

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

The Housing and Redevelopment Authority conducted a work session meeting on Monday, August 15, 2011, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson David Elvig
 Commissioner Colin McGlone
 Commissioner Bob Ramsey
 Commissioner Jason Tossey
 Commissioner Jeffrey Wise

Members Absent: Commissioner Randy Backous
 Commissioner Vacancy

Also Present: City Administrator Kurtis G. Ulrich
 HRA Executive Director Heidi A. Nelson
 Public Works Director Brian Olson
 City Engineer Tim Himmer
 Development Manager Darren Lazan
 City Clerk Jo Thieling
 Thomas Bray of Briggs and Morgan

CALL TO ORDER

Chairperson Elvig called the regular meeting of the Housing and Redevelopment Authority to order at 7:15 p.m.

CITIZEN INPUT

There was none.

APPROVAL OF AGENDA

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

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

APPROVAL OF MINUTES

None.

HRA BUSINESS

Case #1: Consider Proposed Deal Structure – The Residence at The COR Project (Portions may be closed to the public)

Development Manager Lazan reviewed the staff report and provided background information regarding The Residence at The COR and the overall plan for development of The COR. He highlighted the Coborn's building and introduced Chris Coborn.

Chris Coborn addressed the Commission and stated that it has been his vision to stay in Ramsey for the long-term. He acknowledged that the development has been slower than expected but he is excited by the new plans for development of the area. He stated that his business supports this community and the proposed development, and noted that he has also drafted a letter of support for this project.

Development Manager Lazan noted that the proposed development would potentially bring in 300 residents, which would in turn assist the businesses in Ramsey. He summarized the features and amenities, which would make this component successful. He noted that apartments have become a strong component in the current market and highlighted apartment projects, which have been completed in 2011 or are currently proposed. He explained that most apartment projects are within the Metro area but advised that this apartment facility would put Ramsey on that map and bring in additional residents. He advised that staff has been working with the developer since spring to fill a funding gap.

David Flaherty provided examples of similar apartment facilities, which his business has constructed, and found success with, in this market. He did not believe a better product would be found in the Metro area and highlighted amenities, which would be included. He noted that the location would be ideal as the apartments would be located near the rail stop. He stated that the journey has been difficult because of the economy, but explained that apartments have become the most desirable product for lenders in the current market, although lenders would prefer development within a core urban area. He advised that a lender, PNC, has been found that is willing to invest in this project in Ramsey and discussed the proposed agreement with PNC. He stated that he is pleased with the progress thus far and hoped for success in the future. He discussed a similar apartment facility, which is proposed for development by his company in Edina.

Commissioner Elvig believed that example solidified the idea that apartment living has become an increasing trend in this market.

Development Manager Lazan noted that the deal points had not changed due to the financing. He reviewed the PNC agreement and noted that a funding gap of \$6,800,000 would still be contributed by the City. He reviewed what would be offered to the City in return for the \$6,800,000 to protect potential risk.

David Flaherty discussed the benefits of taking ownership rather than being a secondary lender, and noted that PNC has not moved on its position regarding not allowing secondary lending. He believed that the option to take ownership would give the City more power than being a secondary lender, and explained that lien waivers would be obtained prior to the City of Ramsey contributing the funds.

Thomas Bray, Briggs and Morgan, stated that his firm handles a fair amount of mezzanine financing and noted that the market has been split 50/50 regarding the issue of second mortgage versus mezzanine lending. He explained the pros and cons of both options.

Stacie Kvilvang, Ehlers and Associates, explained that mezzanine lenders often charge a higher rate of interest because of the risk. She further explained the risk and the TIF district revenue. She discussed the rental rates and the PNC agreement, and confirmed that dates could be changed in the PNC agreement to better reflect the actual construction timeline. She provided the revenue projections for the Allina and VA facilities in regard to TIF district revenue.

There was discussion on the difference between mezzanine lending and the option of holding a second mortgage, along with the potential risks associated with both options. The Commission also discussed TIF District revenue and possible uses for those funds. It was also noted that this apartment project could bring in an additional 300 residents, which could be very favorable in attracting additional businesses to The COR.

Stacie Kvilvang explained the guidelines for using housing revenue bonds and confirmed that use of those bonds would remove the property from the tax roll.

Consensus was reached for staff to continue to work on this agreement and to move forward with the PNC financing option presented tonight.

Chairperson Elvig briefly recessed the meeting at 8:51 p.m.

Chairperson Elvig called the meeting back at order at 9:00 p.m.

Case #2: Consider Matters in Regard to the Ramsey Town Center Master Declaration and the Association's Articles of Incorporation (Portions may be closed to the public)

HRA Executive Director Nelson reviewed the staff report. She suggested the meeting be moved to closed session to discuss potential litigation.

Motion by Commissioner Ramsey, seconded by Commissioner McGlone, to move the Housing and Redevelopment Authority meeting into closed session.

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

The Housing & Redevelopment Authority meeting moved into a closed session at 9:03 p.m.

The closed session ended at 9:31 p.m.

Case #3: Consider Purchase of Tax Forfeit Parcel at North Commons

Development Manager Lazan reviewed the staff report. He displayed a map of the area, highlighting a parcel, which could be obtained for a minimal amount, approximately \$300 to \$500, to be combined with the park. He noted that the remaining lot would have to be purchased at fair market value, approximately \$15,000. He provided financial information and noted that he did not see revenue being obtained through the development of the lots. He advised that any revenue gained from this development would contribute towards first phase of park improvement for North Commons.

Commissioner Ramsey stated that he did not see any benefit in developing the lots. He believed that the lot proposed to be combined with the park should be left as well, as the State currently owns the property and will most likely continue to own the land for some time. He believed that there was more of a benefit to leaving the land and developing a park at a later time.

Chairperson Elvig stated that he would be in favor of obtaining the parcel to be combined with the park, because of the minimal cost.

City Administrator Ulrich commented that if the parcel was not purchased to be combined with the park, it should be expected that the lot could be developed into a single family home.

It was the consensus of the Commission to forfeit interest in all the parcels and not move forward on the purchase of any of the land in discussion.

Case #4: Consider Alternative Designs for Lake Ramsey Area

Development Manager Lazan reviewed the staff report. He noted that additional housing is being requested and presented three alternate design options for the Lake Ramsey area.

Commissioner Ramsey stated that he was not in favor of adding single-family housing in this area and believed that type of housing belongs outside of The COR. He stated that he would be in favor of reconfiguring the lake but would like to see restaurant pads near the lake rather than single-family homes.

Chairperson Elvig agreed that higher density housing should be the focus of The COR and believed restaurant pads should be near the lake.

Commissioner Tossey agreed that shops or restaurant pads should be provided along the lake, as he believed that if homes are placed along the lake it could give the impression that it is a private lake.

HRA Executive Director Nelson questioned if the Commission would like staff to revise the development plan for the Lake Ramsey area.

Chairperson Elvig believed that the map should remain fluid.

It was the consensus of the Commission to keep the development plan for the Lake Ramsey area fluid.

EXECUTIVE DIRECTOR'S REPORT

HRA Executive Director Nelson stated that City staff would be attending the golf event the following day. She provided an update on the Game Fair, which took place the previous weekend and would continue again this coming weekend. She noted that the sign on Highway 10 is now up and running and provided an update on the commuter rail study.

COMMISSIONER INPUT

None.

ADJOURNMENT

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

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 10:08 p.m.

Respectfully submitted,

Heidi Nelson
HRA Executive Director

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Amanda Staple
TimeSaver Off Site Secretarial, Inc.