

**CITY COUNCIL SPECIAL MEETING
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The Ramsey City Council conducted a Special City Council Meeting on Tuesday, March 17, 2009, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Mayor Bob Ramsey
Councilmember John Dehen
Councilmember David Elvig
Councilmember Matt Look
Councilmember Colin McGlone
Councilmember Jeffrey Wise

Members Absent: Councilmember David Jeffrey

Also Present: City Administrator Kurtis Ulrich
Assistant City Administrator Heidi Nelson
City Attorney William Goodrich
Public Works Director Brian Olson
Community Development Director Amber Miller
Economic Development Coordinator Sean Sullivan
Finance Officer Diana Lund
Jim Lasher, Consultant
Tom Bray, Attorney Briggs and Morgan

CALL TO ORDER

Mayor Ramsey called the Special City Council meeting to order at 7:01 p.m. followed by the Pledge of Allegiance.

CITIZEN INPUT

There was none.

APPROVE AGENDA

The agenda was approved, as submitted.

CONSENT AGENDA

There was none.

COUNCIL BUSINESS

Case #1: Confirm Direction, if any, Given in Closed Session regarding City of Ramsey vs. Minnwest Bank Central Litigation and Ramsey Town Center Addition

City Attorney Goodrich stated that this special meeting was announced on Tuesday, March 10, 2009, at the regular City Council meeting and notices were posted beginning March 11, 2009. He stated that the purpose of this meeting is to discuss and possibly settle the litigation in the Anoka County District Courts of the City of Ramsey vs. Minnwest Bank Central, which revolves around Ramsey Town Center Addition, of which the City Hall is part. He gave some history of the Ramsey Town Center and its development agreement and the subsequent changes with the developer passing away and the property going into foreclosure. He stated during the time that these things occurred, the City found it necessary to make certain the Master Development Agreement had priority over any other encumbrances, so it entered this litigation. He stated that one of the complications of the litigation is that part of the land is abstract and part is Torrens property. He stated that Minnwest counterclaimed against the City seeking a determination that the first mortgage had priority over the Master Development Agreement. He stated that the City believes it is close to having this matter settled and various documents will be reviewed with the Council. He introduced Tom Bray of Briggs and Morgan who has been working with the City on this matter to review the proposed Settlement Agreement.

Mr. Bray noted that he will review the: Settlement Agreement; Purchase Agreement; Consent to Settlement Agreement and Release with the participating banks; and lastly a Release Agreement for the Ramsey Town Center. He reviewed the details of the Settlement Agreement.

Councilmember Elvig asked Mr. Bray to express the time sensitivity related to this issue.

Mr. Bray stated that if the HRA acquires the property prior to June 30, 2009, they can file to have the property exempt from taxes. He reviewed the details of the Purchase Agreement and noted that the purchase price has been changed to \$6.75 million, not \$7 million, as is stated in the document in front of the Council tonight. He stated that there are significant delinquent real estate taxes and this agreement requires the Seller to pay those at closing, but the outstanding assessments will be the City's responsibility. He noted that Section 20 will be entirely removed from the Purchase Agreement. He reviewed the Release Agreements.

City Attorney Goodrich asked Mr. Bray to note the balance of the existing mortgage.

Mr. Bray stated that it is approximately \$36 million with interest, but he doesn't know the exact number.

Councilmember Elvig noted that he would like to see Mr. Lasher show and discuss what properties are being discussed.

Mr. Lasher stated that this is to purchase approximately 148 acres, 30 acres is parkland and the rest is commercial and residentially zoned property.

City Administrator Ulrich went through a Power Point presentation of the Settlement highlights on positioning on how this positions the Ramsey Town Center for the Future. He reviewed the community's initial vision for a 322 acre, award winning mixed-use development along Highway 10. He stated that the initial vision included creation of a Master Development Agreement and the property was owned by a private developer. He noted the successes that have happened in the Ramsey Town Center such as PACT, 223 units of life cycle housing, Coborn's, the transit hub and a City Park. He reviewed some of the challenges since 2006, including the death of the developer and bankruptcy, which resulted in about 150 acres being trapped in the foreclosure process. He stated that the land is currently owned by 25 banks, which has complicated negotiations. He reviewed some of the potential risk in both moving forward and not moving forward. He stated that the proposed action is a settlement of litigation where the City will purchase 148.2 acres at a cost of \$6.75 million, which secures a marketable title, with a closing date of June 26, 2009. He reviewed the map of where the property is located, and noted that 61.3 acres is commercial land; 51.8 acres is residential; and 30.9 acres is parkland. He stated that this would help position Ramsey for the future because it frees the property for development, pays back taxes, builds a tax base and reduces the need for future tax increases.

Councilmember Look publicly thanked everyone on the Council for the countless hours spent in meetings that have taken them away from their families to hammer out details and get answers to questions. He stated that he also wanted to thank staff for their continued work in updating the Council as things have changed. He stated that this project may not end up having one developer taking the project and running with it, so it may need to be parceled out. He stated that this was probably the last option that the City would consider but it will help control the use of the land. He stated that his plan is to sell this property at the price that we paid, if not a profit and thinks it is important for the citizens to understand that this is going to be done through an internal loan transfer, not a bailout in terms of people's taxes paying for this project. He stated that with \$6.75 million, the City will net about \$500,000 in back taxes and will be able to apply a \$1.5 million Letter of Credit, which brings it down to about \$4.5 million from the internal loan. He stated that it will also allow the City to bring forth a Met Council grant for an amphitheater that would have just fallen apart if this purchase hadn't moved forward. He stated that this is an investment in the future of the City.

Councilmember Elvig stated that there have been hundreds of hours between the Council and the staff working on this, which also has certain costs associated with it. He stated that he has historical perspective on this project, having been around to see the various stages. He stated that because the City created a very stringent Development Agreement this will allow us to get the things that the City wants here. He stated that you have to ask "But for not the City" whether this thing would fly and he feels that it wouldn't fly without the City getting involved. He stated that he commends the Council for this difficult decision and he understands it will be contentious, but he is very impressed with the Council and the tenacity of questions and the thought process throughout the discussions.

Councilmember Dehen stated that the Council needs a vision and the only way to position the City in this vision, was to purchase this. He stated that he thinks this option was the last resort for everyone. He stated that he thinks the other important issue is for the City to continue fighting and pursuing the transportation issue and the potential train stop.

Councilmember Wise stated that the new Councilmembers sort of got thrown into the middle of the issue. He stated that he ran on fiscal conservatism and it is important to note that this project was basically bleeding the City. He noted that by the City taking control of the property and possibly revising the Master Plan, the City can move forward and stop spending staff time, professional time and Council time on this to turn it into a usable tax base. He stated that he agrees that this was a last choice option for everybody, but nobody else could build this project to our Master Development plans and make a profit. He stated that the City should be able to sell this and recoup the cost of the land and some of the professional fees that have been incurred.

Councilmember McGlone stated that on the campaign trail, he asked people what their biggest problem was, and 9 out of 10 people said the Ramsey Town Center. He stated that he would also commend staff, professionals and the Council for working to get us to this point. He stated that this option makes the most sense and has the best possible scenario for future success.

Mayor Ramsey stated that he agrees with everything that has been said. He stated that this, in his opinion, had to move forward and the option of letting it go tax forfeit is a poor option. He stated that this was discussed in closed meetings, but he can assure the public that everything will now be open and transparent and there will not be any secrets. He encouraged people to call him, e-mail him, or come to the Town Hall meeting and discuss this with him. He stated that at this price, he thinks it is a smart move for the City to move forward with this. He stated that he will stand by his statement that the City should not be a developer and hopes that someone steps forward in that role. He stated that in the grand scheme of things, this is a good purchase price for the property.

Councilmember Dehen stated that the public needs to be aware that at some point the land became worth the price the City is planning to pay for it. He stated that the City will be actively attempting to move the property and he doesn't think it is anybody's idea to play developer for this property.

Councilmember Elvig stated that he thinks another benefit of moving this property forward shows the communities and regional partners that the City is moving and that there is going to be activity in the area. He stated that he spoke with County Commissioner Dan Erhart last week and asked him about the chance for Ramsey to be a rail stop. He stated that he was heading to Washington the next day to start the lobby process for moving forward with a Ramsey rail stop.

Motion by Councilmember Elvig, seconded by Councilmember Look, to approve Resolution #09-03-055 which is a resolution conditionally approving a Settlement Agreement with Minnwest Bank Central regarding that certain lawsuit which is known as City of Ramsey vs. Minnwest Bank Central, Anoka County District Court File #02-CV-07-2643.

Further Discussion: City Attorney Goodrich stated that the actual purchase price is \$6.75 million and he would also like to announce that available tonight for public review are the Settlement Agreement, Purchase Agreement, Consent to Settlement and Release with Ramsey Town Center LLC and the proposed resolution, which he suggested be read aloud. Mayor Ramsey asked him

to read it aloud. City Attorney Goodrich read aloud the resolution, which states: "Whereas, in 2003 the City approved the plat of Ramsey Town Center Addition (RTC PLAT); and Whereas, after approval of the RTC Plat certain events occurred which created practical and legal difficulties for the further development of the RTC Plat; and Whereas, as a result of the various issues relating to the development of the RTC Plat the City commenced a Declaratory Judgment action known as City of Ramsey vs. Minnwest Central Bank, Anoka County District Court File No. 02-CV-07-2643; and Whereas, after considerable negotiation and discussion including several closed attorney/client meetings with its attorneys, the City Council and Minnwest Bank Central have agreed upon certain settlement terms as described below: Now, therefore, be it resolved by the City Council of the City of Ramsey as follows: 1. The Settlement Agreement attached hereto and reviewed by the Ramsey City Council at its Special Meeting on March 17, 2009 is incorporated herein and is hereby conditionally approved. The Mayor and City Administrator are authorized to execute said Settlement Agreement contingent on the following: a. The approval by the City's HRA of the purchase agreement referenced in the Settlement Agreement and attached hereto as Exhibit B for the purchase by the City of certain lands in Ramsey Town Center Addition from Minnwest Central Bank as described in the purchase agreement. b. Delivery to the City by Minnwest Central Bank of all 25 participating banks executed Consent to Settlement Agreement and Release Forms. c. Agreement between the City Attorney and Minnwest Bank Central's attorney as to the form of the required Stipulation of Dismissal attached as Exhibit "F" to the Settlement Agreement. 2. The City Council approves and authorizes the Mayor and City Administrator to sign the Consent to Settlement Agreement and Release with the Participant Banks, contingent upon a., b., and c. above. 3. The City Council approves and authorizes the Mayor and City Administrator to sign the Release Agreement with Ramsey Town Center, LLC contingent upon a., b., and c. above. 4. The City Council delegates authority to the Mayor, Acting Mayor and Chairperson of the HRA to authorize execution of the final settlement documents referenced in this resolution upon their finding that said final documents conform to the settlement concept as approved by the City Council pursuant to direction given by the City Council at its Special City Council meeting on March 17, 2009 regarding this subject.

Motion carried. Voting Yes: Mayor Ramsey and Councilmembers Elvig, Look, Dehen, McGlone and Wise. Voting No: None. Absent: Councilmember Jeffrey.

Mayor Ramsey stated that Councilmember Jeffrey was privy to all the meetings, but is out of town this week for work and could not attend tonight's meeting.

City Attorney Goodrich stated that immediately following this meeting there will be an HRA meeting to discuss this issue, which will also be televised.

Councilmember Look stated that there was a consensus of the Council that both of these meetings be televised so there is transparency and everyone at home can be fully aware of what is going on.

Mayor Ramsey asked for an explanation of why the HRA is taking action and not the Council.

Mr. Bray explained that the HRA has specific authority for acquisition of land for development and redevelopment, which is why they will actually purchase the property, not the City.

Councilmember Dehen stated that the HRA provides the vehicle for the purchase since the Council cannot itself purchase.

Mr. Bray stated that the City could acquire it, if they chose, but this is what HRA's do and it just made more sense.

MAYOR, COUNCIL AND STAFF INPUT

None

ADJOURNMENT

Motion by Councilmember Elvig, seconded by Councilmember Look, to adjourn the Special City Council Meeting.

Motion carried. Voting Yes: Mayor Ramsey and Councilmembers Elvig, Look, Dehen, McGlone and Wise. Voting No: None. Absent: Councilmember Jeffrey.

The Special City Council Meeting was adjourned at 8:03 p.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Kayla Atkins-Rokosz
TimeSaver Off Site Secretarial, Inc.