

**SPECIAL HOUSING AND REDEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The Housing and Redevelopment Authority conducted a special meeting on Tuesday, March 22, 2011, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Acting Chair Bob Ramsey
 Commissioner Randy Backous
 Commissioner David Elvig
 Commissioner Colin McGlone
 Commissioner Jason Tossey
 Commissioner Jeffrey Wise

Members Absent: Chairperson David Jeffrey

Also Present: City Administrator Kurtis G. Ulrich
 Executive Director Heidi A. Nelson
 City Attorney Bill Goodrich

CALL TO ORDER

Acting Chair Ramsey called the special meeting of the Housing and Redevelopment Authority to order at 8:45 p.m.

CITIZEN INPUT

There was none.

APPROVAL OF AGENDA

Motion by Commissioner Elvig, seconded by Commissioner Backous, to approve the agenda as submitted.

Motion carried. Voting Yes: Acting Chair Ramsey, Commissioners Elvig, Backous, McGlone, Tossey, and Wise. Voting No: None. Absent: Chairperson Jeffrey.

APPROVAL OF MINUTES

None.

HRA BUSINESS

Case #1: Consider Approval of Development Management Contract for The COR at Ramsey

Deputy City Administrator Nelson reviewed the staff report.

Commissioner Elvig questioned the provision of administrative compensation.

Deputy City Administrator Nelson explained the previous contract provided for compensation for five years past the contract. The Commission requested this provision be changed. With the new language and changing the fee to an administrative fee, this compensation was reduced to being payable 3.5 years past the contract. Also, the hot list component has been omitted.

Commissioner Elvig brought up the potential of having someone purchase the entire project. Development Manager Lazan would be compensated in that case.

Development Manager Lazan responded that had not been a consideration in revising this contract. He said language that addresses that potential will be worked into the contract.

Deputy City Administrator Nelson noted this is addressed in part on Page 12 of the agreement and will be reviewed by staff. She discussed the Incentive Compensation of 20% as addressed on Page 8 of the contract.

Development Manager Lazan explained if 10 deals are in the works and one goes through, he'd be paid on that one, as it is written now. This is difficult to make a living on. He suggested some funds be moved to contract signing, and less at close so there is some compensation for work performed.

Deputy City Administrator Nelson stated the carryover compensation has not been changed and explained how the compensation amount had been determined.

Commissioner Backous stated he disagrees with how this entire process was handled. Typical negotiations should be on this side of the table without the contract and presenting it to the contractor and let him counter propose. That being said he is satisfied with the way things are. He noted a couple concerns, one being the two year contract, which in his opinion was irresponsible. He said he would rather go forward on a one year contract and revisit in a year. He added he would like to see the administrative compensation changed to \$5,000 and a draw of \$20,000. He said he would also like to put the risk on Landform to move the property.

Commissioner Elvig inquired why the City does not go for RFPs. He noted a lot of constraints are now out of the way and he felt the project is now very saleable on an RFP. He also disagreed with a two year contract.

Commissioner Tossey clarified what the compensation would be if the contract was renewed for two years, but terminated in August, for instance.

Development Manager Lazan replied there is an early termination severance. As it is today, it is for four months, or \$60,000. The administrative component is added to that. The amount of time the earnings are payable is 15 months after the contract.

Commissioner Tossey he would like to see the issue of fees and commissions come back to the HRA in a year so they can be adjusted to lower administrative fees and higher commissions. He would like to see that start as of March 31, 2012.

Acting Chair Ramsey stated he understands the reservation of a two year contract. He pointed out he does not want to stop the momentum now, and would rather not spend numerous hours on a contract in a year. He said if there is no movement in the project, then it is the City's choice to release Landform.

Motion by Commissioner McGlone, seconded by Acting Chair Ramsey, to approve the Development Management Contract with Landform Professional Services for The COR at Ramsey subject to the City Attorney's final approval.

Further discussion: Commissioner Backous stated the 30-day termination clause with a \$60,000 payment is a big issue for him. Commissioner McGlone noted it is not that big of a deal on a \$288 million project. Commissioner Elvig stated he would like to have a full Commission for the vote, noting that Chairperson Jeffrey is absent. He said he does not want to stop momentum either, though his concern is the two year contract. He would like it to be a one year contract. Commissioner Elvig asked that the incentive payment be capped and suggested no draws on either year, and no administrative fees on the second year. Development Manager Lazan clarified the \$15,000 administrative fee is just to clean up property and title issues. That is the predominant task today and could be part of it going into the next year. This asset has to be managed and the administrative fee is meant to do that. Development Manager Lazan noted the administrative work will continue to be needed to keep components such as signage, design and the master planning going. He added the City can go for an RFP at any point. He said he has met with numerous companies of varying sizes, and has not yet found interest in working with the project.

Motion by Commissioner Tossey, seconded by Acting Chair Ramsey, to amend the motion to include language in Landform's contract stating the HRA would review the fees and commissions after the first year of the contract.

Further discussion: Development Manager Lazan stated he would agree to an amendment to reevaluate the mix of fixed fees versus compensation. At the HRA's option, it can adjust that mix. There would need to be a compensatory adjustment on the incentive pay. Commissioner McGlone pointed out if there is renegotiation in the middle of a contract, essentially a new contract is being negotiated. He suggested renegotiating 30 days into the contract. Acting Chair Ramsey stated he can see issues with either situation because if there are potential deals in the next year, Landform may want to negotiate a higher fee.

Motion to amend failed. Voting Yes: Commissioner Tossey. Voting No: Acting Chair Ramsey, Commissioners Backous, Elvig, McGlone, and Wise. Absent: Chairperson Jeffrey.

Motion by Commissioner Elvig, seconded by Commissioner Wise, to amend the motion to offer a one year contract to Landform, with the option for the HRA to extend another year.

Further discussion: Commissioner Backous stated the compensation is still unbalanced and he felt the administrative piece was too high. Commissioner Wise pointed out the HRA is the developer and Landform is paid to do the marketing. If they do not, the property will sit. Commissioner McGlone stated that Staff and the Development Manager have worked hard to bring this contract forward and he wanted to move ahead with their recommendation. Commissioner Wise requested a discussion to consider compensation, otherwise he wanted to withdraw his second to the motion.

Motion to amend failed. Voting Yes: Acting Chair Ramsey, Commissioners Elvig and Backous. Voting No: Commissioners McGlone, Tossey and Wise. Absent: Chairperson Jeffrey.

Further discussion: Commissioner Elvig discussed the incentive pay issue. He suggested language be written regarding the prepay. Acting Chair Ramsey explained that was in the contract with the incentive capped at 12 months. Development Manager Lazan explained \$108,000 has been earned; he has earned \$8,000 more than has been advanced.

Commissioner McGlone called the question. Acting Chair Ramsey seconded.

Commissioner Elvig opposed calling the question.

Substitute motion by Acting Chair Ramsey, seconded by Commissioner McGlone, to approve the contract as originally proposed and presented this evening subject City Attorney review.

Motion carried. Voting Yes: Acting Chair Ramsey, Commissioners McGlone, Backous, Tossey, and Wise. Voting No: Commissioner Elvig. Absent: Chairperson Jeffrey.

COMMITTEE REPORTS

None.

EXECUTIVE DIRECTOR'S REPORT

City Administrator Ulrich gave an update on contract provisions. City Administrator Ulrich noted Mr. Lazan taped the first edition of the COR Report with Deputy City Administrator Nelson. Also, negotiations over the contract with Landform have consumed a lot of time, and it will continue to be revised with the City Attorney. City Administrator Ulrich stated Staff is preparing for ICSC.

Development Manager Lazan noted he and Staff have been working on the MSCA marketing component. There has been a lot of discussion on the "West 50" which is the 50 acres on the west side of the COR project. He noted he will bring a plan for the residential area to the next meeting.

COMMISSIONER INPUT

None.

ADJOURNMENT

Motion by Commissioner Wise, seconded by Commissioner Backous, to close the special meeting of the Housing and Redevelopment Authority.

Motion carried.

The special meeting of the Housing and Redevelopment Authority adjourned at 10:29 p.m.

Respectfully submitted,

Heidi A. Nelson
HRA Executive Director

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Chris Moksnes
TimeSaver Off Site Secretarial, Inc.