

**THIEF RIVER FALLS CITY COUNCIL**  
**AGENDA**  
**Friday, April 19, 2024**

**COUNCIL CHAMBERS**  
**CITY HALL – 405 3<sup>RD</sup> STREET EAST**  
**5:00 PM**

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. ROLL CALL**
- 4. PUBLIC FORUM - *Individuals may address the City Council about any item not included on the regular agenda. A maximum of 5 minutes is allotted for the public forum. The City Council will not take official action on items discussed at this time, with the exception of referral to staff or a committee, board or commission for a future report.***
- 5. PRESENTATIONS/PROCLAMATIONS/PUBLIC INFORMATION ANNOUNCEMENTS**
- 6. APPROVE AGENDA - *Council members may add items to the agenda for discussion purposes or staff direction. The Council will not normally take official action on items added to the agenda.***
- 7. CONSENT AGENDA - *These items are considered routine in nature and are approved with one motion without discussion/debate. The Mayor will ask if any Council member wishes to remove an item and place it on the regular agenda for discussion and consideration. If no items are to be removed, the Mayor will then ask for a motion to approve the Consent Agenda.***
- 8. NEW BUSINESS**
  - 8.1. Request for Support for Funding Application for Proposed Edge Housing LLC
  - 8.2. Approve American Legion Post 117 Temporary Intoxicating Liquor License
- 9. COUNCIL BOARDS AND COMMISSIONS REPORTS - *Not all boards or commissions will have met prior to the Council meeting. These reports are intended to keep the other council members informed of actions or proposed actions taken by these boards and commissions. Only those with something to report would be on the agenda.***

**10. UPCOMING MEETINGS**

- 10.1. City Council Meeting - May 7th at 5:30 p.m.
- 10.2. Public Utilities Committee - May 13th at 7:00 a.m.
- 10.3. Public Safety/Liquor Committee - May 13th at 4:30 p.m.
- 10.4. Administrative Services Committee - May 14th at 4:30 p.m. Room 201 City Hall
- 10.5. Public Works Committee - May 14th at 4:30 p.m.
- 10.6. City Council Meeting - May 21st at 5:30 p.m.

**11. INFORMATIONAL ITEMS**

**12. ADJOURNMENT**

City of Thief River Falls complies with the ADA. Individuals with disabilities requiring special aids should contact the City Administrator, 405 Third Street East, Thief River Falls, MN 56701, 218-681-2943, 48 hours prior to the scheduled meeting.



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## Request for Council Action

**DATE:** 4/19/2024

**SUBJECT:** #8.1 Request for Support for Funding Application for Proposed Edge Housing LLC

**RECOMMENDATION:** It is respectfully requested that the Council consider the following Administrative Committee recommendation:

**MOTION TO:** Adopt attached Council Resolution in support of an application by DW Jones to Minnesota Housing's Workforce Housing Development Program for development assistance to construct the Edge Housing LLC, a 66-unit market rate rental housing development; and authorize the Mayor and Administrator to sign any necessary application documents. This resolution includes the city's commitment to utilize TIF District 1-14 for its portion of the match requirement.

**BACKGROUND:** See attached memorandum from Rebecca Kurtz, Ehlers. Minnesota Housing's Workforce Housing Development Program is a competitive-deferred loan program. Funding is available through the Program to meet community needs for rental workforce housing and provides funds available as an unsecured, zero-interest, 3-year deferred forgivable loan. As part of the application by DW Jones, the Council is being asked to consider the resolution of support and request for funds along with support to provide a match of \$1 for every \$2 provided by the Program. TIF District 1-14, which was established for the Angle project, remains in place, and will be used to provide the required match. This is a nine-year TIF District established for workforce housing and is estimated to generate a net of \$950,672 which will allow DW Jones to leverage an additional \$1,901,344 in funds from the Program. Approving the resolution will provide the City and Developer authorization to complete the application for funding. Applications are due at noon on April 30, 2024.

**KEY ISSUES:** A March survey of our market rate apartment complexes showed a vacancy rate of 0.2 percent; 5 percent is normal. At current interest rates and costs of building materials, multifamily housing projects in out-state Minnesota are not financially feasible as the rental rates the developer would need to charge are much higher than existing rental rates and what the average person can afford. While there is some speculation that interest rates will decrease slightly by the end of 2024, inflation is projected to remain above 2 percent through at least 2026. Traditionally, the Minnesota Legislature has funded this Minnesota Housing Program at \$4 million per biennium, but in 2023 it funded it at \$39 million. Without the assistance of funding from this program, the tax increment match by the city and additional private funding, this project would not be feasible, and it would likely be several years before the city would see new multifamily rental housing developments. And our hotel rooms continue to be used for long-term temporary worker housing needs, so there is a definite need for housing in Thief River Falls.

**FINANCIAL CONSIDERATIONS:** TIF District 1-14 will be used for the city's required \$1 match for every \$2 awarded. Funds will be awarded to the City to be dispersed to the developer via a development agreement.

**LEGAL CONSIDERATION:**

**DEPARTMENT/RESPONSIBLE PERSON:** Richard Baker, Economic/Community Development Director

**ATTACHMENTS:**

1.	Supporting Documents for 41924 Edge RCA
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**CERTIFIED COPY OF RESOLUTIONS ADOPTED BY THE MEMBERS OF THE THIEF RIVER FALLS CITY COUNCIL**

**I HEREBY CERTIFY**, that I am the duly elected Secretary and keeper of the records of the City Council for the City of Thief River Falls, Minnesota, a City in the State of Minnesota ("Recipient"), that the following is a true and correct copy of Resolutions duly and unanimously adopted by all of the members of the Thief River Falls City Council of Recipient on April 19, 2024, all of the members being present and constituting a quorum for the transaction of business; further, that such meeting was called in compliance with all applicable laws and any other requirements of Recipient; that such Resolutions do not conflict with any laws of Recipient nor have such Resolutions been in any way altered, amended or repealed and are in full force and effect, unrevoked and unrescinded as of this day, and have been entered upon the regular Minute Book of Recipient, as of the aforementioned date, and that the members of the City Council of Recipient have, and at the time of adoption of such Resolutions, had full power and lawful authority to adopt such Resolutions and to confer the powers thereby granted to the offices therein named who have full power and lawful authority to exercise the same:

**WHEREAS**, Recipient has submitted an application (the "Application") for a project (the "Project") pursuant to the Workforce Housing Development Program ("Program") in order to obtain funding from the Minnesota Housing Finance Agency ("Minnesota Housing").

**WHEREAS**, on this 19th day of April, 2024, there has been presented to the meeting of the City Council of Recipient a proposal for Recipient, upon selection by Minnesota Housing, to enter in to a Deferred Loan Agreement pursuant to the Program in order to obtain funding from Minnesota Housing.

**WHEREAS**, on April 19, 2022, the City of Thief River Falls approved the establishment of Tax Increment Financing District No. 1-14 – Angle Development, an economic development work force housing tax increment financing district on the parcels identified on the Application.

**NOW, THEREFORE, BE IT RESOLVED**, that Recipient is authorized to enter into a Deferred Loan Agreement, substantially in the form as attached to these Resolutions as Exhibit A, pursuant to the Program in order to obtain funding from Minnesota Housing in an amount not to exceed \$ 4,301,344.00 (the "Loan").

**BE IT FURTHER RESOLVED**, that Recipient is an Eligible Project Area, as defined in Minnesota Statute Section 462A.39, subdivision 2, has the legal authority to apply for financial assistance, and has the institutional, managerial and financial capability to ensure adequate construction, operation, maintenance and replacement of the Project for its design life.

**BE IT FURTHER RESOLVED**, that Recipient certifies that it will use the Loan for qualified expenditures for the Project to serve employees of business located in Thief River Falls (Eligible Project Area) or surrounding area.

**BE IT FURTHER RESOLVED**, that the Loan will be matched by the City of Thief River Falls with at least \$1 for every \$2 provided.

**BE IT FURTHER RESOLVED**, that the City will use tax increment generated by Tax Increment Financing District 1-14 – Angle Development and support the Edge Housing LLC development. Also, the city will use a low interest loan from a local employer to meet the match requirement.

**BE IT FURTHER RESOLVED**, that Recipient certifies that the average vacancy rate for rental housing located in Thief River Falls (Eligible Project Area), and in any other city located within 15 miles or less of the boundaries of the area, has been five percent or less for at least the prior two-year period.

**BE IT FURTHER RESOLVED**, that the Loan will not exceed 50 percent of the Project costs.

**BE IT FURTHER RESOLVED**, that the City Administrator and Mayor or their successors in office, are hereby authorized to execute the Deferred Loan Agreement and such other agreements, and amendments thereto, as are necessary to implement the Project on behalf of Recipient.

**BE IT FURTHER RESOLVED**, that Minnesota Housing is authorized to rely on the continuing force and effect of these Resolutions until receipt by the Commissioner of Minnesota Housing at its principle office of notice in writing from Recipient of any amendment or alteration of such Resolutions.

ATTEST:

\_\_\_\_\_

Title

\_\_\_\_\_

Title

Dated: April \_\_, 2024

(Seal)

**EXHIBIT A**  
**MINNESOTA HOUSING FINANCE AGENCY**  
**DEFERRED LOAN AGREEMENT**

This Deferred Loan Agreement is between the Minnesota Housing Finance Agency (“MHFA”) and [GIVE THE FULL NAME OF THE BORROWER INCLUDING ITS ADDRESS] (the “Borrower”).

**Recitals**

1. Under [Minn. Stat. §462A.39](#), MHFA is empowered to enter into this Deferred Loan Agreement.
2. The MHFA is in need of the development of rental housing to serve the employees of local businesses (“Workforce Housing”) in [COUNTY], City of [CITY] pursuant to MHFA’s Workforce Housing Development Program (the “Program”).
3. The Borrower represents that it is duly qualified and agrees to perform all activities described in this Deferred Loan Agreement to the satisfaction of MHFA. The Borrower agrees to minimize administrative costs as a condition of this Deferred Loan Agreement.

**Deferred Loan Agreement**

**1 Term of Deferred Loan Agreement**

**1.1 Effective date:**

The effective date of this Deferred Loan Agreement is [SPELL OUT FULL DATE (e.g., July 1, 2022)]. The Borrower must not begin work until this Deferred Loan Agreement is fully executed and MHFA's Authorized Representative has notified the Borrower that work may commence. No funds will be disbursed to the Borrower until this Deferred Loan Agreement is fully executed.

**1.2 Construction period:**

The construction period for the Program begins with the Effective Date of this Deferred Loan Agreement and continues through the later of [SPELL OUT FULL DATE (e.g., June 1, 2025)] or any extension of this period agreed to in writing by MHFA (the “Construction Period”). All funds provided through this Deferred Loan Agreement must be fully expended in compliance with this Deferred Loan Agreement by the end of the Construction Period.

**1.3 Survival of Terms.**

The following clauses survive the expiration or cancellation of this Deferred Loan Agreement: 8. Liability; 9. State Audits; 11. Publicity and Endorsement; 12. Governing Law, Jurisdiction, and Venue; and 14. Data Disclosure.

**2 Duties and Contracts**

**2.1 Borrower’s Duties**

The Borrower has made application to MHFA for the purpose of administering a Program project in the manner described in the Borrower's application (the “Project”) which is incorporated into this Deferred Loan Agreement by reference.

The Borrower, who is not a state employee, is awarded funds to provide financial assistance to address the need for Workforce Housing. The Project includes: [INSERT BRIEF DESCRIPTION OF PROJECT INCLUDING TYPE (NEW CONSTRUCTION/ADAPTIVE REUSE, ETC.), AND NUMBER OF UNITS].

The Borrower will be in compliance with the Workforce Housing Development Program Guide, as amended (the “Program Guide”), which is incorporated into this Deferred Loan Agreement.

## 2.2 Provisions for Contracts and Sub-grants.

**(a) Contract Provisions.** The Borrower must include in any contract and subcontract, in addition to provisions that define a sound and complete agreement, such provisions that require recipients and subrecipients to comply with applicable local, state and federal laws, rules, regulations and ordinances, as well as any applicable MHFA policies.

**(b) Use of Program Funds.** The Program Funds (as defined below) awarded under this Deferred Loan Agreement may only be used by the Borrower or awarded by the Borrower to third parties as grant funds or loans in accordance with the terms of the Program Guide. All Program Funds must be used by an Eligible Project Area for the Qualified Expenditures of a Market Rate Residential Rental Property (as such terms are defined in the Program Guide). If awarded as a loan, any fees or interest charged cannot unduly enrich any parties involved beyond the approximate cost of the administrative costs associated with the Project.

## 3 Time

The Borrower must comply with all time requirements described in this Deferred Loan Agreement and the Program Guide. In the performance of this Deferred Loan Agreement, time is of the essence. Project construction must commence and be completed within the Construction Period

## 4 Loan

### 4.1 Loan Amount.

The total principal loan amount by MHFA to the Borrower under this Deferred Loan Agreement will not exceed \$[ENTER AWARD AMOUNT] (the "Program Funds").

### 4.2 Repayment

The Borrower promises to pay to MHFA the Program Funds with simple interest, if any, of 0% per annum accruing on such amounts of principal as may be advanced from time to time.

Further, the Program Funds and all accrued interest, if any, less any amounts previously paid or forgiven, are due and payable in one lump sum on the earlier to occur of: (i) a Default (as described below); or (ii) the \_\_\_\_ day of \_\_\_\_, 20\_\_ (the "Maturity Date").

A Default occurs upon written notice by MHFA to the Borrower of noncompliance with this Deferred Loan Agreement or the Program Guide and failure of the Borrower to cure the noncompliance to the satisfaction of MHFA within 30 days of such notice.

Repayment of the Program Funds will be forgiven upon the Maturity Date provided: (i) MHFA has not given the Borrower notice of a Default; and (ii) the Borrower is in full compliance with this Deferred Loan Agreement and the Program Guide.

All amounts due are payable at the offices of MHFA, 400 Wabasha Street North, Suite 400, St. Paul, MN 55102-1109, or such other place as MHFA may designate in writing.

If a failure to pay the amounts due under this Deferred Loan Agreement occurs, and if the same is submitted for collection by MHFA, its successor and assigns, the Borrower must pay all costs of collection, including reasonable attorney's fees.

All parties to this Deferred Loan Agreement, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest and notice of dishonor.

### 4.3 Disbursement

For all disbursements of Program Funds, the Borrower must be in compliance with this Deferred Loan

Agreement and the Program Guide and complete and submit a Workforce Housing Development Program Disbursement Request Form, attached to this Deferred Loan Agreement as **Exhibit A**, to MHFA for review and approval. MHFA will promptly pay the Borrower up to one third of the Program Funds on or after closing. The Borrower may request an additional one third of the Program Funds as needed upon commencement of Project construction. The remaining one third of the Program Funds will be withheld for final disbursement and will not be released until construction completion of the Project and upon completion of all reporting and monitoring requirements pursuant to this Deferred Loan Agreement.

#### **4.4 Return of Funds**

The Borrower must promptly return to MHFA any Program Funds that have: (i) not been accounted for in a financial report to MHFA due annually or at Deferred Loan Agreement closeout; or (ii) not been used in compliance with the Program Guide.

#### **4.5 Contracting and Bidding Requirements**

The Borrower must comply with all applicable prevailing wage requirements as further described in the Legal Addendum attached to the Program Guide.

The Borrower must not contract with vendors who are suspended or debarred in MN:

<http://www.mmd.admin.state.mn.us/debarredreport.asp>

#### **4.6 Prepayment**

The Program Funds may be prepaid in whole or in part at any time without premium or penalty; provided, however, that payment by Borrower to MHFA of the amount of the Program Funds or any portion thereof shall not be deemed to be or constitute a release of Borrower from the terms or requirements of this Deferred Loan Agreement.

### **5 Conditions of Payment**

All activities performed by the Borrower under this Deferred Loan Agreement must be performed to MHFA's satisfaction, as determined at the sole discretion of MHFA's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Borrower will be responsible for repaying any Program Funds found by MHFA to be noncompliant with this Deferred Loan Agreement or used in violation of federal, state, or local law.

### **6 Authorized Representative**

MHFA's Authorized Representative is **Sara Bunn, Program Manager, 651.296.9827, sara.bunn@state.mn.us, 400 Wabasha St N, Suite 400, St. Paul, MN 55102** or her successor, and has the responsibility to monitor the Borrower's performance under this Deferred Loan Agreement.

The Borrower's Authorized Representative is **[NAME, TITLE, ADDRESS, TELEPHONE NUMBER, EMAIL]**. If the Borrower's Authorized Representative changes at any time during this Deferred Loan Agreement, the Borrower must immediately notify MHFA.

### **7 Assignment Amendments, Waiver, and Deferred Loan Agreement Complete**

#### **7.1 Assignment**

The Borrower shall neither assign nor transfer any rights or obligations under this Deferred Loan Agreement without the prior written consent of MHFA, approved by the same parties who executed and approved this Deferred Loan Agreement, or their successors in office.

#### **7.2 Amendments**

Any amendments to this Deferred Loan Agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original Deferred Loan Agreement, or their successors in office.

### **7.3 Waiver**

If MHFA fails to enforce any provision of this Deferred Loan Agreement, that failure does not waive the provision or MHFA's right to enforce it.

### **7.4 Deferred Loan Agreement Complete**

This Deferred Loan Agreement contains all negotiations and agreements between MHFA and the Borrower. No other understanding regarding this Deferred Loan Agreement, whether written or oral, may be used to bind either party.

## **8 Liability**

The Borrower must indemnify, save, and hold MHFA, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by MHFA, arising from the performance of this Deferred Loan Agreement by the Borrower or the Borrower's agents or employees. This clause will not be construed to bar any legal remedies the Borrower may have for MHFA's failure to fulfill its obligations under this Deferred Loan Agreement.

## **9 State Audits**

Under [Minn. Stat. § 16B.98](#), Subd.8, the Borrower's books, records, documents, and accounting procedures and practices of the Borrower or any other party relevant to this Deferred Loan Agreement or transaction are subject to examination by MHFA and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this Deferred Loan Agreement, receipt and approval of all final reports, or the required period of time to satisfy all MHFA program retention requirements, whichever is later.

## **10 Workers Compensation**

The Borrower certifies that it is in compliance with [Minn. Stat. § 176.181](#), Subd. 2, pertaining to workers' compensation insurance coverage. The Borrower's employees and agents will not be considered MHFA employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way MHFA's obligation or responsibility.

## **11 Publicity and Endorsement**

### **11.1 Publicity**

Any publicity regarding the subject matter of this Deferred Loan Agreement must identify MHFA as the sponsoring agency and must not be released without prior written approval from MHFA's Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Borrower individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this Deferred Loan Agreement.

### **11.2 Endorsement**

The Borrower must not claim that MHFA endorses its products or services.

## **12 Governing Law, Jurisdiction, and Venue**

Minnesota law, without regard to its choice-of-law provisions, governs this Deferred Loan Agreement. Venue for all legal proceedings out of this Deferred Loan Agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

## **13 Termination**

MHFA may immediately terminate this Deferred Loan Agreement if MHFA finds that there has been a failure to comply with the provisions of this Deferred Loan Agreement or the Program Guide, that reasonable progress has not been made or that the purposes for which the funds were loaned have not been or will not be fulfilled. MHFA may take action to protect the interests of the State of Minnesota, including

the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

**14 Data Disclosure**

Under [Minn. Stat. § 270C.65](#), Subd. 3, and other applicable law, the Borrower consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to MHFA, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Borrower to file state tax returns and pay delinquent state tax liabilities, if any.

**15 Responsible Contractor Requirement**

The Borrower agrees that it and its contractors will fully comply with all applicable provisions contained in [Minn. Stat. §16C.285](#), as amended.

**2. BORROWER**

The Borrower certifies that the appropriate person(s) has/have executed the Deferred Loan Agreement on behalf of the Borrower as required by applicable articles, bylaws, resolutions, or ordinances.

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**3. MINNESOTA HOUSING FINANCE AGENCY**

By: \_\_\_\_\_  
(with delegated authority)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Distribution:  
Agency  
Borrower  
MHFA's Authorized Representative

**EXHIBIT A**

**Workforce Housing Development Program Disbursement Request Form**

**Summary**

This form must be completed, signed, and submitted to MHFA prior to receiving a disbursement of funds. To complete the form, enter the amount of funds you are requesting and a summary of what the funds will be used for. Have the form signed by an Authorized Representative. Submit the completed form to Sara Bunn at [WorkforceHousingDevProg.MHFA@state.mn.us](mailto:WorkforceHousingDevProg.MHFA@state.mn.us).

**Disbursement Request and Justification**

Amount Requested (not to exceed one-third of the total award): \_\_\_\_\_

Use the space below to document what the funds will be used for:

\_\_\_\_\_

**Authorized Representative Signature**

Authorized Representative Name: \_\_\_\_\_

Authorized Representative Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

Authorized Representative  
Signature: \_\_\_\_\_

## MEMORANDUM

**TO:** Richard Baker, City of Thief River Falls  
**FROM:** Rebecca Kurtz, Ehlers  
**DATE:** April 19, 2024  
**SUBJECT:** Tax Increment for Proposed Edge Housing LLC Development

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### **Request for Support for Funding Application for Proposed Edge Housing LLC**

The City received a request from DW Jones (the “Developer”) to support an application to Minnesota Housing’s Workforce Housing Development Program (the “Program”) and provide tax increment financing for the development of 65 units of market rate, rental housing. The project is referred to as Edge Housing, LLC. The tax increment would assist with filling the financing gap and support the match requirement for the Program.

It is estimated that the proposed development would generate about \$950,672 over the nine-year term. As with all tax increment districts, the taxing jurisdictions would continue to retain the current taxes generated from the parcel, and the **increase in taxes** would be directed to eligible costs for the term of the tax increment assistance.

### **TIF District 1-14 Background**

On April 19, 2022, the City of Thief River Falls adopted the Tax Increment Financing Plan for Tax Increment Financing District No. 1-14: Angle Development (the “District”). This is an economic development TIF district for workforce housing and has a maximum term of nine years of increment. At the time the District was established, the City anticipated entering into an agreement with MAK Construction for the development of a mixed-used project with 93 units of rental housing and a daycare facility.

Due to changes in market conditions, including rising interest rates and construction costs, the developer terminated the project prior the City entering into an agreement. The District remains in place including up to nine years of available tax increment assistance for a qualifying project.

### **Workforce Housing Development Program**

During the 2023 Legislative Session, Minnesota Housing received up to \$39 million in funding for the Workforce Housing Development Program. This Program targets small to medium-sized communities in greater Minnesota with rental workforce housing needs. Funding is available to build market rate, residential housing in communities with proven job growth and demand for workforce rental housing. It is a competitive funding program with funds available as an unsecured, zero-interest, 3-year deferred forgivable loan.

Among the requirements, communities need to provide matching funds of one dollar for every two dollars requested in funding.



### **Proposed Edge Housing LLC**

The estimated \$950,672 in net tax increment generated from the proposed Edge Housing could be used to leverage an estimated additional \$1,901,344 in funds from the Program.

In addition to the estimated \$950,672 that could be available for the Project, the City may retain up to 10 percent of the increment for administrative expenses.

Additional contributions from private partnerships or local employers could be used by the Developer to increase the request for funding through the Project. These contributions could also be matched on \$1 for every \$2 provided by the Program like the public assistance.

### **Next Steps**

As part of the application, the Council is being asked to consider the resolution of support and request for funds along with support to provide a match of \$1 for every \$2 provided by the Program. Approving the resolution will provide the City and Developer authorization to complete the application for funding. Applications are due April 30, 2024.

Award recipients will be notified in August 2024.

If the Project receives funding, the City would enter into a development agreement with the Developer, which would outline the terms of the tax increment assistance. As with other tax increment districts in the City, it is anticipated that the tax increment assistance would be provided through a pay-as-you-go note. Under this scenario, the Developer would pay for all expenses and construct the project. After the project is completed, the City would provide the Developer a Tax Increment Note and provide semi-annual payments based on the increment generated from the Project.

Since the District has been established, additional notices or public hearing related to the establishment of the District are not required. However, the Council would be required to review and approve the developer agreement if funding is awarded.

### **Council Considerations**

- The Council could approve the resolution supporting the Developer's application for the Workforce Housing Development Program and request for funding along with the City's support to provide a match of \$1 for every \$2 provided by the Program. This action would allow the Developer to submit the application by April 30.
- The Council could deny the request or take no action. This action would likely result in the proposed development not moving forward at this time, as there would not be sufficient funding to support the development.

**Proposed DW Jones Workforce Housing Development - 2% Inflation**  
 City of Thief River Falls, MN  
 65-Units of Workforce Rental Housing



ASSUMPTIONS AND RATIOS

<b>District Type:</b>	Economic Development	<b>Tax Rates</b>
<b>District Name/Number:</b>		Exempt Class Rate (Exempt)
<b>County District #:</b>	2026	Commercial/Industrial/Preferred Class Rate (C/I Pref.)
<b>First Year Construction or Initiation on Value</b>	2.00%	First Over \$150,000
<b>Existing District - Specify No. Years Remaining</b>	6.00%	Over \$150,000
<b>Inflation Rate - Every Year:</b>	1-Aug-26	Commercial/Industrial Class Rate (C/I)
<b>Present Value Date:</b>	1-Feb-27	Rental Housing Class Rate (Rental)
<b>First Period Ending:</b>	Pay 2025	At-Risk Rental Housing Class Rate (At-Risk Rental)
<b>Tax Year District was Certified:</b>	2028	First Over \$100,000
<b>Cashflow Assumes First Tax Increment For Development:</b>	9	Over \$100,000
<b>Assess Last Year of Tax Increment:</b>	2036	Non-Homestead Residential (Non-H Res 1 Unit)
<b>Fiscal Disparities Election (Outside (A), Inside (B), or NA)</b>	NA	First Over \$500,000
<b>Incremental or Total Fiscal Disparities</b>	Incremental	Over \$500,000
<b>Fiscal Disparities Contribution Ratio</b>	0.0000%	Homestead Residential Class Rate (Hrsnd. Res.)
<b>Fiscal Disparities Metro-Wide Tax Rate</b>	136.8600%	First Over \$500,000
<b>Market/Frozen Local Tax Rate:</b>	33.0030%	Over \$500,000
<b>Current Local Tax Rate: (Use lesser of Current or Max.)</b>	0.12129%	Agricultural Non-Homestead
<b>State-wide Tax Rate (Comm./Ind. only used for total taxes)</b>	Pay 2024	First
<b>Market Value Tax Rate (Used for total taxes)</b>	Pay 2024	Over

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Cap/Rate	Class After Conversion	After Conversion Orig. Tax Cap	Assess Phase
1	2500103730	Arge Properties		150,600	0	150,600	100%	150,600	Pay 2025	Rental	1,883	Rental	1,883	1

**Note:**  
 1. Base values are for pay 2023 based on review of County website on March 14, 2024.  
 2. Located in SD #964.

Proposed DW Jones Workforce Housing Development - 2% Inflation  
 City of Thief River Falls, MN  
 65-Units of Workforce Rental Housing



PROJECT - INITIAL ORIGIN (Total Tax Capacity)													
Area/Phase	Market Value	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2026	Percentage Completed 2027	Percentage Completed 2028	Percentage Completed 2029	First Year Full Taxes Payable 2028
New Use Apartments	81,250	100,000	100,000	65	6,500,000	Rental	81,250	1,250	100%	100%	100%	100%	1,828.79
<b>TOTAL</b>				<b>65</b>	<b>6,500,000</b>		<b>81,250</b>	<b>1,250</b>					
Subtotal Residential				0	0		0	0					
Subtotal Commercial/Ind.				0	0		0	0					

Note:  
 1. Market values are based upon Pay 2024 market value for Noper's Fourth Addition (\$97,862/unit).

TAX CALCULATIONS									
	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
New Use Apartments	81,250	0	81,250	111,053	0	0	7,884	118,936	1,828.79
<b>TOTAL</b>	<b>81,250</b>	<b>0</b>	<b>81,250</b>	<b>111,053</b>	<b>0</b>	<b>0</b>	<b>7,884</b>	<b>118,936</b>	<b>1,828.79</b>

- Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.
- If tax increment is received in 2025, then the district will be one year shorter.

WHAT IS EXCLUDED FROM THE?	
Total Property Taxes	118,936
less State-wide Taxes	0
less Fiscal Disp. Adj.	(7,884)
less Market Value Taxes	(2,573)
less Base Value Taxes	108,479



Proposed DW Jones Workforce Housing Development - 2% Inflation

City of Thier River Falls, MN  
65-Units of Workforce Rental Housing

TAX INCREMENT CASH FLOW

% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparties Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	81,250	(1,883)	-	79,368	136.660%	108,479	54,240	(195)	(5,404)	48,640	43,216	0.5	2028	08/01/28
100%	82,875	(1,883)	-	80,993	136.660%	110,701	54,240	(195)	(5,404)	48,640	85,173	1	2028	02/01/29
100%	84,533	(1,883)	-	82,650	136.660%	112,966	55,350	(199)	(5,515)	49,636	126,743	1.5	2029	08/01/29
100%	86,223	(1,883)	-	84,341	136.660%	115,277	56,483	(203)	(5,628)	50,652	167,101	2	2030	02/01/30
100%	87,948	(1,883)	-	86,065	136.660%	117,634	57,638	(207)	(5,743)	51,698	207,086	2.5	2030	08/01/30
100%	89,707	(1,883)	-	87,824	136.660%	120,038	58,817	(212)	(5,861)	52,745	245,906	3	2031	02/01/31
100%	91,501	(1,883)	-	89,618	136.660%	122,490	60,019	(216)	(5,980)	53,823	284,367	3.5	2031	08/01/31
100%	93,331	(1,883)	-	91,448	136.660%	124,991	61,245	(220)	(6,102)	54,922	321,707	4	2032	02/01/32
100%	95,197	(1,883)	-	93,315	136.660%	127,543	62,496	(225)	(6,227)	56,044	358,701	4.5	2032	08/01/32
							63,771	(230)	(6,354)	57,188	394,618	5	2033	02/01/33
							65,019	(234)	(6,479)	58,323	430,201	5.5	2033	08/01/33
							66,245	(238)	(6,602)	59,592	464,748	6	2034	02/01/34
							67,496	(242)	(6,727)	60,906	498,973	6.5	2034	08/01/34
							68,771	(246)	(6,851)	62,227	532,202	7	2035	02/01/35
							70,071	(250)	(6,976)	63,544	565,122	7.5	2035	08/01/35
							71,396	(254)	(7,101)	64,865	597,083	8	2036	02/01/36
							72,745	(258)	(7,226)	66,181	628,746	8.5	2036	08/01/36
							74,118	(262)	(7,351)	67,492	659,487	9	2036	02/01/37
							75,515	(266)	(7,476)	68,799				
							76,936	(270)	(7,601)	70,102				
							78,381	(274)	(7,726)	71,399				
							79,850	(278)	(7,851)	72,692				
							81,343	(282)	(7,976)	73,980				
							82,860	(286)	(8,101)	75,273				
							84,401	(290)	(8,226)	76,566				
							85,966	(294)	(8,351)	77,855				
							87,555	(298)	(8,476)	79,140				
							89,168	(302)	(8,601)	80,421				
							90,805	(306)	(8,726)	81,698				
							92,467	(310)	(8,851)	82,971				
							94,154	(314)	(8,976)	84,240				
							95,866	(318)	(9,101)	85,505				
							97,603	(322)	(9,226)	86,766				
							99,365	(326)	(9,351)	88,023				
							101,152	(330)	(9,476)	89,276				
							102,964	(334)	(9,601)	90,525				
							104,791	(338)	(9,726)	91,770				
							106,633	(342)	(9,851)	93,011				
							108,490	(346)	(9,976)	94,248				
							110,362	(350)	(10,101)	95,481				
							112,249	(354)	(10,226)	96,710				
							114,151	(358)	(10,351)	97,935				
							116,068	(362)	(10,476)	99,156				
							118,000	(366)	(10,601)	100,373				
							119,947	(370)	(10,726)	101,586				
							121,909	(374)	(10,851)	102,795				
							123,886	(378)	(10,976)	104,000				
							125,878	(382)	(11,101)	105,201				
							127,885	(386)	(11,226)	106,398				
							129,907	(390)	(11,351)	107,591				
							131,944	(394)	(11,476)	108,780				
							134,007	(398)	(11,601)	109,965				
							136,085	(402)	(11,726)	111,146				
							138,178	(406)	(11,851)	112,323				
							140,286	(410)	(11,976)	113,496				
							142,409	(414)	(12,101)	114,665				
							144,547	(418)	(12,226)	115,830				
							146,700	(422)	(12,351)	116,991				
							148,868	(426)	(12,476)	118,148				
							151,051	(430)	(12,601)	119,301				
							153,249	(434)	(12,726)	120,450				
							155,462	(438)	(12,851)	121,595				
							157,690	(442)	(12,976)	122,736				
							159,933	(446)	(13,101)	123,873				
							162,191	(450)	(13,226)	125,006				
							164,464	(454)	(13,351)	126,135				
							166,752	(458)	(13,476)	127,260				
							169,055	(462)	(13,601)	128,381				
							171,373	(466)	(13,726)	129,500				
							173,706	(470)	(13,851)	130,617				
							176,054	(474)	(13,976)	131,732				
							178,417	(478)	(14,101)	132,845				
							180,795	(482)	(14,226)	133,956				
							183,188	(486)	(14,351)	135,065				
							185,596	(490)	(14,476)	136,172				
							188,019	(494)	(14,601)	137,277				
							190,457	(498)	(14,726)	138,380				
							192,910	(502)	(14,851)	139,481				
							195,378	(506)	(14,976)	140,580				
							197,861	(510)	(15,101)	141,677				
							200,359	(514)	(15,226)	142,772				
							202,872	(518)	(15,351)	143,865				
							205,390	(522)	(15,476)	144,956				
							207,923	(526)	(15,601)	146,045				
							210,471	(530)	(15,726)	147,132				
							213,034	(534)	(15,851)	148,217				
							215,612	(538)	(15,976)	149,300				
							218,205	(542)	(16,101)	150,381				
							220,813	(546)	(16,226)	151,460				
							223,436	(550)	(16,351)	152,537				
							226,074	(554)	(16,476)	153,612				
							228,727	(558)	(16,601)	154,685				
							231,395	(562)	(16,726)	155,756				
							234,078	(566)	(16,851)	156,825				
							236,776	(570)	(16,976)	157,892				
							239,489	(574)	(17,101)	158,957				
							242,217	(578)	(17,226)	160,020				
							244,960	(582)	(17,351)	161,081				
							247,718	(586)	(17,476)	162,140				
							250,491	(590)	(17,601)	163,197				
							253,279	(594)	(17,726)	164,252				
							256,082	(598)	(17,851)	165,305				
							258,900	(602)	(17,976)	166,356				
							261,733</							

**PROJECT DESCRIPTION**

<b>Amount of Workforce Housing Development Program funds being requested</b>	\$	<b>4,301,344.00</b>
<b>Percentage of Total Development Costs</b>		<b>31%</b>

<b>Name and Location</b>	
Development Name	The Edge
Development Address	701 Hwy 32
City	Thief River Falls
Zip Code	56701
County	Pennington

<b>Activity Type (select from list)</b>
New Construction

<b>Development Team</b>	
City (Applicant)	City of Thief River Falls
Developer	D.W. Jones, Inc.
Permanent Owner	Edge Housing LLC
Architect	Cole Group Architects
General Contractor	Miller Architects & Builders
Management Company	D.W. Jones Management, Inc.

<b>Will this project contain any income restricted units? (select from list)</b>	
	No
If yes, how many restricted units?	0
If yes, how many market rate units?	66
Total Number of Units:	66

Enter only whole numbers

<b>Property Information</b>	
Year Built	2025
Census Tract	27113090400
Building Type	Elevator
# of Residential Buildings	1
Number of Stories	3
Number of Units	66
Covered Parking Type	Attached Garage
# Covered Parking Spaces	41
# Surface Parking Spaces	112

<b>Version</b>	
Version Date	
Version	

**Project Summary**

**Development Team**

Applicant (city)	City of Thief River Falls	Property Number (D#)	
Developer	D.W. Jones, Inc.	Project Number (M#)	
General Contractor	Miller Architects & Builders		
Architect	Cole Group Architects		
Management Company	D.W. Jones Management, Inc.		
Permanent Owner	Edge Housing LLC		
Activity Type	New Construction		

**Financial Information**

Funding Request	\$ 4,301,344		
Match Amount	\$ -		
Total Development Cost	\$ 13,899,148	Funding Request Percentage of TD	31%
Cost Per Unit	\$ 210,593		
WHDP Funds per Unit	\$ 65,172	Match per Unit	\$ -

**Property Information**

Number of Units	66	Number of studios	6
Number of income-restricted uni		Number of one-bedrooms	22
Number of market rate units	66	Number of two-bedrooms	38
		Number of three-bedrooms	
		Number of four-bedrooms	
		Number of five-bedrooms	

<b>Rent Grid</b>				
Bedrooms	Baths	# Units	Square Feet	Net
Studio	1	4	495	
Studio	1	2	590	
1	1	18	662	
1	1	2	725	
1	1	2	754	
2	1	2	868	
2	1	22	939	
2	1	3	945	
2	2	3	1056	
2	2	8	1188	



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## Request for Council Action

**DATE:** 4/19/2024

**SUBJECT:** Approve American Legion Post 117 Temporary Intoxicating Liquor License

**RECOMMENDATION:** It is respectfully requested the Council consider the following:

**MOTION TO:** Approve a Temporary Intoxicating Liquor License for the American Legion Post 117 to be held at the Thief River Falls Curling Club effective May 25-26, 2024, from 5 pm to 1 am.

**BACKGROUND:** The American Legion has applied for a temporary intoxicating liquor license to be held at the Thief River Falls Curling Club for a Wedding Reception.

**KEY ISSUES:** Applicant shall comply with all restrictions, limitations, and regulations for the sale of liquor under the City Code and State Statutes.

Applicant hereby agrees to obtain a resolution of its governing board wherein applicant agrees to indemnify and hold harmless the City of Thief River Falls and its elected officials, employees, and agents, from and against any and all liabilities, judgements, settlements, losses, costs, or charges, including attorneys' fees, incurred by the City of Thief River Falls, and/or any of its elected officials, employees, and agents, as a result of any claim, demand, action, or suit relating to any bodily injury (including death), loss of property, and/or property damage caused by, arising out of, or relating to or associated with the granting of a temporary intoxicating liquor license to applicant.

Applicant also understands that all information contained on this application is public data according to Chapter 13 of the Minnesota State Statute. Failure to provide the requested information may result in the application being denied.

**FINANCIAL CONSIDERATIONS:** Cost of the license is \$35.00 per day.

**LEGAL CONSIDERATION:** If approved, the applicant must provide suitable Proof of Insurance covering liquor liability. The City of Thief River Falls shall be named as an additional insured.

**DEPARTMENT/RESPONSIBLE PERSON:** Renee Olson, Administrative Services

**ATTACHMENTS:**

None