

From: [Joanna Zimny](#)
To: [Lisa Kugler](#)
Cc: [Gene Gelgelu](#); [Clint Zane](#); [Joe Yannarely](#); [Robert Humphrey](#); [Steve Magner](#); [Vicki Sheffer](#)
Subject: RE: Building Permit release for 678 North Snelling
Date: Monday, June 26, 2023 3:55:00 PM
Attachments: [image001.png](#)

Ms. Kugler,

I wanted to reply and let you know I have sent your email to Ms. Moermond for review/response.

Additionally, I did want to note there was not an attachment to your email as indicated below.

Thanks,
Joanna



Joanna Zimny

Legislative Hearing Executive Assistant
Legislative Hearing Office
Pronouns: she/her/hers
Saint Paul City Hall
Suite 310
15 W. Kellogg Blvd.
Saint Paul, MN 55102
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joanna.zimny@ci.stpaul.mn.us

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 Please consider the environment before printing this email

From: Lisa Kugler <lisa@lisakuglerconsults.com>
Sent: Monday, June 26, 2023 3:45 PM
To: Joanna Zimny <joanna.zimny@ci.stpaul.mn.us>
Cc: Gene Gelgelu <gggelgelu@aeds-mn.org>; Clint Zane <Clint.Zane@ci.stpaul.mn.us>; Joe Yannarely <joe.yannarely@ci.stpaul.mn.us>; Robert Humphrey <robert.humphrey@ci.stpaul.mn.us>; Steve Magner <steve.magner@ci.stpaul.mn.us>; Vicki Sheffer <vicki.sheffer@ci.stpaul.mn.us>
Subject: Re: Building Permit release for 678 North Snelling

Think Before You Click: This email originated **outside** our organization.

Ms. Zimny and Ms. Moermond,

This is a formal request to revise the documentation requested in your letter of today's date and rely upon the grant letters, Sunrise Bank commitment and PED review of the title company closing statement to confirm adequate funding for the project. There are a number of reasons for this

request.

(1) AEDS appears to be being treated differently from other owners of condemned property. None of the construction plans provided as models in your letter of May 19 include any information about the source of funds for the required rehabilitation. If no information was included in those plans, then no financial information would be published.

(2) The extent of documentation you require is an enormous amount of work and duplicates the work that will be done for the closing of the city and bank funds. At a construction closing, all lenders require proof that there are funds available to complete construction of the project, including the source of the funds. This is work that the title company does for all the lenders. This also provides information for the developer's audit. Title companies are relied upon by banks, cities and other lenders because the title company provides insurance that there are no prior claims on the property and manage the construction disbursement process to insure there are no unpaid costs, claims or liens.

(3) It is not possible to "prove" availability of particular funding sources individually, as funds are put into one account, and predevelopment expenses may be paid from several accounts.

(4) Requiring this information delays the start of the process of reviewing the building plans interferes with the construction schedule, seemingly unnecessarily. As the City of St. Paul has control over the building permit, it can be withheld if there are insufficient funds as determined by PED. It already takes up to 6-8 weeks, I am told, to issue a permit so why add additional weeks of delays that will move the construction farther into the fall and disrupt the construction schedule?. It is important to complete the considerable amount of exterior work during good weather and avoid winter construction cost increases. Since the City is contributing funds, it is not in the City's interest to cause delay or cost increases.

(5) Our plan is to do the project accounting during July and early August, after the AEDS audit work is completed, that will make this work easier, and the time allotted is during the time the building plans are being reviewed and bids are being solicited and reviewed, in accordance with our schedule.

AEDS, like all nonprofit corporations with income over \$750,000, are required to have a certified audit by a qualified third party audit firm. It is part of the auditor's responsibility to make sure that restricted funds - those that foundations provide for a specific stated purpose - are spent only for that purpose. AEDS receives operating funds from many of the same foundations that have provided capital contributions for the 678 North Snelling building. It would be organizational suicide to allocate foundation funds for unauthorized purposes.

In all my 30+ years of real estate development work, cities and banks I have worked with have relied on a title company to ensure that all required funds are available from appropriate sources. If interim confirmation was required, grant letters sufficed.

In addition, if I interpret this sentence correctly, you are requiring AEDS bank account information to become public. " With respect to your request that the foundation letters granting AEDS funds not

be included, as indicated above those letters are not needed as required documentation is evidence of financing in an account." AEDS cannot give you a copy of their bank statement to confirm a particular grant was deposited and it would be extremely unusual and unprecedented to ask AEDS to request a copy of the cancelled check or wire transfer receipt from the foundations; it might tend to suggest that AEDS is not reporting something correctly, which is not the case.

Attached please find proof of funding from the Otto Bremer Trust.- see page 5. We will provide the other items of documentation shortly.

Thank you for your consideration.

Lisa Kugler
consultant to AEDS
612-718-5954

On Mon, Jun 26, 2023 at 1:42 PM Joanna Zimny <joanna.zimny@ci.stpaul.mn.us> wrote:

Ms. Kugler, Mr. Gelgelu,

Please see the attached letter.

Thank you,
Joanna



Joanna Zimny
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 Please consider the environment before printing this email

From: Lisa Kugler <lisa@lisakuglerconsults.com>
Sent: Friday, June 23, 2023 12:10 PM
To: Joanna Zimny <joanna.zimny@ci.stpaul.mn.us>
Cc: Marcia Moermond <marcia.moermond@ci.stpaul.mn.us>
Subject: Building Permit release for 678 North Snelling

Think Before You Click: This email originated **outside** our organization.

Ms. Zimny and Ms. Moermond,

Ms. Zimny's email to me, Thursday a week ago, said that documents were missing from the submission. Knowing that the process for approving the building permit takes months, and our schedule, we would very much appreciate being told what is missing so it can be provided.

If the issue is our concern about releasing the names of the foundation funders, we will give up on restricting the names if that is the issue.

We are VERY concerned about the consequences of delaying the construction further, particularly given the bid situation.

Please let us know the problem so it can be resolved. I have no information to provide to the architect and contractor about the cause of the delay, which throws their schedules off.

Please give me a call or send a note so this can be taken care of.

Thank you

Lisa Kugler
612-718-5954