



## *HEDRA Memorandum*

**To: HEDRA Board Members**  
**From: John Hinzman, Community Development Director**  
**Melanie Lammers, Finance Manager**  
**Date: March 14, 2019**  
**Item: Authorize Signature: Amendment of Development Agreement and Reassignment of TIF – Guardian Angels – CommonBond Communities**

### **HEDRA Action Requested:**

Authorize signature of an amendment to the Development Agreement between the Hastings HRA and Guardian Angels of Hastings Limited Partnership. The amendment is requested due to a planned transfer of the property between the original developer (Sherman Associates) and CommonBond Communities, and includes the following provision:

- Assignment of remaining Tax Increment Financing (TIF) to the new Limited Partnership established by CommonBond Communities.
- Assumption of an existing HRA Loan with a balance of \$30,858 to the new Limited Partnership established by CommonBond Communities. **Document to be sent under a separate cover.**

### **Background Information:**

The original Development Agreement was executed in 2000 for the redevelopment of the former Guardian Angels Church and School located at 208 East 4<sup>th</sup> Street by Sherman Associates. The project included the establishment of a TIF District and the issuance of a loan by the former Hastings Housing and Redevelopment Authority (HRA). All former obligations of the HRA were assumed by HEDRA upon its creation in 2009.

CommonBond plans to conduct a substantial rehabilitation of the apartment units and townhomes including the conversion of a long vacant former daycare space in the basement of the apartment building into additional apartment units. Please see the attached construction narrative for further information.

### **Financial Impact:**

The outstanding loan from HEDRA will be repaid. No other financial impact to HEDRA.

### **Attachments:**

- Construction Narrative
- Assignment and Assumption of Development Agreement
- Allonge Endorsement to TIF Note



February 4, 2019

**RE: Guardian Angels Apartments and Townhomes  
Construction Narrative**

Guardian Angels Apartments and Townhomes is an existing housing tax credit property that was initially developed in 2001. The property is a critical affordable housing resource for the City of Hastings and the larger community, with highly affordable rents serving a resident base whose average income is 31% of the area median income.

The property is, however, in need of a comprehensive recapitalization in order to address physical needs and restructure the existing financing. The rehab scope of work will include the replacement of numerous building systems and the conversion of an existing vacant commercial space into three additional affordable apartments. The addition of these revenue producing units is expected to substantively improve the financial performance of the property.

The construction scope of work for the converted school building (current apartments), includes:

- Adding 3 new units at currently vacant commercial space
- Replacing sidewalks
- Patching/repairing parking lot
- Tuck pointing exterior façade
- Replacing the flat roof
- Refurbishing existing windows
- Modernizing the elevator
- Upgrading kitchen cabinets/counters/faucets
- Replacing bath vanities/faucets/toilets
- Replacing unit flooring
- Painting units
- Replacing boilers
- Adding cameras and replacing light fixtures

The scope of work for the existing two townhomes buildings, includes:

- Replacing sidewalks
- Replacing siding
- Replacing roofing

- Replacing windows
- Replacing entry doors
- Upgrading kitchen cabinets/tops/faucets
- Replacing bath vanities/tops/faucets/toilet
- Replacing bath fans
- Painting entire unit/living space
- Adding cameras and replacing light fixtures

**ASSIGNMENT AND ASSUMPTION OF DEVELOPMENT AGREEMENT AND  
ASSIGNMENT OF TAX INCREMENT REVENUE NOTE**

**THIS ASSIGNMENT AND ASSUMPTION OF DEVELOPMENT AGREEMENT AND ASSIGNMENT OF TAX INCREMENT REVENUE NOTE** (this “**Agreement**”) is dated as of \_\_\_\_\_, 2019 (the “**Effective Date**”) and is by and between **GUARDIAN ANGELS OF HASTINGS LIMITED PARTNERSHIP**, a Minnesota limited partnership (“**Assignor**”) and **CB GUARDIAN ANGELS HOLDING LLC**, a Minnesota limited liability company (“**Assignee**”).

**RECITALS**

A. Assignor, as developer, and the Hastings Housing and Redevelopment Authority, a public body corporate and politic under the laws of the State of Minnesota (the “**Authority**”) entered into that certain Development Agreement dated as of December 21, 2000, as amended by that certain First Amendment to Development Agreement dated December 14, 2001, executed by the Authority and the Assignor (collectively, the “**Development Agreement**”), pursuant to which Assignor constructed a multifamily housing project located on the real property legally described on **Exhibit A** attached hereto and made a part hereof (the “**Property**”).

B. Pursuant to the terms and subject to the conditions of the Development Agreement, the Authority executed and delivered to the Assignor that certain Taxable Limited Revenue Tax Increment Note dated as of June 14, 2001, in the original principal amount of \$484,000.00, as endorsed to Minnesota Housing Finance Agency by that certain Allonge Endorsement dated December 14, 2001 (the “**TIF Note**”).

C. Assignor has agreed to sell to Assignee and Assignee has agreed to purchase the Property from Assignor.

D. Subject to the terms and conditions of this Agreement, Assignor shall assign to Assignee and Assignee shall assume from Assignor, certain rights, obligations and liabilities of Assignor under the Development Agreement and Assignor shall assign and transfer to Assignee the TIF Note.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of mutual promises and of other good and valuable consideration each party hereto acknowledges, the parties hereby agree as follows:

1. Definitions. Any capitalized term used but not defined herein shall have the meaning given such term in the Development Agreement.

2. Assignment. Assignor does hereby assign, transfer and convey to Assignee all of Assignor's right, title, and interest in and to the Development Agreement together with all of Assignor's obligations and liabilities associated therewith accruing from and after the Effective Date.

3. Assumption. Assignee does hereby accept such assignment, and assumes all of Assignor's right, title, and interest in and to the Development Agreement together with all of Assignor's obligations and liabilities associated therewith accruing from and after the Effective Date.

4. Indemnification. Assignor shall indemnify and hold harmless Assignee from and against all obligations of the Assignor under the Development Agreement to the extent such obligations were applicable to the period and required to be performed prior to the Effective Date. Assignee shall indemnify and hold harmless Assignor from and against all obligations assumed by the Assignee under the Development Agreement to the extent that such obligations are applicable to the period and required to be performed from and after the Effective Date.

5. Assignment of TIF Note. Concurrent with the execution of this Agreement, the Assignor has delivered and surrendered the original TIF Note to the Assignee.

6. Governing Law; Successors and Assigns. This Agreement shall be construed and enforced in accordance with the laws of the State of Minnesota.

7. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all of such counterparts together shall constitute but one agreement.

Assignor and Assignee have caused this Assignment and Assumption of Contract for Private Redevelopment and Assignment of Tax Increment Revenue Note to be signed on the Effective Date.

**ASSIGNOR:**

**GUARDIAN ANGELS OF HASTINGS LIMITED PARTNERSHIP,**  
a Minnesota limited partnership

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**STATE OF MINNESOTA )**  
**) SS.**  
**COUNTY OF \_\_\_\_\_ )**

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2019, by \_\_\_\_\_, the \_\_\_\_\_ of Guardian Angels of Hastings Limited Partners, a Minnesota limited partnership, on behalf of the company.

\_\_\_\_\_  
Notary Public

**ASSIGNEE:**

**CB GUARDIAN ANGELS HOLDING LLC,**  
a Minnesota limited liability company

By: \_\_\_\_\_  
Name: Cecile Bedor  
Title: Chief Manager

**STATE OF MINNESOTA )**  
**) SS.**  
**COUNTY OF RAMSEY )**

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2019, by Cecile Bedor the Chief Manager of CB GUARDIAN ANGELS HOLDING LLC, a Minnesota limited liability company, on behalf of the company.

\_\_\_\_\_  
Notary Public

This Instrument Drafted By:

Winthrop & Weinstine, P.A.  
225 South Sixth Street  
Suite 3500  
Minneapolis, MN 55402

The Authority hereby consents and agrees to this Assignment and Assumption of Development Agreement and Assignment of Tax Increment Revenue Note.

**AUTHORITY:**

**HASTINGS ECONOMIC DEVELOPMENT AND REDEVELOPMENT AUTHORITY**, a public body corporate and politic under the laws of the State of Minnesota

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**STATE OF MINNESOTA )**  
**) SS.**  
**COUNTY OF \_\_\_\_\_)**

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2019, by \_\_\_\_\_ the \_\_\_\_\_ of HASTINGS ECONOMIC DEVELOPMENT AND REDEVELOPMENT AUTHORITY, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the company.

\_\_\_\_\_  
Notary Public



## **EXHIBIT A**

### **Description of the Property**

Lot 1, Block 1, Guardian Angels Addition, according to the recorded plat thereof, City of Hastings, Dakota County, Minnesota.

Together with the benefits and easements created in Easement Agreement dated December 14, 2001, recorded January 22, 2002, as Document No. 1853833, by and among Guardian Angels of Hastings Limited Partnership, Guardian Angels of Hastings Transitional housing LLC and Guardian Angels of Hastings Community Center LLC, as amended by Amendment of Easement Agreement dated December 22, 2014, recorded December 23, 2014, as Document No. 3044308.

**ALLONGE ENDORSEMENT TO  
HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF HASTINGS, MINNESOTA  
TAXABLE LIMITED REVENUE TAX INCREMENT NOTE  
(GUARDIAN ANGELS PROJECT)**

**FOR VALUE RECEIVED**, CB Guardian Angels Holding LLC, a Minnesota limited liability company, endorses, assigns and transfers to the Minnesota Housing Finance Agency, a public body corporate and politic of the State of Minnesota, all right, title and interest in and to the following described Note:

Housing and Redevelopment Authority In and For the City of Hastings, Minnesota Taxable Limited Revenue Tax Increment Note (Guardian Angels Project), in the original principal amount of \$484,000.00, dated June 14, 2001, executed by the Housing and Redevelopment Authority In and For the City of Hastings, Minnesota, as maker, to Guardian Angels of Hastings Limited Partnership, a Minnesota limited partnership, as holder, as assigned to CB Guardian Angels Holding LLC, by that certain Assignment and Assumption of Development Agreement and Assignment of Tax increment Revenue Note dated as of \_\_\_\_\_, 2019.

Dated at Saint Paul, Minnesota, this \_\_\_ day of \_\_\_\_\_, 2019.

THIS ALLONGE IS TO BE AFFIXED  
TO THE NOTE DESCRIBED ABOVE

**CB GUARDIAN ANGELS HOLDING LLC,**  
a Minnesota limited liability company

By: \_\_\_\_\_  
Cecile Bedor  
Its: Chief Manager

CONSENTED AND AGREED TO BY:

**HASTINGS ECONOMIC DEVELOPMENT AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF HASTINGS, MINNESOTA**

By: \_\_\_\_\_

By: \_\_\_\_\_