

State of Minnesota  
Counties of Scott & Le Sueur  
City of New Prague

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Special City Council Meeting  
Monday, March 13, 2017

Mayor Nickolay called the special meeting to order at 6:00 p.m. with the following members present: Nickolay, Bruzek, Ryan, Tuma  
Absent: Jirik

Staff Present: City Administrator Mike Johnson, Planning/Community Development Director Ken Ondich,

Also Present: Mikaela Huot, Vice President of Springsted, Inc.

Mikaela Huot, V.P. of Springsted was in attendance to provide the Council with an overview of the proposed New Prague Senior Living Associates, I, LLC Housing Project (Preliminary Tax Increment Financing Projections); the Redevelopment Plan for Redevelopment Project No. 8; and the Tax Increment Financing Plan for Tax Increment Financing (Housing) District No. 8-1 (New Prague Senior Living I, LLC Project) within Redevelopment Project No. 8; and schedule of events.

The proposed Senior Housing Project is a project with approximately 90 units of senior housing in which a portion (20%) of the units would be affordable and occupied by persons or families with incomes no greater than 50% of county median income. The project is proposed to be located on a vacant parcel of land (3.83 acres) south of the New Prague State Bank. It would include underground parking and four stories comprising 125,000 square feet. There would be approximately 30 independent units, 42 assisted living units and eighteen memory care units for a total of 90 units. According to the Le Sueur County Assessor, the estimated value of the building would be approximately \$7,920,800 (land of \$750,000 and a building of \$7,170,800).

This proposed \$19 million project is proposed to be funded by an estimated \$12.67 million of private funding with the remaining costs financed by a combination of developer equity and City public assistance through tax increment financing. Any assistance by the City would only be provided through pay-as-you-go (PAYGO) financing. The developer has indicated that the receipt of City financial assistance is necessary for the project to proceed and meet debt coverage and value assumptions.

Besides reviewing the preliminary project and financing projections, Ms. Huot provided an overview of the Redevelopment Plan and Tax Increment Financing Plan (both to be sent to the School District and Le Sueur County) that are required by State law.

General questions or concerns from the Council related to:

- The project redevelopment plan and TIF plan which are for the housing project are all on 1 site or property
- What is included in calculating the annual yearly income to qualify for the assisted units
- Can the City institute a requirement to control the use of the building for Seniors versus low income housing.
- Can the City request an increase in the number of affordable units (from 20% up to ?)

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- What is the mix of affordable units versus market rate units after the TIF term
- Can the project return to the Council before it is sold to a new developer or entity
- Is the City able to require any units be set aside or reserved for disabled individuals

Following discussion on the financing projects, Redevelopment Plan and TIF Plan, Ms. Huot indicated that the document would be officially sent to the School District and County at least 30 days prior to the Public Hearing on the project which is scheduled for April 17, 2017 at 6:30 p.m. City Staff and Springsted will be meeting with the developer to fine tune the TIF request and review the 10 year Project Pro-Forma to ensure that any financial assistance provided would benefit the City and those in need of Senior Housing.

It was moved by Nickolay and seconded by Ryan to adjourn at 8:30 p.m. All voted in favor of the motion. (4-0)

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Charles L. Nickolay, Mayor

ATTEST:

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Michael J. Johnson  
City Administrator