

From: [Scott Cords](#)
To: [Sean Sullivan](#)
Subject: RE: EDA Comments Welcome - Proposed Action -Release of Right of Re-Entry Agreement - PSD LLC
Date: Friday, November 27, 2020 5:07:33 AM

Sean,

I'm assuming this case would not make it to a normally scheduled EDA meeting and then timing for a Council meeting before the January 2021 deadline would pass. With such a condition, an e-mail request was made for comment. Please let me know if I'm in error in any of these assumptions.

This case looks to be in line with other PA changes we have supported due to the pandemic and related economic conditions. The evidence presented shows that the primary reason for re-entry, non-completion/abandonment has been negated and that the occupancy deficit is related to economic conditions beyond reasonable control. The slump is economy wide. As such, and given the assumptions above, I support the staff recommendation - Adoption of Resolution #20-286 Approving Release of Right of Re-Entry Agreement.

Scott Cords
EDA Member

-----Original Message-----

From: Sean Sullivan <SSullivan@ci.ramsey.mn.us>
Sent: Tuesday, November 24, 2020 3:58 PM
To: Sean Sullivan <SSullivan@ci.ramsey.mn.us>
Subject: EDA Comments Welcome - Proposed Action -Release of Right of Re-Entry Agreement - PSD LLC

EDA Members:

Below is a summary of a request being brought to the City Council on December 8, 2020. Release of Right of Re-Entry Agreements are typically a formality at the City Council level but this one has a slightly different twist. Staff is fully supportive of the request to issue a Release of Right of Re-Entry based on the information below. The purpose of this email is to give you an opportunity to provide comments regarding the matter. I will need to receive written comments (if any) prior to Noon on Tuesday, December 2nd. Please reply back to this message.

Information on Proposed Case

Background:

Consider approval of a Right of Re-Entry Agreement for PSD LLC on Lots 1 and 2, Block 1, West Armstrong Addition (the "Property").

The City of Ramsey sold/exchanged PSD LLC two lots now platted as Lots 1 and 2, Block 1, West Armstrong Addition as part of a land swap to secure land needed for a storm water infiltration basin. As part of that transaction PSD LLC agreed to develop the site with a minimum 12,000 square foot commercial retail building by January 26, 2021 and obtain a Certificate of Occupancy and entered into a Right of Re-Entry Agreement.

The City typically enters in to Right of Re-Entry Agreements to ensure that

development occurs and that land is not held by developers for speculation. The Developer has constructed a 15,152 SF building shell (exceeding the minimum required building size by 3,152 SF) , installed the parking lot, curb and gutter, and has installed a \$335,000 Dynamic Display Billboard on the Property. PSD LLC has been actively marketing the property for tenants but the Covid-19 Pandemic has been devastating to the commercial retail market sector. It is clear that the Developer has not purchased the land for speculative purposes as demonstrated by the investment made into the property and increase of taxable value to nearly \$1.4M. Based on current market conditions, it is likely to take a couple of years to fill this building and to obtain the full Certificate of Occupancy as required by the Right of Re-Entry Agreement as of January 26, 2021.

Based on the current unforeseen market conditions caused by the pandemic, the significant investment by PSD LLC on the Property, and the fact that PSD LLC is not holding vacant Property for speculative purposes, they have requested that the City release the Right of Re-Entry Agreement (See attached).

Observations/Alternatives:

Staff has reviewed the Right of Re-Entry Agreement with Attorney Langel and PSD LLC is technically in default of the agreement if a full Certificate of Occupancy is not issued by January 26, 2021. Discussions with PSD LLC have confirmed that all the tenants will not be secured, and build-out completed by that date, which has led to the request to release the Right of Re-Entry Agreement. Per the terms of the Right of Re-Entry Agreement, the City has two remedies it could pursue if a Certificate of Occupancy is not obtained by January 26, 2021 if another another course of action is not pursued:

- 1) Seller imposing a penalty of \$100,000 against the Property.
- 2) Seller may re-enter and take possession of the Property.

The facts relating to the investment by PSD LLC to the Property as outlined above clearly show that they did not acquire this land for speculative purposes and they have made every effort to move forward with the completion of development of the site. The Covid-19 Pandemic has hindered their ability to secure tenants, build the spaces out, and obtain the required Certificate of Occupancy by January 26, 2021. Based on these facts, and as an alternative to the remedies outlined above, Staff is recommending that the City release PSD LLC from the Right of Re-Entry Agreement for the Property. PSD LLC has operated in good faith and the City has achieved the goal of selling the land, developing the site and increasing tax base.

Alternatives:

- 1) Adoption of Resolution #20-286 Approving Release of Right of Re-Entry Agreement (Staff recommendation)
- 2) In the event that a full Certificate of Occupancy is not issued by January 26, 2021 to impose a \$100,000 penalty on the Property
- 3) In the event that a full Certificate of Occupancy is not issued by January 26, 2021, to re-enter and take possession of the Property
- 4) Something else

Recommendation:

Staff recommends adoption of Resolution #20-286 Approving Release of Right of Re-Entry Agreement Sean Sullivan [logo for Facebook][cid:image003.jpg@01D6C279.B34E1AC0]

Our Mission: To work together to responsibly grow our community, and to provide quality, cost-effective, and efficient government services

From: [Jim Steffen](#)
To: [Sean Sullivan](#)
Subject: RE: EDA Comments Welcome - Proposed Action -Release of Right of Re-Entry Agreement - PSD LLC
Date: Thursday, November 26, 2020 11:12:38 AM


I'm fine with option #1.

Jim Steffen, CFP®

CEO & Founder

P: 763-213-1000

F: 763-213-1001



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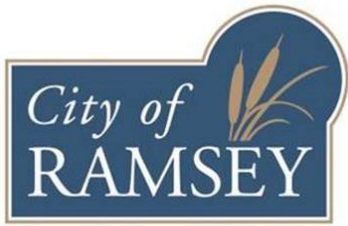
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Recommendation:

Staff recommends adoption of Resolution #20-286 Approving Release of Right of Re-Entry Agreement

Sean Sullivan



EDFP Sean Sullivan

City of Ramsey
Economic Development Manager

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*Our Mission: To work together to responsibly grow our community,
and to provide quality, cost-effective, and efficient government services*