Memorandum

TO: City Council

FROM: Tom Simonson , Assistant City Manager and Community Development Director

DATE: May 4, 2026

SUBJECT: Krew redevelopment project (Enclave):
1. Resolution authorizing execution of a Development Agreement and approving an Administrative Amendment to the Tax Increment Financing Plan for Tax Increment Financing District No. 16
2. Assignment and assumption of Purchase Agreement

ITEM NUMBER: 8.k

SECTION: CONSENT AGENDA

REQUESTED MOTION

To approve the following actions relating to the Krew redevelopment project by Enclave:
1. Resolution No. 26-45, authorizing execution of a Development Agreement and approving an Administrative Amendment to the Tax Increment Financing Plan for Tax Increment Financing District No. 16.
2. Assignment and Assumption of Purchase Agreement.

INTRODUCTION

The developer and city continue to work towards the closing on the sale of city-owned property to Enclave Shoreview Rice Street, LLC, in order for the construction of the Krew Apartments redevelopment project to commence. Several actions are required to amend documents relating to the tax increment financing assistance being provided in support of the project, as well as an amendment to the purchase agreement on the sale of the property. Once these actions are formally approved by the city council, the closing on the land transaction can go forward as scheduled for May 12, 2026.

DISCUSSION

Purchase Agreement

The city and developer first executed a purchase agreement on May 6, 2024 for the sale of the city-owned 11-acre parcel at the southwest quadrant of Interstate 694 and Rice Street. The approved development plan includes 293 apartments, including 8 live/work units, and approximately 5,000 square feet of a building endcap for retail/restaurant space. A housing tax increment district has been established to financially assist with the project costs to clean-up the brownfield site and support affordable housing of 20% (59 units) of the apartments that will be available to people at 50% of the area median income (AMI).

Since the original purchase agreement was approved and executed, there have been nine amendments that have extended the inspection period and the closing date. These extensions

were necessitated due to a variety of reasons that caused delays in finalizing the transaction. All of the issues have all been resolved, and the project is ready to commence once the closing on the land and developer financing are completed.

Enclave has secured financial partners in the project that requires city approval of an assignment of the purchase agreement. This assignment assigns Enclave Development, LLC's interest in the purchase agreement to Enclave Shoreview Rice Street, LLC, The Jon M. Schoenwetter Trust, and The Anne L. Schoenwetter Trusts. Pursuant to this arrangement, all three entities are paying the City of Shoreview on the agreed upon price to acquire the land as tenants in common. Since the two additional entities were not a party to the executed purchase agreement, they must be added through this proposed assignment approved by the city. While the three entities through this assignment of the purchase agreement will all be part of the land transaction, Enclave Shoreview Rice Street, LLC will be the sole title owner of the land and sole borrower. The TIF development agreement and PUD site agreement will also be between the City of Shoreview and Enclave.

The assignment of the purchase agreement presented for council approval has been reviewed and accepted by Chad Lemmons from the city attorney's office. Financial terms of the sale do not change with this proposed assignment.

TIF Plan and Development Agreement

Since the original TIF plan for TIF District 16 (housing district) was approved back in 2024, the plan needs to be administratively amended (meaning council approval but no public hearing required) to revise dates for the tax increment duration and first year of increments. No other changes have been made to the plan that was approved previously. Attached is a copy of the amended TIF plan.

Similar to the TIF plan, the tax increment development agreement has been updated to incorporate critical dates for project commencement and completion, which determine the payment schedule for TIF reimbursements that will be provided. The city's legal counsel from the Taft law firm have drafted the updated TIF development agreement and collateral assignment of the development agreement and TIF note, which are also included with this memorandum. The TIF development agreement and collateral assignment must be approved by the city council through a resolution. Resolution No. 26-45, is provided for council adoption. Again, there are no changes to the tax increment financing terms and obligations as had been previously approved by the city council.

RECOMMENDATION

The items presented for city council action are final steps required to close on the sale of the property to the developer, and to move forward with the certification of TIF District 16 and executing the terms of the financial assistance for this redevelopment project. Staff is recommending the city council take the following actions:

1. Adopt Resolution No. 26-45, authorizing execution of a Development Agreement and approving an Administrative Amendment to the Tax Increment Financing Plan for Tax Increment Financing District No. 16.
2. Approve the Assignment and Assumption of the Purchase Agreement.

ATTACHMENTS

Shoreview TIF 16 Resolution 26-45, Approving Modification to Development Agreement and Administrative Amendment to TIF Plan

Shoreview TIF 16 - Updated Development Agreement (Enclave)
Shoreview TIF Plan No 16 Final Amended 05042026
Shoreview TIF 16- Collateral Assignment of Development Agreement and TIF Note
Assignment of Purchase Agreement - Krew (Enclave)
Enclave Cover Letter - 2026 04 29