golden Valley Road
  - d. Modifications to center median in Golden Valley Road at closed driveway
  - e. Mill and overlay Wisconsin Avenue and Golden Valley Road following completion of the improvements
7. Construction Schedule: Commence construction on the Wells Fargo Bank (the “Bank Building” also known as Phase 1) on or around July 1, 2023 and substantially complete construction on or around June 30, 2024. The multifamily development will commence construction on or around July 1, 2024 and substantially complete construction on or around June 30, 2026. For the purpose hereof, “Commence” shall mean beginning of physical improvement to the Property, including grading, excavation, or other physical site preparation work; and “Complete” shall mean that the Minimum Improvements are sufficiently complete for the issuance of a Certificate of Occupancy. Upon Completion, the HRA will issue a “Certificate of Completion” in recordable form.
8. Public Assistance: Subject to all terms and conditions of the Development Agreement(s) and satisfaction of the requirements of applicable law including a final “but for” analysis, the HRA will reimburse the Developer for costs of construction of the Multi-Family Building as follows:
- a. The HRA would invest in the project by approving a Renewal and Renovation Tax Increment Financing District and a TIF PAY-AS-YOU-GO note with a principal amount of up to \$11,243,000, generated by the Project based on an interest rate of 6%. The final TIF amount will be determined by the parties based on the contractor's final construction timeline and will be included in the TIF Agreement, which will be before the Council for consideration on June 20, 2023. The PAYGO note will be payable from 90% of the tax increment generated from the Multi-Family Building and Wells Fargo Building, on a PAY-AS-YOU-GO basis until the principal amount of the TIF has been satisfied
  - b. as determined by the HRA, for a period of up to 15 years.

The PAYGO note will be issued and the loan will be advanced upon completion of the Multi-Family Building and proof of expenditure of Qualified Costs for such building.

“Qualified Costs” means costs of construction of the Multi-Family Building, including without limitation, demolition of existing structures, site improvements, utilities, building construction and parking and any other expenses incurred by the Developer in connection with construction of the Multi-Family Building and eligible for payment in accordance with the TIF Act.

9. Mixed-Income Housing: The Developer agrees the Minimum Improvements will conform in all respects to the City’s Mixed-Income Housing Policy and Minnesota Statutes, Section 469.174 through 469.1794, as amended (the “TIF Act”) as follows:
- a. At least 15% of the rental units must be occupied by or available for rent to persons whose income does not exceed 60% of the area-wide median family

income for the standard metropolitan statistical area which includes the City, as that figure is determined and announced from time to time by HUD, as adjusted for family size ("AMI"). At least 15% of the units (i.e. 46 units in the Multi-Family Building) must be rented to households whose incomes do not exceed 60% of AMI;

- b. Those units will also be subject to rent restrictions such that rents shall not exceed 60% of AMI , as applicable;
- c. The restrictions will remain in place for 20 years;
- d. Income certifications will be obtained from each qualifying tenant annually and retained for the 20 years;
- e. A household that was income eligible at initial occupancy may be treated as qualifying for additional rental periods as long as the income of the household does not exceed 140% of the applicable AMI; thereafter the first available unit must be rented to a household meeting the applicable income limitation;
- f. The restrictions will be set forth in a Declaration of Restrictive Covenants recorded against the applicable portion of the Property and restricting subsequent owners of the Multi-Family Building in a form that is mutually agreeable;
- g. The Developer shall not concentrate qualifying tenants in any floor or any area of any building in the facility. The units occupied by qualifying tenants shall reflect the unit mix of the whole facility and shall be located throughout the facility.

10. Fees: The City will require the Developer to pay for 100% of the costs of establishing the TIF district and to pay for the reasonable out-of-pocket legal, financial consultant and administrative fees associated with this transaction. Developer will sign a separate deposit agreement with the City and deposit funds with the City to cover these costs.

11. Labor and Contracting Requirements:

- a. The Developer shall prepare, and utilize in its contract with the General Contractor and all subcontracts, a sub-contractor addendum, acceptable to the HRA, which outlines fair labor law compliance, and allows general contractor to withhold payment or cancel contract if violations are reported (the "Subcontract Addendum").
- b. Developer shall prohibit use of all disqualified contractors on state "disqualified" list; review list prior to construction commencement with respect to each subcontractor; remove any subcontractor added to the list.
- c. Developer and all contractors and subcontractors shall comply with all federal, state, and local labor laws.
- d. If a claim is filed with the Minnesota Department Labor regarding any contractor or subcontractor doing work on the Property, Developer shall fully cooperate with the Department, including taking any reasonable action required by the Department or that Developer otherwise elects to take. Developer shall also fully enforce the contracts with the General Contractor and subcontractors, including enforcing and requiring the General Contractor to enforce the Subcontract Addendum.

- e. General Contractor will use and enforce the Subcontract Addendum (or a substantially similar addendum) with all subcontractors, and the General Contractor shall, and shall require all subcontractors to, cooperate with the Department of Labor regarding any claim filed with the Department, including taking any action reasonably required by the Department or that Developer otherwise elects to take.
- f. Developer shall certify to the HRA that proper payments to all contractors, subcontractors, and project laborers have been paid prior to the issuance of a Certificate of Completion as a prerequisite to receipt of PAYGO Note or other assistance.
- g. Failure to comply with the above points will be an event of default under the development agreement.

12. Miscellaneous:

- a. Transfer of the Property or of the Development Agreement or PAYGO note payments will be subject to HRA consent except for certain limited exceptions including mortgage financing and rentals of housing units in the ordinary course of operations.
- b. Developer covenants to pay property taxes and maintain customary insurance.
- c. Developer must keep all units in compliance with local codes and other applicable state and local building codes to ensure the units are decent, safe, and sanitary at all times.
- d. Developer and its agents must adhere to Equal Opportunity, Affirmative Marketing, and Fair Housing practices in all marketing efforts, eligibility determinations and other transactions. The Equal Housing Opportunity logo or statement ("We do business in accordance with the Federal Fair Housing Law. It is illegal to discriminate against any person because of race, color, religion, sex, handicap, familial status, or national origin.") must be used in all advertising of vacant units.
- e. Additional conditions of assistance remain under consideration.

The Developer acknowledges that except for Section 10 above which shall be binding upon Developer, this Term Sheet shall not be deemed conclusive or legally binding upon either the Developer or the HRA, and neither the Developer nor the HRA shall have any obligations regarding the property defined below, unless and until a definitive Development Agreement is approved by the HRA board and executed by both the Developer and the HRA.

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Developer

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Maurice Harris, HRA Chair

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Timothy J. Cruikshank, Executive Director



HRA RESOLUTION NO. 23-005

A RESOLUTION APPROVING TERM SHEET FOR DEVELOPMENT OF

8200 GOLDEN VALLEY ROAD AND 8250 GOLDEN VALLEY DRIVE

WHEREAS, Sentinel Holdings Company, a Minnesota Corporation (“Developer”) (or a limited partnership or other entity to be formed thereby or affiliated therewith) intends to purchase 8240 Golden Valley Dr.; 8200 Golden Valley Rd.; Golden Valley, MN 55427 portion of PID: 31-118-21-14-0043; 31-118-21-14-0044, (the “Property”) subject to approval of a final plat of the Property; and

WHEREAS, the Housing and Redevelopment Authority (HRA) and the Developer intend to execute one or more Development Agreements; and

WHEREAS, as a condition of its approval, the City requires Developer to comply with the City’s Mixed Income Housing Policy; and

WHEREAS, improvements to the Property will include the construction and equipping of a multifamily rental housing facility with approximately 303 units with a mix of studio, 1, 2 and 3-bedroom units, of which 46 units will be allocated to tenants earning 60% of the area median income (AMI) or below per the Housing and Urban Development (HUD) annual rental maximums for a 20-year period; and

WHEREAS, the Developer shall be solely responsible for the cost of all public improvements required by the Project which shall include:

- a. Sidewalk and/or trail around the perimeter of the site including ADA ramps
- b. Storm Sewer extension from Golden Valley Drive to Wisconsin Avenue
- c. Watermain relocation in Golden Valley Road
- d. Modifications to center median in Golden Valley Road at closed driveway
- e. Mill and overlay Wisconsin Avenue and Golden Valley Road following completion of the improvements; and

WHEREAS, Developer will commence construction on the Wells Fargo Bank building on or around July 1, 2023 and substantially complete construction on or around June 30, 2024; and

WHEREAS, Developer will commence construction on the multi-family building on or around July 1, 2024 and substantially complete construction on or around June 30, 2026; and

WHEREAS, the City will require the Developer to pay 100% of the costs of establishing the Tax Increment Financing (TIF) district and to pay for the reasonable out-of-pocket legal, financial consultant and administrative fees associated with this transaction.

NOW, THEREFORE, in consideration of the terms and conditions expressed herein, the HRA and Developer agree as follows:

Subject to all terms and conditions of the development agreement(s) and satisfaction of the requirements of applicable law including a final "but for" analysis, the HRA will reimburse the Developer for costs of construction of the multi-family building.

The HRA would invest in the project by approving a Renewal and Renovation Tax Increment Financing District and a TIF PAY-AS-YOU-GO note with a principal amount of up to \$11,243,000 generated by the Project based on an interest rate of 6%.

The PAYGO note will be payable from 90% of the tax increment generated from the Multi-Family Building and Wells Fargo Building, on a PAY-AS-YOU-GO basis until the principal amount of the TIF has been satisfied as determined by the HRA, for a period of up to 15 years.

NOW THEREFORE, BE IT RESOLVED, BY THE HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF GOLDEN VALLEY, MINNESOTA that this Authority approves the Term Sheet.

Passed by the Housing and Redevelopment Authority of the City of Golden Valley, Minnesota this day of May 16, 2023.

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Maurice Harris, HRA Chair

ATTEST:

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Timothy J. Cruikshank, Executive Director