

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

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, October 9, 2012, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Colin McGlone
 Commissioner Randy Backous
 Commissioner David Elvig
 Commissioner Bob Ramsey
 Commissioner Sarah Strommen
 Commissioner Jeffrey Wise

Members Absent: Commissioner Jason Tossey

Also Present: Deputy HRA Executive Director/Finance Director Diana Lund
 Public Works Superintendent Grant Riemer
 Development Services Manager Timothy Gladhill
 Management Analyst Patrick Brama
 City Attorney William Goodrich
 Interim Engineer Shane Nelson
 Development Manager Darren Lazan

1. CALL TO ORDER

Chairperson McGlone called the regular meeting of the Housing and Redevelopment Authority to order at 8:07 p.m.

2. CITIZEN INPUT

There was none.

3. APPROVAL OF AGENDA

Motion by Commissioner Ramsey, seconded by Commissioner Elvig, to approve the agenda as revised to consider Case 5.05 prior to Case 5.01.

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

4. APPROVAL OF MINUTES

Commissioner Elvig requested receipt of minutes in a timelier manner.

Motion by Commissioner Elvig, seconded by Commissioner Backous, to approve the following minutes:

- 1) HRA Regular Meeting Minutes dated August 13, 2012
- 2) HRA Regular Meeting Minutes dated August 28, 2012
- 3) HRA Special Meeting Minutes dated September 4, 2012
- 4) HRA Work Session Meeting Minutes dated September 4, 2012
- 5) HRA Regular Meeting Minutes dated September 11, 2012
- 6) HRA Regular Meeting Minutes dated September 25, 2012

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

5. HRA BUSINESS

5:05 Consider Dedication of a Drainage and Utility Easement for the Relocation of the Connexus Cabinet

Interim Engineer Nelson reviewed the staff report and reported on progress made in negotiating cost allocation for relocation of the Connexus cabinet, now estimated at \$19,000. It was noted that HRA Director Ulrich had been directed to negotiate the settlement, which will come before the HRA for final resolution.

Motion by Commissioner Elvig, seconded by Commissioner Wise, to approve dedication of the easement depicted on the submitted exhibit and direct the Development Team to prepare the easements and record as necessary to facilitate the relocation of the cabinet.

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

5.01: Consider Purchase of 14590 Armstrong Boulevard NW, Ramsey, Minnesota (Wiser Choice Liquor Store) from M&W Holding Company, LLC

Commissioner Wise recused himself due to a potential conflict of interest and left the Council Chambers at 8:13 p.m.

City Attorney Goodrich advised of the HRA's By Laws related to quorum requirements. He then presented the chronology of the HRA's consideration of the purchase of property at 14590 Armstrong Boulevard from M&W Holding Company, LLC, of which Councilmember/Commissioner Wise is the majority owner. City Attorney Goodrich described how the property would be used for road right-of-way and redevelopment, noting the HRA's Redevelopment Plan adopted in 2007 addresses the purchase of this property. He reviewed the process established by the HRA to address the conflict of interest issues and assure transparency and the City Council's consideration of the purchase agreement terms. City Attorney Goodrich advised that about September 15, staff became aware that State Statute has a total prohibition against a City Council purchasing property owned by a sitting Council Member. Since then,

staff determined for this transaction to move forward, it would have to once again become an HRA purchase. He indicated the Minnesota Attorney General has issued an opinion on this same subject.

Bond Counsel Bray presented his analysis of State Statutes and the Attorney General's opinion. He stated his conclusion that Minnesota Statute 46909 clearly allows HRA Commissioner Wise to have an interest in an entity that is entering into a contract with the HRA Board as long as the conflict is disclosed, made known to the HRA Board, and Commissioner Wise takes no action in the process. Bond Counsel Bray advised it is not uncommon in Minnesota for members of the City Council to also, in whole or in part, constitute the HRA Board and there is nothing to prevent the HRA from entering into a contract.

Commissioner Strommen expressed her concern staff had discovered this issue mid-September yet the Council/HRA was not aware until it received this meeting packet. She stated her rationale for not supporting the purchase even though the HRA and City Council are separate legal entities and guided by different statutes. For her, it is a matter of public trust and perception that moving forward appeared to be an effort to get around the laws and processes that govern the City Council. Commissioner Strommen noted this was a delicate issue to begin with and she had defended the process established but now believes it has unraveled. She stated she still supports the project and noted Councilmember/Commissioner Wise will no longer be a member of this body after a few months and the project can be delayed to avoid this issue.

Commissioner Backous stated for all reasons City Attorney Goodrich laid out, he still thinks this project is the right thing to do. He agreed the HRA created a transparent process, ordered additional appraisals, and he had defended that process to residents of Ramsey. He stated he had concern that Councilmember/Commissioner Wise be treated fairly and not given undue advantage or disadvantage for being member of the Council/HRA. In that effort, the matter was treated as an arms-length transaction. Commissioner Backous stated his agreement with Commissioner Strommen that the law is the law and if approved, it will appear that the HRA is breaking the spirit of the law. He stated he appreciates the opinions of the City Attorney and Attorney General, but the membership of the HRA is the same as the City Council and to now consider transferring money to the HRA to purchase this land, to him, does not "smell right." Commissioner Backous stated he is glad this transaction did not remain with the HRA because then this conflict would not have been discovered. He agreed the City Council and HRA should have been informed of this conflict when it was discovered and it now pains him to say he cannot support this transaction while Mr. Wise is a sitting Council Member.

Development Manager Lazan presented the chronology of the property acquisition and staff determination it was more appropriate for the road project to be with the City Council than the HRA. He reviewed the time and expense to negotiate three rights-of-way purchases and encouraged the HRA to consider the project as a whole and not based on a single transaction.

City Attorney Goodrich stated there is a need to acquire some right-of-way from Wisser Choice Liquor for the 146th cul-de-sac. Otherwise, the road alignment will have to be pushed into the southerly portion.

Interim Engineer Nelson advised the property acquisition was time sensitive for the construction of the cul-de-sac because the original schedule had already been delayed. He doubted staff could complete paperwork to shift the cul-de-sac and get it constructed as part of this project.

Commissioner Strommen stated she appreciates staff comments and had voted for this but, had she known the facts at the beginning, she would not have supported this purchase because the public trust and perception is above those issues.

Commissioner Ramsey stated the purchase of this property did not violate any laws and because the HRA has always known perception was an issue, had created a process, ordered extra appraisals, and made sure every process was perfect. The City needs the right-of-way for the road and interchange and approval would also move another business into The COR. Commissioner Ramsey stated if this had not been made a City project, it would have moved forward with a unanimous vote so it is ridiculous to stop the project now. He pointed out this is a conflict for Councilmember/Commissioner Wise, not a conflict for the HRA.

Bond Counsel Bray confirmed the Statute indicates it is a conflict on the Commissioner.

Motion by Commissioner Ramsey, seconded by Chairperson McGlone, to approve the Purchase Agreement for the property located at 14590 Armstrong Boulevard, Ramsey, Minnesota, and legally described as Lot 2, Block 1, Hauser Addition, Anoka County, Minnesota.

Further discussion: Commissioners Strommen and Backous restated their rationale for not supporting the motion. Commissioner Ramsey stated his intention to support the purchase. Commissioner Elvig stated his position has been one of timing all along and while he had supported the project moving forward, has now learned this purchase is not a legal function for the City Council. He stated that while he still agrees with the project, he intends to not support the motion because it will damage public perception and trust in this project. Chairperson McGlone pointed out that a lot is “hanging in the balance,” there is talk about risk and liability, and the price of this project could be rising.

Motion failed. Voting Yes: Chairperson McGlone and Commissioners Ramsey. Voting No: Commissioner Elvig, Backous, and Strommen. Absent: Commissioner Tossey and Wise.

5.02: Approve the Sale of Property – Lot 3, Block 1, COR TWO (Portions of this case may be closed to the public)

Development Manager Lazan advised this case was contingent upon prior action.

Motion by Commissioner Ramsey, seconded by Commissioner Elvig, to postpone indefinitely consideration of the Purchase Agreement with M & W Holdings, LLC for the sale of Lot 3, Block 1, COR TWO.

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

5.03: Approve Development Agreement – COR TWO

Development Manager Lazan advised this case was contingent upon prior action.

Motion by Commissioner Ramsey, seconded by Commissioner Elvig, to postpone indefinitely consideration of the Development Agreement related to the plat of COR TWO.

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

5.04: Approve Documents Related to the Plat of COR TWO

Development Manager Lazan stated the plat cannot be recorded based on the action of previous cases. He asked the HRA to address the condemnation process if owned by Councilmember/Commissioner Wise.

City Attorney Goodrich stated legal staff will research that option and report back.

Motion by Commissioner Ramsey, seconded by Commissioner Elvig, to postpone indefinitely consideration of the Final Plat of COR TWO; the Agreement related to the Plat of COR TWO; the Agreement and Declaration of Easements, Covenants, and Restrictions of COR TWO; the Declaration of Signage and Utility Easements of COR TWO; and, the Restrictive Covenants related to Lot 4, Block 1, COR TWO.

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

5:05 Consider Dedication of a Drainage and Utility Easement for the Relocation of the Connexus Cabinet

This case was considered prior to Case 5.01.

6. DEVELOPMENT TEAM REPORT

Development Manager Lazan provided updates on the Edgewood senior living project and SuperAmerica's second site. He reported the Economic Development Association of Minnesota has asked Landform to submit on its real estate marketing of The COR.

7. COMMISSIONER INPUT

None.

8. ADJOURNMENT

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

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 8:58 p.m.

Respectfully submitted,

Diana Lund
Deputy HRA Executive Director/Finance Director

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Carla Wirth
TimeSaver Off Site Secretarial, Inc.