

***Public Services Department  
Community Development Division***

**DATE:** October 20, 2008  
**TO:** Mayor and City Council  
**FROM:** Brian P. O’Connell, Community Development Director  
**RE:** Update Report – “The Crossing”

The following represents a status report of many issues that are related to “the Crossing” project.

***Overall TIF Financing***

The initial amount of the TIF financing that has been drawn down for “The Crossing” project is \$1,821,000 of which \$1,635,000 was distributed to Mendota Homes, Inc. The balance of \$186,000 has been paid to various entities as part of the issuance expense. The remaining amount of the TIF funds that the City has indicated it would make available for “The Crossing” project has not been drawn down and remains with the participating Banks and is not a risk as part of this project.

***Phase I Development- Environmental Status***

According to Mendota Homes, Inc., the MPCA is about to issue a No Further Action Letter on the Phase I development portion of the project. Mendota Homes, Inc. had engaged the services of an environmental engineering testing firm to undertake Phase I and Phase II environmental analysis of the initial area of development (Phase I) which determined that no additional environmental mitigation work was necessary. Mendota Homes, Inc. did not complete this process through the MPCA and, therefore, had not received a No Further Action Letter from the MPCA.

***Phase I Development- Sales Status***

No new residential condominiums have been sold and no new commercial condominiums have been sold.

Phase I restaurant construction has not commenced. Plans have been submitted to the City for plan review and are ready for permitting. Construction of the Phase I restaurant

has not commenced due to the inability to obtain construction financing by Mendota Homes, Inc. Mendota Homes, Inc., through the direction of Highland Bank and Lighthouse Management, has initiated a new marketing campaign which will hopefully increase the pace of condominium sales.

### ***Phase I Development- Other Activities***

The Phase I residential condominium foreclosure process has almost been completed. The Phase I condominium property is now under a receivership management arrangement as directed by Highland Bank with Lighthouse Management, including day to day management activities being the responsibility of Mendota Homes, Inc. The sheriff's sale, which is part of the foreclosure process, is scheduled for November 6, 2008, which includes a six month redemption period for Mendota Homes, Inc.

### ***Phase II- Status of MnDOT Land Transfer***

Environmental testing of the contaminated area has been completed and a mitigation plan that includes a soil cap with a deed restriction has been reviewed and preliminarily approved by MPCA. A meeting of City staff, MnDOT staff, MPCA staff and representatives from Mendota Homes, Inc. is scheduled for next Thursday, October 23, 2008, to review the status of environmental mitigation and the timeline from MnDOT for the property transfer.

### ***Real Estate Taxes***

According to Mendota Homes, Inc., Highland Bank has paid all past due taxes and all taxes that were due and payable for October 15, 2008. Staff has contacted the Rice County Auditors/Treasurers and has confirmed that a large number of individual tax payments have been received from Highland Bank. Staff has arranged to meet with County staff on October 24, 2008, to verify which parcels owned by Mendota Homes, Inc. have had tax payments made and posted by the County. Taxes on a portion of the office condominium and the restaurant site may still be delinquent. Again, Staff will check on the status of these delinquent taxes on October 24.