



# **Le Sueur County, MN**

**Tuesday, November 21, 2017**

**Board Meeting**

## **Item 6**

**9:55 a.m. Peter Klein, St. Paul Port Authority (10 min)**

*RE: PACE Assessment Request*

Staff Contact:

November 13, 2017

Darrell Pettis  
Le Sueur County  
88 S Park Avenue  
Le Center, MN 56057

Dear Darrell:

The Saint Paul Port Authority is requesting Le Sueur County to place a Property Assessed Clean Energy (PACE) special assessment on the following parcel as requested by the property owner:

<u>Property Owner</u>	<u>Parcel Number</u>	<u>Assessment Amount</u>	<u>Interest Accrual Date</u>	<u>Interest Rate</u>
New Prague Senior Living Associates I, LLC	23.605.0050	\$1,584,160.00	11/21/2017	6.95%

As the administrator of PACE for Le Sueur County, the Port Authority has reviewed this assessment and it has determined that this project conforms with the Minnesota PACE statutes. The accrued interest should be added to the assessment amount on January 1, 2018. The total should be amortized evenly over the term of the assessment. The interest rate is 6.95% and the term of the assessment is 20 years.

Thank you for all of the assistance and effort the County has expended to make PACE available for energy efficiency and renewable energy projects in your county.

Sincerely,



Pete Klein  
Vice President of Finance

PMK:djk

## Special Assessments Application and Petition Agreement

**The Property Assessed Clean Energy Program (MinnPACE)**, administered by the Saint Paul Port Authority, provides a finance mechanism for the installation of energy efficiency, renewable and conservation Improvements that are permanently fixed to the eligible properties and petition for special assessments in accordance with Minnesota Statutes Sections 216C.435 and 2016C.436 and Chapter 42, and the MinnPACE program. *For further information on eligibility requirements, see the Administrative Guidelines and Financing Summary found at [minnpace.com](http://minnpace.com) or contact the Saint Paul Port Authority at 651-204-6236.* This MinnPACE Agreement contains an Application section, a Petition for Special Assessment, and designated attachments, all of which must be reviewed and completed, and constitute a full and complete agreement.

### APPLICATION

#### Eligibility Requirements

- Applicant(s) is/are legal owner(s) of the Property described in the Application (the "Property.")
- Property is developed and located within the City of New Prague and County of Le Sueur.  
*(Revise as needed if special assessments are to be levied by a county or town.)*
- Property Owner is current on all mortgage(s). All lenders have signed the Lender Acknowledgement Form for MinnPACE Financing.
- Property Owner is not in bankruptcy and the Property is not an asset in a bankruptcy proceeding.
- There are no federal or state income tax liens, judgment liens or similar involuntary liens on the Property.
- Applicant(s) can be verified as being in "Good Standing" with the Minnesota Office of the Secretary of State **or** are be able to provide a Member Agreement or Operating Agreement certified to be true or correct.
- Improvement costs are reasonable for the scope of the proposed Improvements and in relation to Property value.
- Requested Financing Amount does not exceed the lesser of 20 percent of the Property Market Value or the actual cost of installing the Improvements, including the cost of necessary equipment, materials and labor, the cost of energy audit or renewable energy feasibility study and the cost or verification of installation, less the value of expected rebates.
- Term of financing requested does not exceed the weighted average of the useful life of the Improvements.
- Applicant(s) has/have obtained an **energy audit or renewable energy feasibility study** on the Property. **Attach when submitting application.**

Below, please list and identify all real estate upon which the improvement will constructed or will be directly benefited.

**Property Owner(s) Legal Name(s) (as they appear on Property tax records)**

Applicant #1: New Prague Senior Living Associates I LLC

List all parcel #s Owned by Applicant #1: PID: 23.605.0050

Applicant #2: \_\_\_\_\_

List all parcel #s Owned by Applicant #2: \_\_\_\_\_

Applicant #3: \_\_\_\_\_

List all parcel #s Owned by Applicant #3: \_\_\_\_\_

Applicant #4: \_\_\_\_\_

List all parcel #s Owned by Applicant #4: \_\_\_\_\_



**Property Owner(s) Type(s)** — check all that apply

- Individual(s)/Joint Tenants/Common Property (not in trust)
- Corporation
- Limited Liability Company
- Trust/Trustees/Living Trust
- Partnership
- Other (Specify):

**Property Owner Contact Information**

Name: Mark Appelbaum Email: mark.appelbaum@makado.com  
 Phone (Day): (612) 399-6685 Cell Phone: \_\_\_\_\_

**Physical Property Address**

Street Address: 10th Avenue between 1st Street SE and 3rd Street SE City, State Zip: New Prague, MN 56071

**Property Type:**       Commercial/Industrial       Apartment (more than four units)

Square Footage of Building (if applicable): 116,078 SF / 91 Units

**Finance Amount Requested:** \$ 1,584,160

**Finance Term:**     10 Years       Other: 20 years

**Current Mortgage Financing** — *attach a copy of Mortgage Statement*

Name of Mortgage Lender: Signature Bank  
 Mortgage Lender Address: 9800 Bren Road East Suite 200, Minnetonka, MN 55343  
 Outstanding Principal Balance: \$14,594,000 (to be funded at closing) Approximate

**Utility Company:** \_\_\_\_\_

**Improvement Description**—*attach all relevant documentation, including bids and estimates*

Ground up construction of a new, 91 unit senior living facility. The project will include the construction of a 4-story building and underground parking garage. Unit mix is currently estimated to be 32 independent living units, 43 assisted living units and 16 memory care units. G-Energy conducted an Ashrae Level 2 report along with a review of energy efficient building design cost savings, which is attached hereto.

## Petition for Special Assessment

We hereby acknowledge that we will be obligated to pay the assessments when due. The assessment and the interest and any penalties thereon will constitute a lien against the Property until they are paid, even if I/we sell the Property to another person. I/we understand that assessment installments together with the interest on the assessment will be collected on my/our Property tax bill in the same manner and at the same time as Property taxes and will be collected on my/our Property tax bill in subject to the same penalties, remedies and lien priorities as for Property taxes in the event of delinquency, including foreclosure. I/we waive any and all procedural and substantive objections to the installation of the Improvements and the special assessments, including but not limited to any public or other hearings or hearing requirements and any claim that the assessment exceeds the benefit to the Property. I/we waive any appeal rights otherwise available pursuant to M.S.A. §429.081.

The City or County will assess the cost of the Improvements as a special assessment against the Property in accordance with the City's or County's charter, code, or ordinances regulating assessments. The Assessment will carry a term of up to 20 years and will be certified by the City or County annually to County for collection with Owner's Property taxes. Owner may choose to prepay all or a portion of the assessment directly to the City or County at any time during the term of the Assessment. All principal amounts certified annually will carry interest amounts calculated on a fixed interest rate as established by the Saint Paul Port Authority prior to ratification of the Assessment by the City or County.

## Declarations

*By signing this Application, the undersigned hereby declares under penalty or perjury under the laws of the State of Minnesota all of the following:*


1. I am/we are the current owner of record of the Property described herein (the "Property.")
2. The Property is not currently involved in a bankruptcy proceeding.
3. I/we are current on any mortgage(s) or other loan(s) secured by the Property.
4. I/we and the Property meet the Eligibility Requirements listed on page one.
5. I/we waive any and all procedural and substantive objections to the installation of the Improvements and the special assessments, including but not limited to any public or other hearings or hearing requirements and any claim that the assessment exceeds the benefit to the Property. I/we waive any appeal rights otherwise available pursuant the M.S.A. § 429.801.
6. That (i) the information provided in, or in connection with, this Application is true and correct as of the date set forth opposite my/our signature(s) on this Application and (ii) that I/we understand that any intentional or negligent misrepresentation(s) of the information contained in this Application, or provided in connection with the Application, may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both and liability for monetary damages to the Saint Paul Port Authority, any lender providing financing for Improvements described herein, their agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation(s) which I/we have made in this application.
7. I/we agree that the selection of any product(s), equipment and measures referenced in this Application (the "Improvements,") and the decisions regarding the purchase, installation and ownership/maintenance of the Improvements is/are my/our sole responsibility and that I/we have not relied upon any representations or recommendations of MinnPACE/Saint Paul Port Authority, its agents, representatives, assignees, or employees in making such selection or decision, and that my manufacturer, dealer, supplier, contractor or installer of the Improvements is not an agent, employee, assignee or representative of MinnPACE/Saint Paul Port Authority.
8. Owner agrees that any review and approval of the Improvements by a City, County, State or governmental department is granted only in its capacity of administering and enforcing existing relevant codes. Any such approval is only as to compliance with the codes and does not create a special duty to the Owner nor establish a warranty of quality of materials and workmanship.
9. I/we understand the MinnPACE/Saint Paul Port Authority makes no warranty, whether expressed or implied, with respect to the choice, use or application of the Improvements, including without limitation, the implied warranties of merchantability and fitness for any particular purpose, or the use or application of the Improvements.
10. I/we agree that MinnPACE/Saint Paul Port Authority has no liability whatsoever concerning (i) the quality or safety of any Improvements, including their fitness for any purpose, (ii) the estimated energy savings produced by or performance of the Improvements, (iii) the workmanship of any third parties, (iv) the installation or use of the improvement including, but not limited to, any effect on indoor pollutants; or (v) any other matter with respect to MinnPACE/Saint Paul Port Authority.

**Prior to sending this application, be sure to include all required attachments.**

- Evidence of Energy Audit or Renewable Energy System Feasibility (requested on page one) — *REQUIRED*
- Mortgage Statement (requested on page two) — *REQUIRED*
- Construction Contracts/Bids (requested on page two) — *REQUIRED*
- Lender Acknowledgement Form (requested on page five) — **REQUIRED FOR EACH AND EVERY MORTGAGE HOLDER**
- Financial Statements or Tax Returns from the past three years — *REQUIRED*

**Signatures of all Property Owners and Notary**

Date: 11/9/2017

Property Owner Signature  Printed Name Mark Appelbaum

Property Owner Signature \_\_\_\_\_ Printed Name \_\_\_\_\_

Property Owner Signature \_\_\_\_\_ Printed Name \_\_\_\_\_

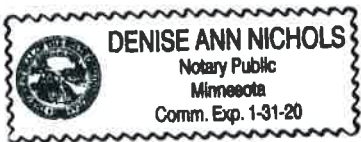
Property Owner Signature \_\_\_\_\_ Printed Name \_\_\_\_\_

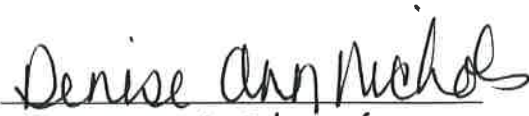
For an acknowledgment in an individual capacity:

State of Minnesota

County of Hennepin

This instrument was acknowledged before me on November 9th, 2017 (date) by Mark Appelbaum (name(s) of person(s)).  
(Seal, if any)



Signature of notarial officer   
Title (and Rank) My commission expires: 1-31-20



### Lender Acknowledgement Form

The undersigned, on behalf of the Lender, which is the holder of a mortgage lien on the Property described in this Application and Petition for Special Assessments in accordance with MinnPACE, administered by the Saint Paul Port Authority, acknowledges that it has reviewed the Applicant's completed MinnPACE Program Special Assessments Application and Petition Agreement, and confirms that the Applicant's receipt of MinnPACE financing and petition for assessment in connection therewith, and the imposition of, and any assignment of, MinnPACE will not constitute a default under Lender's mortgage.

Lender/Institution Name: SIGNATURE BANK

By: [Signature]  
(Signature)

Name (print): RYAN MEIER

Title: VICE PRESIDENT

Date: 11/7/17

November 16 2017

Darrell Pettis  
County Administrator  
Le Sueur County  
88 S. Park Avenue  
Le Center, MN 56067

RE: New Prague Senior Living  
91 unit senior living community  
New Prague MN

Dear Mr. Pettis:

Makado is the developer of the New Prague Senior Living development that will commence construction the week after Thanksgiving.

The development will be a 91 senior living community with 26 independent living units, 49 assisted living units, and 16 memory care units as well parking for 43 underground spots and 65 above ground spots. Project amenities will include a library, pub, communal activity room, family visiting space, fitness room, makers studio for arts & crafts, wood working studio, salon, theatre, doctors visiting room, club room, memory care garden, and outside sitting area for independent residents. In addition, a robust wifi system will be available throughout the building as well as cable tv. Security for residents and staff will be enhanced by electronically controlled access for the building exterior as well as individual residential units. As well, there will be a robust set of security cameras throughout the building and the grounds of the building.

In addition to the PACE loan, Signature Bank is the first mortgage lender. As well, the City of New Prague has approved a \$1,724,492 tax increment financing plan (TIF) that Signature Bank will also lend against. As part of the TIF financing the development will maintain a set-aside of 20% of the 91 units for residents who have household at or below the 50% percentile of median income adjusted for the size of the household.

Eagle Builders will be the general contractor and Kaas Wilson Architects will be the project architects. Makado is a real estate development firm with a primary focus on senior living communities. Makado also developed The Rosemount <http://www.therosemount.com/> which is a 92 unit senior living community that was built in 2015 and is stabilized.

I would welcome the opportunity to meet with you in person or address any questions you may have regarding the New Prague Senior Living development or Makado in general.

Sincerely,



Mark Appelbaum

makado.com
The Makado Group LLC 5407 Excelsior Boulevard, Suite C Minneapolis MN 55416
612.399.6685