From:	Lisa Kugler
To:	Marcia Moermond
Cc:	Joanna Zimny; Doua Yang; Noel Nix; Gene Gelgelu; Wubitu Sima
Subject:	Re: Building Permit release for 678 North Snelling
Date:	Wednesday, June 28, 2023 5:03:24 PM
Attachments:	image001.png image003.png

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

Thank you Council Member Jalali, Ms. Moermond and Ms. Zinmy,

The above enumerated conditions are well aligned with our development schedule, with one tiny change. As of today's date, the funds from Otto Bremer Trust have not been disbursed, but are expected to be disbursed within the time limit. I accept these conditions on behalf of AEDS.

Your consideration is much appreciated.

Best wishes for a lovely holiday weekend.

Lisa Kugler
612-718-5954

On Wed, Jun 28, 2023 at 4:41 PM Marcia Moermond <marcia.moermond@ci.stpaul.mn.us> wrote:

> Ms. Kugler,
>
> Per my commitment outlined to you in yesterday's email below, I have been working on a plan which would accommodate some of the concerns you have raised. Below is a plan which I have proposed to Councilmember Jalali, after consulting with the PED, DSI, and the City Attorney's Office.
>
> Per our conversation, here is what I believe is a fair proposal for accommodating the request of AEDS to be waived from the standard requirement that evidence of financing be provided before the Council give a grant of time for the rehab of a nuisance/dangerous structure:
>
> If AEDS agrees to the following, plan review can be initiated immediately:
>
> 1. AEDS shall provide within 3-4- weeks a letter/written statement from their accountant or auditor that the following already-dispersed grant funds ($1,055,000), have been retained by AEDS for the purpose of rehabbing this property:
>   a. Otto Bremer Trust $500,000
>   b. Bigelow Foundation $200,000
>   c. St. Paul Foundation $150,000

    d. Hardenbergh Foundation $100,000
    e. McKnight Foundation $100,000
    f. Neighborhoods United Funding Collaborative $5,000
2. If any of the above grant funds have been expended already for purposes of the rehabilitation, the accountant or auditor shall specify in a letter/written how these funds were used.
3. At the review of the order, 180 days after Council action to grant that time for the rehab, executed loan/grant agreement documentation on the following shall be provided:
    a. Year-Round Star grant $65,000
    b. Ramsey County Critical Corridors Grant $103,507
    c. St Paul Foundation DEED Main Street Grant $750,000
    d. State Appropriation $1,500,000
    e. Sunrise Bank Loan $615,000
    f. HRA Request $1,085,213
4. If any of the above funds have been expended already for purposes of the rehabilitation, accountant or auditor shall specify how these funds were used.
5. If any of the agreements have not been executed, specific updates shall be provided
6. If the Sunrise Bank Loan has not been executed, replacement funds must be in place

Upon agreement to these terms, plan review can begin immediately

Upon receipt of the accountant/auditor letter described in #1, permits will be issued and work can be initiated.

Councilmember Jalali has indicated she supports this plan and will amend the resolution in front of the Council to include these provisions upon AEDS's commitment to the above.

As soon I hear that you are in agreement with the above, I will contact the Department of Safety and Inspections, letting them know of Councilmember Jalali will be amending the resolution as described above – thus plan review may begin as the conditions in the nuisance abatement order have been addressed.

I look forward to hearing from you.

Marcia Moermond

Sr. Policy Analyst & Legislative Hearing Officer

Pronouns: she/her

Saint Paul City Council

310 City Hall, 15 W.Kellogg Blvd.

Saint Paul, MN 55102

P 651-266-8570

marcia.moermond@stpaul.gov

www.StPaul.gov

From: Joanna Zimny <joanna.zimny@ci.stpaul.mn.us>
Sent: Tuesday, June 27, 2023 3:02 PM
To: Marcia Moermond <marcia.moermond@ci.stpaul.mn.us>
Subject: FW: Building Permit release for 678 North Snelling

I haven't attached yet; will tomorrow.

JZ

From: Joanna Zimny
Sent: Tuesday, June 27, 2023 11:23 AM
To: Lisa Kugler <lisa@lisakuglerconsults.com>
Cc: Gene Gelgelu <ggelgelu@aeds-mn.org>
Subject: RE: Building Permit release for 678 North Snelling

Ms. Kugler,

The requirement that documentation of finances is provided applies to all Category 3 Vacant

Buildings for which the City Council is considering a grant of time for rehabilitation.

Documentation traditionally consists of business or personal accounts, a line of credit, or construction loan. Given this is a very large project with multiple funding sources it made the most sense to the Hearing Officer to ask for documentation of funds that have already been dispersed to the organization and waive the requirement that other funds yet to be received through loans or grants do not need to be demonstrated except by agreement.

Ms. Moermond is meeting with the City Attorney's office, DSI and Planning and Economic Development staff to see if there is some way to accommodate your request, at least in part. Our office will be in touch.

Thank you,

Joanna

SAINT PAUL
MINNESOTA

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

P: 651-266-8515

joanna.zimny@ci.stpaul.mn.us

www.StPaul.gov

Please consider the environment before printing this email

From: Lisa Kugler <lisa@lisakuglerconsults.com>
Sent: Monday, June 26, 2023 3:59 PM
To: Joanna Zimny <joanna.zimny@ci.stpaul.mn.us>; Marcia Moermond <marcia.moermond@ci.stpaul.mn.us>
Subject: Fwd: Building Permit release for 678 North Snelling

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

The Otto Bremer Trust grant announcement and the City Council Neighborhood STAR award are attached

Lisa Kugler

612-718-5954

---------- Forwarded message ---------
From: **Lisa Kugler** <lisa@lisakuglerconsults.com>
Date: Mon, Jun 26, 2023 at 3:44 PM
Subject: Re: Building Permit release for 678 North Snelling
To: Joanna Zimny <joanna.zimny@ci.stpaul.mn.us>
Cc: Gene Gelgelu <ggelgelu@aeds-mn.org>, Clint Zane <Clint.Zane@ci.stpaul.mn.us>, Joe Yannarelly <joe.yannarelly@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>

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

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

P: 651-266-8515

joanna.zimny@ci.stpaul.mn.us

www.StPaul.gov

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. Zinmy and Ms. Moermond,

Ms. Zinmy'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