City of Ramsey
Agenda
Housing and Redevelopment Authority (HRA)
Regular Session
Tuesday, August 23, 2011
Immediately following the City Council meeting
Council Chambers, 7550 Sunwood Drive NW

1. Call to Order

2. Citizen Input

3. Approve Agenda

4. Approve Minutes

1. Approve the Following HRA Meeting Minutes:

HRA meeting minutes dated Tuesday, June 14, 2011
HRA meeting minutes dated Tuesday, June 21, 2011
HRA meeting minutes dated Tuesday, June 28, 2011

5. HRA Business

1. Consider Proposed Deal Structure - The Residence at The COR Project

6. Executive Director's Report

7. Commissioner Input

8. Adjournment

HRA Regular Session **4. 1.**

Meeting Date: 08/23/2011

By: JoAnn Shaw, Community Development

Title:

Approve the Following HRA Meeting Minutes:

HRA meeting minutes dated Tuesday, June 14, 2011
HRA meeting minutes dated Tuesday, June 21, 2011
HRA meeting minutes dated Tuesday, June 28, 2011

Background:

n/a

Funding Source:

n/a

Council Action:

Motion to approve the HRA meeting minutes as presented.

Attachments

06.14.11

06.21.11

06.28.11

Form Review

Inbox	Reviewed By	Date
Heidi Nelson	Heidi Nelson	08/18/2011 11:28 AM

Form Started By: JoAnn Shaw Started On: 08/18/2011 09:41 AM

Final Approval Date: 08/18/2011

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

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, June 14, 2011, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present:	Vice Chair Bob Ramsey Commissioner Randy Backous Commissioner David Elvig Commissioner Colin McGlone Commissioner Jason Tossey Commissioner Jeffrey Wise
Members Absent:	None – HRA Member Vacancy
Also Present:	Executive Director Heidi A. Nelson City Administrator Kurtis G. Ulrich City Attorney Bill Goodrich Development Manager Darren Lazan

CALL TO ORDER

Vice Chair Ramsey called the regular meeting of the Housing and Redevelopment Authority to order at 8:36 p.m.

OPEN FORUM

There was none.

APPROVAL OF MINUTES

Motion by Commissioner Elvig, seconded by Commissioner Wise, to approve the following minutes as presented:

Regular Meeting Minutes dated April 26, 2011

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

APPROVAL OF AGENDA

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

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

HRA BUSINESS

Case #1: Appoint Chairperson to the HRA

Executive Director Nelson reviewed the staff report.

Motion by Vice Chair Ramsey, seconded by Commissioner Wise, to appoint Commissioner Elvig as Chairperson to the HRA and Commissioner McGlone as Vice Chair.

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

Case #2: Consider Grading and Turf Establishment in RTC 12th Addition

Executive Director Nelson reviewed the staff report.

Vice Chair McGlone inquired about the utilities stubbed on the inner horseshoe on the north side and asked for caution when regrading.

Development Manager Lazan said the only concern will be the surface markers because the utilities are deep enough.

Vice Chair McGlone said the grading is long overdue and said if we grade more than one acre it will require the silt fence as well.

Commissioner Wise said the quote on hydro seeding seems high.

HRA Executive Director Nelson said the area estimated for seeding is 39,000 square feet at $7,800 which is almost an acre. She stated we do not have the equipment to apply the hydro seeding, which increases the costs. She added the regular seeding for the remaining 2.2 acres will be $2,200 for materials and staff would do the work utilizing the City's topsoil.

Commissioner Tossey thanked Development Manager Lazan for bringing this grading concern to the HRA's attention.

Chair Elvig inquired about the current negotiations.

Development Manager Lazan said negotiations will soon continue but they have yet to find a townhome product that would fit on the horseshoe parcel because of the two to three-foot shortage for minimum lot depths.

Chair Elvig asked if the parcels can be refigured.

Development Manager Lazan said not really because of Bunker Lake Boulevard on the other side.

Motion by Commissioner Ramsey, seconded by Vice Chair McGlone, to authorize grading work in the 12th Addition and an expenditure of HRA funds for seed and hydro seeding not to exceed $10,000.

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

Case #3: Update on Flaherty and Collins Financing - The Residences at The COR Project

Development Manager Lazan reviewed the staff report and stated staff will be reviewing the site and The COR with Flaherty and Collins this week and hope to resolve any questions so they can bring the project to their loan committee to finalize. After consultations with the financial consultant, Development Manager Lazan reviewed a rough analysis for the Authority with regard to rents and cash flow. He said if the Authority proceeds to finance the project based on the figures today there are adequate funds to service the debt, so nothing will fall back to the taxpayers. He outlined the proposed schedule leading to the June 28 regular HRA meeting.

Commissioner Ramsey cautioned the Authority about getting ahead of itself. He said negotiations are still occurring with the bank and there has been no Planning and Zoning Commission review.

Commissioner Tossey agreed, adding it will be important to allow time to discuss the possibilities. He stated the decision will be based on how each member feels about the finances of this project and how City government should be involved in private development.

Commissioner Ramsey asked the City Attorney to review the closed session statutes regarding the sale or purchase of personal or real property.

Development Manager Lazan said they understood the gravity of the project and will clearly outline the pros and cons for the Authority's consideration.

COMMITTEE REPORTS

None.

EXECUTIVE DIRECTOR'S REPORT

HRA Executive Director Nelson stated that much of her time has been directed toward public relations and media efforts but, hopefully, they have addressed the issues and can begin work on the development project. She stated that Flaherty and Collins will arrive on June 16 and staff has been busy preparing for their visit with Ehlers and Associates. HRA Executive Director Nelson

shared upcoming events, including summer concerts at The Draw beginning June 23 and continuing through September and a movie-in-the park event in September. She stated staff will be hosting a COR booth at the Game Fair, sponsoring a hole at the EDA golf event in August, and at Happy Days in September, which should provide opportunity for the community to engage and learn more about The COR. HRA Executive Director Nelson added that the Holiday Station on Highway 10 has been demolished and sign projects will be completed soon, hopefully in time to utilize the community reader board for the Game Fair. She concluded that the follow-up from the ICSC has resulted in some great leads, and while they had experienced some vendor problems and had to make some changes, the website is good.

COMMISSIONER INPUT

Commissioner Wise complimented staff on taking the necessary steps to locate a new vendor in order to get the website operational.

Commissioner Ramsey invited the public to attend the Town Hall meeting on June 16.

ADJOURNMENT

Motion by Commissioner Backous, seconded by Vice Chair McGlone, to close the regular meeting of the Housing and Redevelopment Authority.

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 9:05 p.m.

Respectfully submitted,

_____
Heidi Nelson
HRA Executive Director

ATTEST:

_____
Jo Ann M. Thieling
City Clerk

Drafted by Cathy Sorensen
TimeSaver Off Site Secretarial, Inc.

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

The Housing and Redevelopment Authority conducted a special meeting on Tuesday, June 21, 2011, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present:	Chairperson David Elvig Commissioner Randy Backous Commissioner Colin McGlone Commissioner Bob Ramsey Commissioner Jason Tossey Commissioner Jeffrey Wise
Members Absent:	None – HRA Member Vacancy
Also Present:	City Administrator Kurtis G. Ulrich Executive Director Heidi A. Nelson Public Works Director Brian Olson City Engineer Tim Himmer City Attorney Bill Goodrich

CALL TO ORDER

Chairperson Elvig called the special meeting of the Housing and Redevelopment Authority to order at 8:28 p.m.

OPEN FORUM

There was none.

APPROVAL OF AGENDA

Motion by Commissioner Tossey, seconded by Commissioner Wise, to approve the agenda as submitted.

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

APPROVAL OF MINUTES

None.

HRA BUSINESS

Case #1: Consider Letter of Intent - West 50 Retail

Development Manager Lazan reviewed the staff report. He pointed out the name "West 50" is a placeholder name which staff created in the interim. He noted there is an offer that may be brought forward for consideration in the near future and suggested a discussion take place to determine if the idea is viable. It would involve having cash proceeds to go the City, possibly using some TIF dollars, and a co-marketing effort between the City and the developer. The City would partner with a group.

Chairperson Elvig questioned whether this situation would overlap or be in competition with Landform.

Development Manager Lazan replied that issues would have to be worked through and noted this scenario could be relevant for the 30 acres versus the West 50.

Commissioner Ramsey agreed with this idea of development and that private enterprise needs to get move involved. As the parcels are taken up, the tax rolls increase which is what the City needs.

Commissioner McGlone stated he is in favor of pursuing this type of arrangement.

Public Works Director Olson pointed out the roadways should be planned and funded in such a way that the possibility of using State Aid is possible.

Commissioner Backous stated he is in favor of going forward if the developer checks out.

Commissioner Ramsey asked if the City has the final decision on this.

Development Manager Lazan replied the City is the seller, so they have ultimate control. A development agreement would be drawn up for each parcel.

Chairperson Elvig raised the concern of wetland, and the possibility of a bidding war.

Development Manager Lazan addressed the issues and stated there will be contingencies and there is a lot to consider. He did not foresee a bidding war taking place.

Chairperson Elvig stated he preferred to work with the 30 acres for this scenario rather than the West 50.

Case #2: Consider Development of the Southeast Quadrant of Armstrong Boulevard and Sunwood Drive

Development Manager Lazan reviewed the staff report.

Public Works Director Olson added this development is very conceptual and a lot of details need to be worked out.

Commissioner Ramsey stated he was in favor to move forward, and was in favor of the roundabout to help prevent traffic stacking up.

Commissioner McGlone noted the roundabout would need to be constructed so that a semi truck can handle it.

Commissioner Wise stated since this issue involves him as a business owner, he was concerned about the length of time he should participate in these types of discussions.

Chairperson Elvig suggested the City Attorney research this question. Chairperson Elvig stated he is concerned about the zoning, noting the citizens were clear about what they wanted to see. However, the vision they saw at one time is no longer buildable. Chairperson Elvig suggested it would be beneficial to schedule a Council work session to discuss the zoning.

Executive Director Nelson noted staff is working on a draft amendment of the zoning code that would address the retail uses that are now contemplated. It is not a tremendous change but it is shifting uses and staff has a sense of what that would look like. Now that there is a Planning Consultant on board, this is something that can be worked on.

Commissioner Backous stated the zoning will never line up perfectly. He said he is in favor of the concept.

Development Manager Lazan mentioned the concern of a left turn onto Sunwood Drive as it is realigned, which could create a larger sense of entry. He noted a feasibility study needs to take place regarding the intersection with Armstrong Boulevard.

Chairperson Elvig pointed out there are some properties to acquire for this potential development.

City Administrator Ulrich stated the City Attorney handles right-of-way acquisitions. Ultimately, the City has the choice to take property by eminent domain for realignments.

Commissioner McGlone suggested meeting with the owners before using eminent domain.

Case #3: Update on Flaherty and Collins Financing - The Residences at The COR Project

Executive Director Nelson reviewed the staff report. She explained Commissioner Ramsey and Chairperson Elvig participated in a tour of the site along with the developer and the bank and visited other comparables in the market. The bank, PNC, left hoping to increase their loan amount since they better understood the market and competition. Executive Director Nelson advised that she was involved in a conference call earlier in the day with Stacie Kvilvang with

Ehlers and discussed the financing that is under consideration. What the bank proposes for their loan amount will be a large factor in the financing.

Development Manager Lazan added the bank gained more trust in the market and this project. He explained County Commissioner Look was involved in the meeting as well. Discussion took place on how the TIF dollars would work and the participants also learned the importance of the rail stop to the project.

Commissioner Tossey asked what the closing date is.

Development Manager Lazan answered it is July 15, which is the last date to opt out.

City Administrator Ulrich confirmed this item raises a lot of discussion. He said he will present this project as an investment opportunity to the HRA. An overview of the project and possible financing for the ramp will be on the next HRA meeting agenda. He stated the City will present a proposal that does not use any of the General Obligation Fund.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Nelson presented the following:

Five builders submitted bids for the parking ramp. Adolphson Peterson proposed a bid of $2.896 million. The bids will be presented at the next Council meeting, and there are 60 days to award the bid.

Some employees are participating in the Unity/Mercy event on July 11.

Planning is underway for the City's booth at the Game Fair. This will take place over two weekends in August and they are looking for volunteers to sign up for shifts.

Tuesday, August 16, is the City EDA golf events. This is the same day as the election for the new Councilmember. She noted she will bring the marketing effort forward.

TIF Certification is going forward to the County this week.

The Holiday StationStore is torn down.

The sign for The Core is installed and the electrical will be run underground.

The Concert at the Draw will be Big Walter Smith this Thursday at 7:00 p.m. to 8:30 p.m. Parking could be an issue.

Executive Director Nelson and Development Director Lazan had taped a show on QCTV regarding The COR.

City Administrator Ulrich noted the first race scheduled at the new raceway is planned for July 8.

COMMISSIONER INPUT

None.

ADJOURNMENT

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

Motion carried.

The special meeting of the Housing and Redevelopment Authority adjourned at 9:56 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.

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

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, June 28, 2011, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present:	Chairperson David Elvig Commissioner Randy Backous Commissioner Colin McGlone Commissioner Bob Ramsey Commissioner Jason Tossey Commissioner Jeffrey Wise
Members Absent:	None – HRA Member Vacancy
Also Present:	City Administrator Kurtis G. Ulrich Deputy City Administrator Heidi A. Nelson Public Works Director Brian Olson City Engineer Tim Himmer Development Manager Darren Lazan City Attorney Bill Goodrich

CALL TO ORDER

Chairperson Elvig called the regular meeting of the Housing and Redevelopment Authority to order at 7:47 p.m.

CITIZEN INPUT

There was none.

APPROVAL OF AGENDA

Motion by Commissioner Wise, seconded by Commissioner Ramsey, to approve the agenda as submitted.

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

APPROVAL OF MINUTES

None.

HRA BUSINESS

Case #1: Review Options for Feasibility Study – Sunwood Drive Realignment

Development Manager Lazan reviewed the staff report.

Commissioner McGlone clarified we have development opportunities on the south side and should have opposite work on both sides with the new alignment for Armstrong Boulevard going over Highway 10, which would require moving Sunwood Drive.

Development Manager Lazan agreed, adding that Armstrong Boulevard has to be 30 feet above the rail but we can't get back to grade with how it is constructed today so this interchange has to move. He added that the City can only have one access at Highway 10 and Bunker Lake Boulevard so it wouldn't be left where it is today. Development Manager Lazan added five individuals have come forward for two to three positions in this area on the offer, but added they first need the Sunwood Drive relocation information, including a retail developer estimate for the remaining 30-50 acres. He stated the City needs to know the road location too.

Commissioner McGlone stated this will help define the project and get it back into private development.

Commissioner Ramsey inquired about the timeframe from start to final design for realignment of Sunwood Drive.

Development Manager Lazan said the feasibility study will be done this summer and be brought to the Board for consideration soon. He said they will need to prepare plans over the winter for a spring start, adding there could be variable approvals at the State level.

Councilmember Backous inquired about the sub consultants.

Development Manager Lazan said consultants were included in the traffic and roundabouts, but does not include WSB work.

Public Services Director Olson said the work does not include appendix references to the intersection capacity on signalized intersections, adding this traffic figure won't update all of those intersection.

Development Manager Lazan said he will verify but said not all are included in the 120 exhibits.

Public Services Director Olson stated his other concern is the intersection between Highway 10 and Bunker Lake Boulevard, stating that even if we could get down after the railroad tracks we wouldn't want a signal there because it would back up traffic over the tracks, creating a safety hazard.

Chairperson Elvig said this is a big change and that pushing forward with an overpass would be a good project but the lack of foresight may be as to capacity of the entire area and if we continue

to build at the original rate it would have been bad. He asked if there is anything else we should consider, such as the other side of Armstrong Boulevard.

Development Manager Lazan said staff anticipates going back through the Christian areas so we will quantify everything on the west side of Armstrong. He said they will review land use impacts compared to the previous studies to obtain practical information and recommendations.

Chairperson Elvig inquired about funding.

Development Manager Lazan said funding will be provided through TIF District #14 or the sale of property.

Chairperson Elvig asked if this is part of the MSA projects.

Public Services Director Olson said portions are, but the initial section of Sunwood Drive between Xylite and Bunker Lake Boulevard are done through MSA funds but haven't yet seen its useful life so the City can only use a portion.

Commissioner Backous inquired about the sub consultant's reimbursable expenses including mileage, plotting, printing, and billed reimbursables.

Development Manager Lazan stated standard language includes an identified sub consultant, adding traffic and roundabout are included at not to exceed $3,516. He stated the intent is that the City hire the sub consultant and amend the language.

Commissioner Backous inquired about incidental fees.

Development Manager Lazan said they could modify the language to say all expenses be approved prior to expenditure.

Commissioner Tossey asked if this will include a feasibility study and if the #47 alignment problem will be discussed and included in this study.

Development Manager Lazan said this feasibility and design will contemplate different alignment options and impacts on acquisition before proceeding on project.

City Engineer Himmer explained that the Sunwood Drive realignment would bring forward any issues of storm water.

Development Manager Lazan said the City would have to identify those impacts before any proceedings, adding the temporary pond may have an impact too. He stated he hopes to conduct feasibility work and select a final design to bring forward for approval.

Chairperson Elvig asked if the extra ponding by Acapulco is included.

Development Manager Lazan said the pond expansion was just an idea as they open up sight lines. He said this will be a County and City project.

Public Services Director Olson said they have shown an expanded pond separate from Solomon Pond to capture the County right-of-way and are asking for direction on that portion.

Motion by Commissioner Ramsey, seconded by Commissioner McGlone, to update the components of the Alternative Urban Areawide Review (AUAR) necessary to complete the feasibility analysis of the Sunwood Drive realignment not to exceed amounts.

Further discussion: Public Services Director Olson said the AUAR does not include design work on Armstrong Boulevard, adding that estimate will be brought back soon.

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

Case #2: Consider Proposed Deal Structure – The Residence at The COR Project (Portions may be closed to the public)

Executive Director Nelson reviewed the staff report.

Chairperson Elvig inquired about financial ramifications.

HRA Executive Director Nelson said there have been no discussions with Flaherty and Collins with regard to an extension.

Chairperson Elvig expressed concern with authorizing moving forward on setting the value because it will result in taking the 85% as outlined.

HRA Executive Director Nelson said the Board is already in agreement with the 85% Tax Increment Financing (TIF) as outlined in the current purchase agreement approved in December, but added the number that "floats" is the assessed value by appraisal and assessed value by the County. She said staff is asking for flexibility in setting the TIF note once the final value is set.

Commissioner Backous asked why not set the value at the lower of the two.

HRA Executive Director Nelson said we could take that position but if the land is assessed at a value higher than the value of the note it is paid back more quickly and will be a benefit to the developer. She said as a financing component we'd be better off capturing the value longer to get as much cash flow through the project longer.

Chairperson Elvig said the added value adds to the project overall.

Commissioner McGlone noted that without the building there would be no TIF or The COR.

City Administrator Ulrich said the value of the TIF at 85% is based on the building value of the entire project and will be part of the entire incentive package to project.

Development Manager Lazan said 85% was made to make the deal and now we'd like to get the actual numbers and apply the final figure.

Commissioner McGlone said this is a subsidy and not a loan, which is a big difference.

Chairperson Elvig said the TIF portion is a subsidy after the financing is paid back.

Development Manager Lazan stated that "but/for" the project TIF money the project wouldn't be there, so this is in fact a note paid to the developer for cash they receive over a period of the TIF note.

Commissioner Tossey said this is clearly a banking function and noted Ramsey is a city. He said the City was asked to hold off on a $2.8 million subsidy.

Commissioner Backous asked about the downside to encumbering those TIF dollars and what's the risk if we use the TIF dollars.

HRA Executive Director Nelson said the legislature allowed a funding stream to give incentives for development, "but/for" would the development have occurred naturally is unsure. She said they created the district as a tool to create development, which benefits the City because we capture the base value. She said that being set up as 85% while we keep the 15% for other uses wouldn't be used "but/for" the rail station and interchange.

Commissioner Ramsey said that when the City went to the legislature for the TIF District we submitted a plan of $8 million for incentives to give away to developers. He said we have to meet this criteria, although it does not have to be in one project. He said to date there is still $6 million available.

Commissioner McGlone said when testifying at the legislature for TIF they discussed the purpose, which was to create construction jobs. He said whether we agree or not that is the main point and this is a proper use of the money.

Commissioner Backous said he wants construction jobs too but added it's the level of each project that dismisses the ability to use TIF in other places. He said this is a pay-as-you-go option and we don't pay until we receive.

Commissioner Tossey said he is concerned about placing $8 million into one project, as he would like to develop other items in The COR such as an overpass. He said our ability to bond out different infrastructure is in TIF District 14. Commissioner Tossey added that even if that's what was intended for the district it doesn't make it right because private development should pay.

Chairperson Elvig summarized that staff would like direction on the agreement to move forward with the bank and developer in a pay-as-we go plan of 85% or $2 million, adding if the project is valued at more, staff wants to allow the $2 million plus factor.

Motion by Chairperson Elvig, seconded by Commissioner Wise, to authorize staff to create an agreement to move forward with the bank allowing for the 85% TIF value or a $2 million plus factor.

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

HRA Executive Director Nelson stated that Flaherty and Collins representatives are available to meet with the Board and staff either July 7 or July 11, but added that Ehlers and Associates representative Stacy Kvilvang, who has assisted with the financing structure, will be out of town during this timeframe.

Consensus was to hold an HRA worksession on July 7, 2011, at 5:30 p.m. in the Lake Itasca Room, and that Ehlers and Associates will provide either an alternate staff person or memo outlining financing options for consideration.

COMMITTEE REPORTS

None.

EXECUTIVE DIRECTOR'S REPORT

HRA Executive Director Nelson stated that staff efforts have been focused on the preceding cases. She added that staff had met earlier with Cronk regarding potential residential developers as well as been preparing for booths at the upcoming Game Fair and other events at The COR. She said the EDA has contributed funds to this effort as well as the HRA, and that the newsletter outlines this and other events at The Draw such as the Farmers Market beginning July 14, as well as Thursday evening entertainment events.

COMMISSIONER INPUT

Commissioner Tossey inquired about how the current Sunwood Drive alignment matched what was anticipated.

Public Works Director Olson explained the alignment was going to be an at-grade crossing similar to Ramsey and Sunfish Boulevards, with double left turn lanes south and east bound. He said the only other example of intersection planning was at Ramsey Boulevard and the additional right-of-way that was platted, and that even though we didn't know the footprint we knew we didn't want to impact additional land.

Chairperson Elvig said they anticipated enough land at Ramsey Boulevard with Highway 10 not moving, but the addition of big box retail was not programmed and large volumes of traffic weren't anticipated coming over the tracks, resulting in the need for more stacking.

Commissioner McGlone said when they looked at improving Armstrong Boulevard it was decided to keep the money for that intersection for use towards the bridge project.

Public Works Director Olson said the at-grade crossing was going to cost $5.5 million and it made sense to put that much money towards a better improvement.

ADJOURNMENT

Motion by Commissioner McGlone, seconded by Commissioner Tossey, to close the regular meeting of the Housing and Redevelopment Authority.

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 8:48 p.m.

Respectfully submitted,

_____
Heidi Nelson
HRA Executive Director

ATTEST:

_____
Jo Ann M. Thieling
City Clerk

Drafted by Cathy Sorensen
TimeSaver Off Site Secretarial, Inc.

HRA Regular Session **5. 1.**

Meeting Date: 08/23/2011

By: Darren Lazan, Housing & Redevelopment Authority

Title:

Consider Proposed Deal Structure - The Residence at The COR Project

Background:

Over the past several months, work has continued on finalizing a financing package for the Flaherty and Collins - The Residence at The COR project.

City representatives have met with Flaherty and Collins representatives at the ICSC conference in May, which included a representative of PNC Bank, the source of primary financing on the deal. In a followup meeting in Minneapolis, the development team met again with Flaherty and Collins and three Representatives of PNC Bank.

In previous worksessions, the HRA has considered several options to participate in the construction financing and facilitate a project start in either the fall of this year, or spring of 2012.

On June 30th, 2011 PNC Bank approved the project in committee with direction to modify the appraisal based on a number of discussions over the last several weeks. Subsequently, a commitment letter was received by F & C from PNC outlining the proposed loan. With the HRA approval of June 28, to modify the approved TIF structure setting the principal after completed plans are available to the assessor, the development team will work to finalize the deal terms necessary to commence construction on the proposed schedule.

Subsequent to the June approval by PNC, the appraisal was modified as discussed and a final commitment letter sent from PNC to F&C with their final terms. While the deal structure is generally in line with previous discussions, there were several financial conditions in the PNC commitment that required further discussion at the August 15th HRA work session. Discussion on August 15th was generally focussed on evaluating two options for participation in the construction financing. The first was to proceed with PNC as the primary lender of approximately $21m, and the HRA participating in the project through TIF bonds for the remaining $6m on a three year term. The second option discussed considered the HRA's options to participate as the primary lender and secure a first position on the project. Consensus direction at the August 15 meeting was to prepare a structure based on PNC as primary lender, and present at the August 23rd regular meeting.

Stacie Kvilvang with Ehlers and/or Thomas Bray form Briggs and Morgan will be present.

Notification:

Observations:

As part of the consideration of the proposed option, the development team will recap the real estate deal as proposed today, as modified since the original approval in December of 2010. We will also outline the structure and process for the TIF bond sale proposed to fund the construction loan, as well as the sensitivity analysis of the risk components of the loan and the backup funding options associated with those risks. A memo outlining the basics of this process is attached to this case.

Recommendation:

The development team recommends the HRA consider the current deal structure and financing proposal and direct the development team to proceed to document modifications based on the discussion at the meeting and the direction provided.

If the direction from the HRA is to proceed, the development team recommends the HRA start the process of preparation for the sale of the bonds to finance the proposed construction loan.

Funding Source:

TIF 14/Proceeds of Land Sale

Council Action:

Direct the development team to proceed to document modifications based on discussions at the meeting, and the direction of the HRA.

Direct the development team to proceed with preparations related to the sale of TIF Revenue Bonds in support of the financing associated with the Flaherty and Collins project.

Attachments

TIF Bond Memo

Form Review

Inbox	Reviewed By	Date
Heidi Nelson	Heidi Nelson	08/18/2011 02:47 PM
Form Started By: Darren Lazan		Started On: 08/18/2011
	Final Approval Date: 08/18/2011	

Memo

To: Heidi Nelson – HRA Executive Director

From: Stacie Kvilvang

Date: August 23, 2011

Subject: Issuance of GO TIF Bonds – COR Apartments

Over the past couple of months the HRA has been discussing the possibility of having the City issue approximately $6-$8 million in General Obligation (GO) Tax Increment Bonds to assist in financing the development of the above referenced project.

GO TIF bonds can be issued by a city or authority (HRA or EDA), without referendum, as long as 20% of the debt service on the bonds is paid from tax increment revenues. Based upon the expected tax increment to be generated from the COR apartments (approximately $220,000/year upon completion), the City can issue this level of bonds and have more than adequate debt service coverage on the bonds.

It is anticipated that the bonds will not only be paid by the tax increment generated from the project, but from rent revenue generated from the units and tax increment generated by the Allina and VA clinics. It should be noted that tax increment from the Allina and VA clinics will only be utilized if tax increment and rent revenue from the COR apartments is inadequate to cover debt service on the bonds. We are finalizing a sensitivity analysis to determine what level of rent revenues generated by the project will be inadequate to pay debt service on the bonds, after which the City would need to utilize the tax increment from the Allina and VA clinics. We will review this analysis in detail with the HRA at the August 23, 2011 meeting.

Since part of the financing structure, which will be outlined in the development agreement, calls for the developer to provide additional equity within the next three years, the bonds are going to be sold as three-year temporary bonds. This provides the City the flexibility to repay all or a portion of these bonds any time after the first year, without penalty. In all likelihood the first opportunity to pay off the bonds will not occur until year three since that is the earliest the project will be leased and the developer will have the ability to obtain permanent financing from a bank for the project (any cash payments received by the developer would be deposited and held by the City for payment on the bonds in year three). If for whatever reason there is not adequate cash (additional equity) received by the developer or if they are unable to pay off the entire amount of the outstanding GO TIF bonds with permanent financing, the City has the ability to issue the bonds for another three-year temporary term. If the bonds are not paid in full by the end of the second term of the temporary bonds, then the City will have the ability to either pay the balance off from other available cash resources or they can issue a long-term bond for the remaining term of the COR TIF district. Overall, the temporary bonds provide the City the greatest flexibility to pay off this GO obligation early, thus transferring all risk back to the developer and the project.

Please contact me at 651-697-8506 with any questions.

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