

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

The Housing and Redevelopment Authority conducted a Work Session meeting on Tuesday, November 15, 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 Sarah Strommen
 Commissioner Jason Tossey
 Commissioner Jeffrey Wise

Members Absent: None.

Also Present: HRA Executive Director Heidi A. Nelson
 City Administrator Kurtis G. Ulrich
 Public Works Director Brian Olson
 City Engineer Tim Himmer
 Development Manager Darren Lazan

CALL TO ORDER

Chairperson Elvig called the regular meeting of the Housing and Redevelopment Authority to order at 9:02 p.m.

CITIZEN INPUT

There was none.

APPROVAL OF MINUTES

None.

APPROVAL OF AGENDA

The agenda was approved as submitted.

HRA BUSINESS

Case #1: Introduction of and Discussion with W30 Retail Developer

HRA Executive Director Nelson noted the W30 retail developer is in attendance to discuss the retail component of The COR. In addition, the developer has been invited and will participate tomorrow as Ramsey celebrates the rail station that is critical to the development.

Development Manager Lazan reported he has worked with Lance Osborne on Letter of Intent terms, schedule, TIF, public infrastructure, and has made good progress. While in town, he wanted Mr. Osborne to talk with the HRA regarding his interest and vision in the project and answer questions.

Lance Osborne, founder and President of Osborne Capital Group of Ohio, introduced himself and third generation development company based on east side of Cleveland, Ohio. He stated they pride themselves in collaborating with municipalities to complete quality walkable and transit-friendly centers. Mr. Osborne indicated they are currently developing a 300-acre mixed-use center in Cleveland, Ohio, similar to The COR, in addition to a 75-acre retail development in Brunswick, Ohio. They are targeting projects outside Ohio and were introduced to Ryan Cronk at the 2010 International Council of Shopping Centers (ICSC) Convention through an architect who had worked for both of them. Since then, he has visited Ramsey twice and is confident in the potential of the retail component considering access to rail and the Armstrong Boulevard interchange that will lay the foundation for a great mixed-use project. Mr. Osborne explained their role would be to deliver the retail, and an attractive, functioning, and high dining experience. He indicated he is confident they can deliver in a manner that will make Ramsey proud. Mr. Osborne stated he is eager to hear the EDA's thoughts and answer questions relating to their plans.

Commissioner Ramsey asked his opinion of the Sunwood Drive roundabout and if prospective retailers will like it.

Mr. Osborne indicated retailers will be neutral to a roundabout and cost wise it will probably be the same as a signalized intersection. He felt a roundabout was a nice aesthetic and landscape feature so he personally favored roundabouts.

Chairperson Elvig asked if they are a build-to-own developer and if they had talked with the big box interest.

Mr. Osborne stated they typically own the project and have talked with the big box interest.

Chairperson Elvig asked Mr. Osborne what he will be asking of the City.

Mr. Osborne stated the first thing is the Highway 10/Armstrong Boulevard interchange and the second is more residential density at The COR with the apartments as well as further residential to the north. Their proposal contemplates the City doing the majority of the roadway infrastructure that would be funded from real estate taxes from their development.

Chairperson Elvig asked if they are requesting any subsidies for development of the retail.

Mr. Osborne stated they are not.

Development Manager Lazan advised the basic outline for this deal is a relatively low price point but includes what staff believes it will take to get a large format retailer on the ground. The city would not pay a subsidy to the developer and TIF would be used not for the project but for public infrastructure. Development Manager Lazan explained that Mr. Osborne prefers the City take the role as the master developer so TIF will be reserved for infrastructure improvements, and/or interchange, and/or master developer expenses. Any subsidy would be built into the price point.

Chairperson Elvig noted that depends on what the HRA has in cash.

Development Manager Lazan explained that improvements would be paced as economic development occurs.

Commissioner Tossey asked whether a large format retailer would make or break the interchange.

Mr. Osborne answered in the affirmative.

Commissioner Wise asked whether the City's architectural standards are too great.

Development Manager Lazan advised that Mr. Osborne has not seen the new guidelines.

Mr. Osborne stated he briefly discussed the architectural standards with Development Manager Lazan.

Commissioner Ramsey asked whether the interchange will have to be in place and operational before a large format retailer will start construction or if an assurance of construction is adequate.

Mr. Osborne felt that once construction of the interchange commenced, a large format retailer would potentially commence construction the following season. He added that tomorrow's events with the commuter rail will be a big step in getting the message across that the City can deliver when promised. Unfortunately, the large format retailer will want to see the funding in place and shovel in the ground before committing its dollars.

Commissioner Tossey stated Ramsey will be asking the Legislature for help to fund the interchange and asked if approval of that funding would be enough for the large format retailer.

Mr. Osborne felt at that point the large format retailer would probably start its due diligence but not commence construction.

Commissioner Backous asked about Mr. Osborne's more recent projects.

Mr. Osborne noted Mr. Cronk had toured the east side of greater Cleveland.

Ryan Cronk, Cronk Real Estate, commented positively on the tour.

Mr. Osborne reviewed their current projects in Ohio including the construction of a railroad overpass by a TIF mechanism to access a commercial property, Buckenhet Market Place, and Collinwoods redevelopment, the largest train depot between New York City and Chicago. At one time, Collinwoods had been an environmental disaster and today it is home to four businesses and with one-half a million square feet. They have also developed the Shoppes at Alpha Place Shopping Center in Highland Heights.

Commissioner Strommen noted Mr. Osborne had commented his company was expanding into other states. She asked what those locations are and what the top three factors are that attracted him to Ramsey.

Mr. Osborne stated they are in the process of redeveloping property they have owned in Tampa, Florida, for 15 years. As to the top three factors, he cited that the Minneapolis market is a strong region with positive attributes; his firm likes collaborating with municipalities to complete projects, which is the best way in this economy and need for creative financing; and, Minneapolis has the Mall of America. He stated that prior to starting Osborne Capital Group he worked at AEW Capital Management of Boston and owned several apartment complexes. Mr. Osborne stated that research has always been bullish on Minneapolis because it is a strong market.

City Administrator Ulrich asked Mr. Osborne if his company has a website portfolio.

Mr. Osborne stated it does not but he would e-mail a presentation.

Development Manager Lazan stated that information can be reviewed at an upcoming Work Session.

Chairperson Elvig asked Mr. Osborne if he considers other types of tenants or only one large retail box.

Mr. Osborne stated he spoke with Development Manager Lazan about who would be ready to go when the site is ready for development. He stated they have had success in the past with proving there is a market for small tenants and food tenants if they can show above average sales.

City Administrator Ulrich asked whether his firm uses primary lenders and investors.

Mr. Osborne explained this deal would be structured with internal equity and debt financing. He stated they may also use internal equity with leverage from their banking relationships. Mr. Osborne explained if the anchor wanted to lease it would drive cost up so then they may work with external equity partners/high net worth individuals.

Management Director Lazan stated details such as the terms of the sale will be presented during a closed session for the HRA's consideration.

Commissioner Wise asked about the timeline for the interchange project.

Development Manager Lazan stated it had originally been discussed as three years but he would suggest determining and affixing milestones of the overpass. He stated it is known there is existing capacity for a certain level of retail and a timing schedule will be refined for the HRA's review.

Mr. Osborne commented that sooner is better but he knows projects always take longer and cost more than you want.

Commissioner Ramsey asked whether there is potential for development without a big box, with the exception on the southwest corner of the new Sunwood Road and Armstrong Boulevard intersection.

Mr. Osborne stated there is some potential for interim development, small scale, such as 3-4,000 square foot tenants that may come without the interchange.

Commissioner McGlone noted the Hanson Boulevard bridge project was accomplished through equity partners to advance the project and then receive reimbursement.

Mr. Osborne stated he knows some tax-exempt investors. In that type of project, the investor would receive tax exempt in return but the City has to be sure it has sufficient revenue.

Commissioner McGlone noted the bridge could be constructed very soon if financing can be found.

City Administrator Ulrich stated staff will research how a private component could fit into the State bonding proposal or federal grant request.

EXECUTIVE DIRECTOR'S REPORT

None.

COMMISSIONER INPUT

None.

ADJOURNMENT

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

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 9:32 p.m.

Respectfully submitted,

Heidi A. Nelson
HRA Executive Director

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Carla Wirth
TimeSaver Off Site Secretarial, Inc.