



## HOUSING AND REDEVELOPMENT AUTHORITY AGENDA

Tuesday, August 20, 2024

6:50 p.m.

Coon Rapids City Center

Council Chambers

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### **Call to Order**

### **Roll Call**

### **Approval of Minutes of Previous Meeting**

1. Approve Minutes of January 16, 2024
2. Approve Minutes of June 4, 2024

### **New Business**

3. Consider Lender Subordination Agreement, IDC-Automatic

### **Other Business**

### **Adjourn**



**HRA Regular**

**1.**

**Meeting Date:** 08/20/2024

**Subject:** Approve Minutes of January 16, 2024

**From:** Joan Lenzmeier, City Clerk

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**INTRODUCTION**

**DISCUSSION**

**RECOMMENDATION**

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**Attachments**

January 16, 2024

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## HOUSING AND REDEVELOPMENT AUTHORITY MEETING OF JANUARY 16, 2024

A meeting of the Coon Rapids Housing and Redevelopment Authority was called to order at 8:00 p.m. on January 16, 2024 in the Council Chambers.

Members Present: Chair Jerry Koch, Brad Greskowiak, Kari Rehrauer, Sean Novack, Jennifer Geisler, Brian Armstrong, and Pat Carlson.

Members Absent: None.

### CALL TO ORDER

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Chair Koch called the meeting to order at 8:00 p.m.

### ROLL CALL

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All present.

### APPROVAL OF MINUTES OF PREVIOUS MEETING

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1. Approve Minutes of December 5, 2023

MOTION BY COMMISSIONER CARLSON, SECONDED BY COMMISSIONER REHRAUER. THE MOTION CARRIED UNANIMOUSLY.

### NEW BUSINESS

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2. Selection of HRA Officers for 2024

The staff report was shared.

MOTION BY COMMISSIONER GEISLER, SECONDED BY COMMISSIONER REHRAUER TO APPOINT THE FOLLOWING OFFICERS:

- Chair: Jerry Koch
- Vice Chair: Pat Carlson
- Secretary: Jennifer Geisler
- Vice Secretary: Kari Rehrauer

THE MOTION PASSED UNANIMOUSLY.

Housing and Redevelopment Authority Minutes

January 16, 2024

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OTHER BUSINESS

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None.

ADJOURN

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MOTION BY COMMISSIONER GEISLER, SECONDED BY COMMISSIONER NOVACK,  
TO ADJOURN THE JANUARY 16, 2024 MEETING AT 8:02 P.M. THE MOTION PASSED  
UNANIMOUSLY.

Approval Attestation:

Joan Lenzmeier, City Clerk



**HRA Regular**

**2.**

**Meeting Date:** 08/20/2024

**Subject:** Approve Minutes of June 4, 2024

**From:** Joan Lenzmeier, City Clerk

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**INTRODUCTION**

**DISCUSSION**

**RECOMMENDATION**

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**Attachments**

June 4, 2024

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## HOUSING AND REDEVELOPMENT AUTHORITY MEETING OF JUNE 4, 2024

A meeting of the Coon Rapids Housing and Redevelopment Authority was called to order at 8:31 p.m. on June 4, 2024 in the Council Chambers.

Members Present: Chair Jerry Koch, Brad Greskowiak, Kari Rehrauer, Sean Novack, Jennifer Geisler, Brian Armstrong, and Pat Carlson.

Members Absent: None.

### CALL TO ORDER

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Chair Koch called the meeting to order at 8:31 p.m.

### ROLL CALL

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All present.

### APPROVAL OF MINUTES OF PREVIOUS MEETING

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None.

### NEW BUSINESS

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1. Consider Lender Subordination agreement, IDC-Automatic

The staff report was shared.

MOTION BY COMMISSIONER REHRAUER, SECONDED BY COMMISSIONER NOVACK  
TO APPROVE LENDER SUBORDINATION AGREEMENT

THE MOTION PASSED UNANIMOUSLY.

### OTHER BUSINESS

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None.

Housing and Redevelopment Authority Minutes

June 4, 2024

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ADJOURN

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MOTION BY COMMISSIONER GEISLER, SECONDED BY COMMISSIONER NOVACK, TO  
ADJOURN THE JUNE 4, 2024 MEETING AT 8:33 P.M. THE MOTION PASSED  
UNANIMOUSLY.

Approval Attestation:

Joan Lenzmeier, City Clerk



## HRA Regular

3.

**Meeting Date:** 08/20/2024

**Subject:** Consider Lender Subordination Agreement, IDC-Automatic

**From:** Matt Brown, Community Development Director

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### **INTRODUCTION**

The HRA is asked to consider a Lender Subordination Agreement related to an economic development loan for IDC-Automatic.

### **DISCUSSION**

Located in Coon Rapids for many years, IDC-Automatic manufactures, installs, and services both residential and commercial garage doors. In 2022, the HRA approved a \$165,000 business development loan to Virka Holdings LLC and IDC-Automatic, LLC. This loan helped facilitate the purchase of the IDC-Automatic's real estate, which includes a building at 360 Coon Rapids Boulevard, as well as an adjacent 1.7-acre vacant lot, by the current business owner. The owner now plans a 25,570-square foot building addition on the vacant lot that was approved by the Council on July 9.

As part of its expansion, IDC-Automatic is in the process of refinancing existing debt associated with the initial business acquisition. As part of this refinance, the HRA approved a separate subordination agreement related to an environmental covenant on June 4. The HRA is now asked to consider the attached subordination agreement to accommodate refinancing the business' first mortgage, which is moving from Choice Bank to Scale Bank. The HRA will likely consider a request for additional financing, alongside a new Small Business Administration loan, in the coming months upon finalization of a financing package for the building addition itself.

### **RECOMMENDATION**

Staff recommends that the HRA approve the Subordination Agreement.

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### **Attachments**

Subordination Agreement

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## **SUBORDINATION AGREEMENT**

THIS SUBORDINATION AGREEMENT is made this 20th day of August, 2024, between **SCALE BANK**, a Minnesota Banking Corporation (as "Senior Creditor") and the **HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF COON RAPIDS, MINNESOTA**, a body politic and corporate under the laws of the State of Minnesota.

### **RECITALS**

The Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota has made a loan to the Debtor secured by a mortgage dated December 21, 2022, and recorded April 12, 2023, as Document No. 2388592.001 in the original amount of \$165,000.00 (the "Subordinated Mortgage"), and an Assignment of Rents and Leases dated December 21, 2022, and recorded April 12, 2023, as Document No. 2388592.002 (the "Subordinated Assignment", and together with the Subordinated Mortgage, the "Subordinated Security Documents")

Virka Holdings LLC, a Minnesota Limited Liability Company, is the mortgagor and Assignor on the Subordinated Security Documents and is hereinafter referred to as the "Debtor."

The Subordinated Security Documents encumber the following described property, to-wit:

### **See Exhibit A**

the "Property."

Senior Creditor has made or will make a loan to the Debtor secured by a mortgage dated \_\_\_\_\_, 2024, and recorded \_\_\_\_\_, 2024, as Document No. \_\_\_\_\_ in the original amount of \$855,000.00, encumbering the Property (the "Senior Mortgage"). The Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota and the Senior Creditor have agreed that the Subordinated Security Documents shall be subordinated to the Senior Mortgage.

**ACCORDINGLY**, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, The Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota hereby agrees with Senior Creditor as follows:

1. Regardless of any priority otherwise available to The Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota, the lien of the Subordinated Security Documents is and shall be and shall remain fully subordinate for all purposes to the lien of the Senior Security Documents, to the full extent of all sums from time to time secured by the Senior Security Documents, including not only principal and interest on the principal indebtedness secured thereby but all other sums secured by the Senior Security Documents, from time to time in accordance with its terms.
2. The Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota warrants to Senior Creditor that (i) The Housing and Redevelopment Authority in and for the City of Coon Rapids,

Minnesota presently owns the Subordinated Security Documents and indebtedness secured thereby, free and clear of all liens, security interests and encumbrances, and (ii) there are no defaults in the Subordinated Security Documents, or the note secured thereby.

3. Senior Creditor shall have no obligation whatsoever to The Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota with respect to the transaction evidenced by the Senior Security Documents, and Senior Creditor may make and administer the loan secured by the Senior Security Documents in any manner it sees fit and may from time to time extend, modify, suspend, revoke, rescind, change, or terminate provisions of the Senior Security Documents, the promissory note secured thereby or any other document issued to Senior Creditor in connection therewith or pursuant thereto, doing so without notice to or consent by The Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota and without affecting or impairing in any fashion the terms in this Subordination Agreement.
4. Neither The Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota nor Senior Creditor (i) makes any representation or warranty concerning the Property or any other property of the Debtor or the validity, perfection or (except as to the subordination accomplished hereby) priority of any mortgage lien thereon or security interest therein, or (ii) shall have any duty to preserve, protect, care for, insure, take possession of, collect, dispose of, or otherwise realize upon the Property or any other property of the Debtor.
5. This Agreement is made under the laws of the State of Minnesota. It cannot be waived or changed, except by a writing signed by the party to be bound thereby. This Agreement is made between The Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota and Senior Creditor and the successors and assigns of The Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota and Senior Creditor, and shall inure to the benefit of, and shall be enforceable by, Senior Creditor and its successors and assigns. Neither the Debtor nor any other person (except Senior Creditor, its successors and assigns), shall be entitled to rely on, have the benefit of or enforce this Agreement.

**IN WITNESS WHEREOF**, this Subordination Agreement is executed on the day and year first above stated.

Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota

By: \_\_\_\_\_  
Jerry Koch, Its: Chair

By: \_\_\_\_\_  
Jennifer Geisler, Its: Secretary

STATE OF MINNESOTA )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2024, by Jerry Koch as chair and Jennifer Geisler as Secretary, of THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF COON RAPIDS, MINNESOTA, a body politic and corporate under the laws of the State of Minnesota, as the Subordinated Creditor.

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

THIS INSTRUMENT WAS DRAFTED BY:

Central Minnesota Development Company  
1885 Station Parkway NW  
Andover, MN 55304

## **Exhibit A**

### **Parcel 1:**

Lot 3, Block 1, Evergreen Industrial Park North 2nd Addition, except the Westerly 20 feet thereof as measured at right angles, Anoka County, Minnesota.

### **Parcel 2**

#### **Parcel A:**

Lot 3, Block 1, Evergreen Commercial Addition, Anoka County, Minnesota.

#### **Parcel B:**

Together with the common driveway easement as contained in that certain Declaration of Easements filed as Document Number 1340120.

Abstract Property