

City of Ramsey
Agenda
Housing and Redevelopment Authority (HRA)
Regular Session
Tuesday October 23, 2012
Immediately Following Regular City Council
Council Chambers, 7550 Sunwood Drive NW

1. **Call to Order**
2. **Citizen Input**
3. **Approve Agenda**
4. **Approve Minutes**
 1. Approve the Following Meeting Minutes:
 - 1) HRA Work Session - October 2, 2012
 - 2) HRA Regular Session - October 9, 2012
5. **HRA Business**
 1. Approve Purchase Agreement - Lot 4, Block 1, COR TWO (Portions may be closed to the public)
 2. Development Management Compensation
6. **Development Team Report**
7. **Commissioner Input**
8. **Adjournment**

HRA Regular Session

4. 1.

Meeting Date: 10/23/2012

By: Jo Thieling, Administrative Services

Information

Title:

Approve the Following Meeting Minutes:

- 1) HRA Work Session - October 2, 2012
- 2) HRA Regular Session - October 9, 2012

Background:

Minutes are attached for HRA approval.

Funding Source:

N/A

Council Action:

Motion to approve the following meeting minutes:

- 1) HRA Work Session - October 2, 2012
 - 2) HRA Regular Session - October 9, 2012
-

Attachments

100212 HRA WS Mts

100912 HRA Reg Mts

Form Review

Inbox

Kurt Ulrich

Form Started By: Jo Thieling

Reviewed By

Kurt Ulrich

Date

10/18/2012 11:44 AM

Started On: 10/18/2012 11:22 AM

Final Approval Date: 10/18/2012

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

The Housing and Redevelopment Authority conducted a Work Session meeting on Tuesday, October 2, 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 Jason Tossey (arrived at 7:54 p.m.)
 Commissioner Jeffrey Wise

Member Absent: Commissioner Sarah Strommen

Also Present: HRA Executive Director Kurtis Ulrich
 Finance Director Diana Lund
 Development Services Manager Timothy Gladhill
 Management Analyst Patrick Brama
 Development Manager Darren Lazan

1. CALL TO ORDER

Chairperson McGlone called the Work Session meeting of the Housing and Redevelopment Authority to order at 7:47 p.m.

2. TOPICS FOR DISCUSSION

None.

3. DEVELOPMENT TEAM REPORT

Development Manager Lazan reported the agreement for the second SuperAmerica site will be executed and an escrow established shortly. He presented an architectural rendition of the SuperAmerica proposed for the Armstrong Boulevard site and requested feedback. Development Manager Lazan described streetscape elements, noting they have done a decent job.

Chairperson McGlone asked what is the difference in the roof on the building (sloped) and canopy (flat), noting the canopy will look horrible when viewed from the top and asked if it can be a sloped roof.

Development Services Manager Gladhill stated a canopy does get heavy structurally if it contains a sloped roof but SuperAmerica can be asked to dress up the top of the canopy.

Commissioner Backous agreed, noting you will be able to also view it from the apartments. He asked if a slatted frame can be designed to screen the flat roof.

Commissioner Elvig stated support for the metal sloped roof. He noted the wrought iron fencing needs to be located so it is not damaged by snow removal. Commissioner Elvig asked about the two yellow bollards.

Development Manager Lazan stated that is the carwash keypad and they can address color.

Commissioner Elvig suggested a slight pitch on the canopy and a different color for the sides of the canopy to better tie into the building.

Commissioner Ramsey asked where the gas prices will be advertised.

Development Manager Lazan reviewed the location of that signage.

4. COMMISSIONER INPUT

4.01: Discuss Early Principal Reduction Payment – The Residence at The COR.

Development Manager Lazan reviewed the staff report and agreement terms.

Finance Director Lund explained there are two separate accounts; capitalized interest and bond proceeds. As of today, they have received the sixth draw (\$1.3 million) and once paid, there will be about \$3.2 million remaining on the bond to be paid.

Commissioner Wise asked who pays for modifying the contract.

Development Manager Lazan stated he can get a cost estimate for document preparation and ask The Residence to repay that amount.

Commissioner Wise stated it should not be an HRA cost.

Chairperson McGlone noted when you accept a credit card payment, you pay a fee and in business he is willing to pay a little bit to get the money.

Commissioner Backous asked whether the \$500,000 would be transferred from bond principal to reduce the capitalized interest.

Commissioner Tossey arrived at 7:54 p.m.

Finance Director Lund distributed a listing of payments received to date, clarifying it is developer overhead and not developer fees. It was noted the developer overhead totaled \$1.2 million. That is counting against the bond amount. She explained it will count against our total

but the request is to give the \$500,000 to pay for the bond pay down, when it becomes due. It is not developer fees.

Commissioner Elvig stated he has concerns with this because it was his understanding this is a developer overhead fee but he did not see that in the initial proforma. Commissioner Elvig stated he saw developer fees of \$3 million. He asked what is the split between rates/values applied towards the architectural draws and what is remaining that PNC Bank will be holding. Commissioner Elvig stated he thinks that when the certificate came forward for developer draws, it got split between overhead fees and only \$1.5 million remains in developer fees. He stated he does not want developer fees paid before the HRA is paid.

Finance Director Lund noted the line item for developer overhead fees on the schedule of values.

Commissioner Elvig stated he would like to see the proforma from when he voted on this. He stated the HRA is paying \$500,000 for overhead and they are saying they don't need that money so the loan was too much.

Development Manager Lazan stated if the HRA was the only lender, he would be more concerned. The request means F&C will get to PNC Bank money faster and the HRA lends less.

Commissioner Elvig stated he wants to be sure that these funds were not pooled in another area initially. He recalled there was to be \$3 million of developer fees initially and he did not want that paid out until certain terms were met and the HRA got its money. Commissioner Elvig stated the idea was to get Mr. Flaherty to bring in institutional fresh money. At this time, he was concerned the request was to use HRA money to pay the HRA and to give them a \$250,000 credit. Commissioner Elvig stated it appears the HRA is loaning the City's money to pay down the note.

Development Manager Lazan stated it gets confusing but they have to bring a certain amount of capital and PNC Bank is allowing them to draw on the reserve. When F&C makes the final draw, they will have drawn \$500,000 less, i.e., the principal will be reduced by \$500,000. Ultimately, if they come up with the other \$1.5 million in cash, they used these funds for a credit but the HRA's loan is still reduced and it is a zero sum gain. Development Manager Lazan explained it is the same whether the HRA extended all \$7 million and they wrote the HRA a check for \$500,000, or if the HRA loans them \$6.5 million. The net is the same.

Commissioner Ramsey stated this is new money because it is coming from PNC Bank.

Finance Director Lund explained the bond is for \$6.8 million so, if approved, the HRA will pay them for \$6.3 million, and keep the \$500,000.

Commissioner Elvig stated the agreement was that Mr. Flaherty would bring institutional dollars (equity) into the project. He is concerned they are now 'washing money' by using HRA money to pay us back. Commissioner Elvig stated he has a problem with PNC Bank allowing this and he wanted to see where the numbers were originally.

Development Manager Lazan presented the original proforma.

Finance Director Lund stated she has only seen a \$2.4 million developer fee.

Development Manager Lazan clarified that is a fee paid to the City.

HRA Executive Director Ulrich agreed the developer fee and developer's overhead are two separate fees.

Finance Director Lund reviewed the amounts and purpose of each.

Commissioner Elvig stated it was his understanding there are typically development fees paid to the City, developer's fees paid to themselves as a profit on the project, and overhead that pays themselves a rate for staff and things like the construction trailer. A developer fee is their profit and he does not want that paid until the HRA gets paid back. Commissioner Elvig stated PNC Bank had agreed to this and that was about \$3 million. Now the developer fee is \$1.2 million so he would like to see if the developer overhead also came down so they did not need that \$500,000.

Development Manager Lazan stated the HRA had reviewed the model containing all the fees and costs and the only fee to the developer was \$970,000. PNC Bank originally required that all to stay in but have now agreed to advance one-half of that amount to the City so F&C will be into PNC Bank money faster.

Chairperson McGlone stated he does not care if they use \$500,000 to pay down the loan and get to the Bank's money faster.

Commissioner Backous stated he did not approve of giving those dollars in the first place but his goal is to get the HRA's money back. He stated he understands Commissioner Elvig's concern there may be a "shell game" moving money around but if they are giving back \$500,000 sooner, and will owe the HRA \$500,000 less, he would agree with the request even if the HRA makes less interest.

Chairperson McGlone agreed the request will result in the HRA getting its money back faster.

Commissioner Elvig stated he would like to see an audit between what we initially signed and schedule of values to get a better understanding.

Development Manager Lazan stated that was done when the original draw schedules were set up.

Commissioner Elvig stated the HRA needs to compare the documentation to see if funds have been switched. If that is the case, the sources of uses will also be changed. He felt the City Council had a financial obligation to look at it internally and the HRA should also sign off on it.

Development Manager Lazan clarified the HRA has the same procedure as the bank and uses the same inspectors and reviewers. There is one process for this project from start to finish so there are no different books or processes.

Finance Director Lund reviewed the documentation that is required and processes followed.

Chairperson McGlone stated a majority consensus of the HRA has been reached to support accepting the \$500,000.

Commissioner Elvig stated he cannot fathom why PNC Bank would allow \$500,000 to fall out of the equity when they are trying to prove the amount in the ground.

Chairperson McGlone stated initially there was no train station and no parking ramp but both have changed and he does not care what their logic is.

It was the majority consensus of the HRA to accept the \$500,000 early principal reduction payment, direct the Development Team to prepare and execute the agreement, and present it at the October 9, 2012, City Council and HRA Regular meetings for approval and to direct the Development Team to prepare the documentation requested by Commissioner Elvig.

4.02: Discuss Armstrong Interchange Initiative

Development Manager Lazan reviewed the staff report.

Commissioner Ramsey stated he likes the concept, but not use of the word “coalition.” He suggested labeling it so Ramsey’s residents know they are part of this, such as “initiative.”

Development Manager Lazan stated they can address the naming so it is broader than a coalition.

Commissioner Wise suggested adding facts to the Facebook page such as the amount of dollars remaining to be spent on this project and a comparison of the Highway 169/494 project to provide a sense of scale. He also asked about including information on the roundabout.

Commissioner Ramsey stated that addresses content but the HRA needs to address its vision in how to peak resident’s interest to be part of the solution.

HRA Executive Director Ulrich noted the primary focus has been public safety and still needs to emphasize “safe roads for Ramsey.” He stated data can be included on the number of accidents on Highway 10 and that it is a dangerous location to cross.

Commissioner Tossey stated both Highway 10 and Highway 47 are important but Armstrong Boulevard is only a Ramsey issue. He asked how the City is going to get funding for it when it is only an issue in Ramsey. Commissioner Tossey advocated for using the public safety angle because it is horrible on Highway 10 and needs to be addressed now. He suggested residents be asked for their help to lobby Legislators.

Commissioner Ramsey suggested a name such as “Fix Highway 10” because all residents know it is a problem that needs to be addressed. He felt Armstrong Boulevard and other roads could be considered in a later phases.

Commissioner Wise noted that fatal accidents often times result in getting funding for safety improvements.

Commissioner Elvig stated the more visuals items included (thermometer/video clip) the better. He suggested including statistics on the safety ranking of Highway 10 when compared to other regional and State roadways.

Commissioner Tossey supported refocusing on roads instead of trains.

Commissioner Ramsey suggested creating a “group” on Facebook because you are then alerted when something new is posted.

Commissioner Backous stated Facebook is a great idea but it pulls in people who are already aware of the problem. He supported working with Legislators to make them aware of the safety problems, priorities that are misaligned in other areas, and rally support for the north. He stated people are familiar with the Northstar Corridor and suggested the use of “Northern Corridor” may gain support from Elk River and areas outside of Ramsey. He also suggested posting traffic counts on Facebook.

Commissioner Wise supported staff including something on Highway 10 in every update until the interchange is constructed.

Development Manager Lazan stated they can check into spots on QCTV.

Commissioner Ramsey stated this is just a “piece of the puzzle.” He noted the Facebook page is where all the information and data will be contained and it will engage people in the process to educate them that this is a huge issue and the City is serious about getting something done.

Commissioner Tossey agreed that Facebook attracts people who are already engaged. However, there are 23,000 people in Ramsey and Elk River residents are also affected by Highway 10 so it is a multi-city issue. He supported getting them all involved including the City of Anoka before more fatalities happen. Commissioner Tossey suggested using the south metro as an example of misaligned priorities.

Commissioner Ramsey agreed and stated that is why the focus has to change to Highway 10, to engage Elk River commuters.

Commissioner Backous stated that is all good and will help with the cause but it will come down to pressuring Legislators and setting priorities. He stated the City needs to “make more noise.”

Chairperson McGlone pointed out that Ramsey has a good track record at the Capitol for TIF, the bridge, the train station, and needs to do more of that.

Commissioner Elvig felt it was important to go with a Highway 10 focus because if anything on Armstrong Boulevard is included, it may run the risk of other communities not supporting Ramsey's economic development. He suggested backing off a focus on Ramsey's economic development.

Commissioner Ramsey agreed that public safety is the big issue.

Commissioner Tossey noted Highway 10 is a US highway and not getting a dime of federal dollars. He asked why Representative Bachmann is not involved with this issue.

Development Manager Lazan agreed the Facebook page is a good place to locate all of the information; however, the brochures will be useful when contacting Legislators. He noted Ramsey was asked to be part of the coalition for the 94 corridor but after several meetings it became obvious that parties were interested only in their own interchange and it would be difficult to share resources. Development Manager Lazan cautioned about dilution too far that it loses Armstrong Boulevard.

Commissioner Ramsey stated there is a Highway 10 Coalition but it is not holding meetings because once Coon Rapids got a third lane, it no longer cared about the rest of the corridor.

Commissioner Backous agreed that if the City pushes Highway 10 and attracts broader communities, they will say Ramsey already got the train and stop.

Chairperson McGlone noted they still have to get through Anoka before addressing the highway in Ramsey.

Commissioner Elvig stated Ramsey has a lot of tools in place: the design build, improvement in the middle of a highway as opposed to the ends, and Ramsey was told it is right sized. Now Ramsey needs to show how much money it has already invested. Commissioner Elvig suggested the City meet with Senators Franken and Klobuchar, noting they felt the accident video clip was a good tool. He stated the City needs to create a package of information it can present to Legislators but also needs to work Mn/DOT into the process to create balance.

Commissioner Backous noted the City has invested money in RALF properties and given up tax dollars so it has already done its part.

Development Manager Lazan presented a chart depicting funding sources.

Development Services Manager Gladhill stated the City needs to keep in mind its Transportation Policy Plan with the Metropolitan Council, which is key if the City wants Highway 10 to be in the forefront.

Commissioner Ramsey suggested staff prepare an inventory of where the City is at with different funding partners and policy bodies, noting that information will provide a gauge of where the City is at.

Commissioner Tossey agreed that all agencies need to be “in the room.”

HRA Executive Director Ulrich stated staff will be meeting with Mn/DOT next week but Highway 10 is not even in their 20 year plan at this point. He stated he will bring up this topic with Mn/DOT and it also needs to be a high priority with Anoka County. HRA Executive Director Ulrich explained that Representative Bachman will not get involved until this project is in the plan.

Chairperson McGlone pointed out it has been demonstrated that “the plan” does not work so Ramsey got design build authority and now needs the money.

Development Manager Lazan stated when staff previously met with Mn/DOT, there had been a lot of energy for creative financing. That discussion had included repay programs where the City could front the cost and then be refunded. He suggested staff attempt to revive creative financing tools.

Commissioner Ramsey agreed with the need for an action plan and supported staff determining where the City is at with the different agencies so it can be considered after the election.

Commissioner Elvig suggested listing all the equations the City scored on or had promises on.

Commissioner Ramsey stated the City will need to leverage every opportunity it has.

Commissioner Backous offered the slogan “The one thing we all agree on.”

It was the consensus of the HRA to direct the Development Team to prepare an inventory of where the City is at with the different agencies, to change the Facebook focus to include Highway 10, to focus on public safety, and to include data on traffic flow, congestion, accident ranking, and air quality.

5. ADJOURNMENT

Motion by Commissioner Tossey, seconded by Commissioner Ramsey, to adjourn the Work Session meeting of the Housing and Redevelopment Authority.

Motion carried.

The Work Session of the Housing and Redevelopment Authority adjourned at 9:00 p.m.

Respectfully submitted,

Kurtis G. Ulrich
HRA Executive Director

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Carla Wirth
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, 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 Wiser 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.

HRA Regular Session

5. 1.

Meeting Date: 10/23/2012

By: Darren Lazan, Housing &
Redevelopment Authority

Information

Title:

Approve Purchase Agreement - Lot 4, Block 1, COR TWO (Portions may be closed to the public)

Background:

The development team has been working with McDonalds Restaurants over the last year to construct a new corporate facility in the Sunwood Retail area of The COR.

The agreement contains a number of concepts that have been coordinated for the COR TWO plan, and with the approval of the documents related to COR TWO at last weeks meeting, this item is prepared to come forward for final approval by the HRA.

Notification:

Observations:

HRA members will be sent the contract and deal summary under separate email prior to the meeting.

Recommendation:

The development team recommends the HRA approve the proposed purchase agreement subject to final modifications by HRA Counsel, and adapt a resolution authorizing the HRA Chair and Executive Director to execute the agreement, and all other documents necessary to close.

Funding Source:

N/A

Council Action:

Approve the proposed purchase agreement subject to final modifications by HRA Counsel, and adapt a resolution authorizing the HRA Chair and Executive Director to execute the agreement, and all other documents necessary to close.

Form Review

Inbox
Kurt Ulrich

Reviewed By
Kurt Ulrich

Date
10/18/2012 03:25 PM
Started On: 10/18/2012 12:47 PM

Form Started By: Darren Lazan

Final Approval Date: 10/18/2012

HRA Regular Session

5. 2.

Meeting Date: 10/23/2012

By: Darren Lazan, Housing &
Redevelopment Authority

Information

Title:

Development Management Compensation

Background:

Pursuant to the development management agreement, attached for your consideration are development fee worksheets for the following deals:

- McDonalds
- SuperAmerica Armstrong
- SuperAmerica Ramsey
- Sunwood Retail - General

Notification:

Observations:

Development fee worksheets are prepared based on initial pro-forma values and presented for approval by the HRA prior to compensation under the incentive based section of the contract.

If these values change substantially over the completion of the project they are subject to review, modification, and approval at that time.

The fee worksheets for McDonalds and SuperAmerica are based on current pro-forma values, as modified by the Department of Labor and Industry valuations, and maximum values established in the contract.

The proposed fee worksheet for Sunwood Retail - General, is based on the efforts associated with the Sunwood Retail area as a whole, and is presented for your consideration as compensation for that overall effort.

The development team will present the information in detail at the meeting.

Recommendation:

The development team requests consideration of the proposed compensation worksheets, and based on discussion recommends approval of the proposed compensation outlined. The HRA Executive Director and Development manager will meet prior to the meeting to develop final recommendations to be presented to the HRA.

Funding Source:

Proceeds of Land Sales - as outlined in the DM Contract

Council Action:

Approve the proposed development management compensation recommendations, and based upon discussion, direct staff to include the compensation in the upcoming closings.

Attachments

Fee Worksheet - McD

Fee Worksheet - SA Armstrong

Fee Worksheet - SA Ramsey

Fee Worksheet - Sunwood Retail

Form Review

Inbox

Kurt Ulrich

Form Started By: Darren Lazan

Reviewed By

Kurt Ulrich

Final Approval Date: 10/18/2012

Date

10/18/2012 04:31 PM

Started On: 10/18/2012 12:49 PM

The COR Development Management

Deal: McDonalds Restaurant
 Date: 10/23/12



DM FEE WORKSHEET

Net Land Sale Price	\$ 470,000
Pro-Forma Building Value	\$ 1,200,000
Building Subsidies	\$ -
MN DOLI Building Valuation * 1.25 - cannot exceed	\$ 792,056
Sub Total	\$ 792,056
Site Improvement Cost	\$ 660,000
Off-sites	\$ 200,000
Site Subsidies	\$ -
Sub Total	\$ 860,000
Development Soft Costs	\$ 500,000
Net Subsidies	
cannot exceed 20% of a-c	
Sub Total	\$ 450,000
TOTAL Development Capital Costs (per compensation Formula)	\$ 2,572,056
Total Development Fee (2% of DCC)	\$ 51,441
Fee: 2.00%	

Fee Calculation

Total Development Fee	\$ 51,441
Large Development Adjustment (DCC > \$30m)	N/A
Phased Development Adjustment	N/A
Adjusted Development Fee	\$ 51,441

Payments	Notes:	Amount
Due at PA	Subsequent to Sellers obligations	\$ 10,288
Due at Closing		\$ 30,865
Due at CofO		\$ 10,288

Approved:	
Landform Professional Services	City of Ramsey HRA

The COR Development Management

Deal: SuperAmericas - Armstrong Boulevard
Date: 10/23/12



DM FEE WORKSHEET

Net Land Sale Price	\$ 589,366
Pro-Forma Building Value	\$ 850,000
Building Subsidies	\$ -
MN DOLI Building Valuation * 1.25 - cannot exceed	\$ 606,891
Sub Total	\$ 606,891
Site Improvement Cost	\$ 840,000
Off-sites	\$ 200,000
Site Subsidies	\$ -
Sub Total	\$ 1,040,000
Development Soft Costs	\$ 500,000
Net Subsidies	
cannot exceed 20% of a-c	
Sub Total	\$ 450,000
TOTAL Development Capital Costs (per compensation Formula)	\$ 2,686,257
Total Development Fee (2% of DCC)	\$ 53,725
Fee: 2.00%	

Fee Calculation

Total Development Fee	\$ 53,725
Large Development Adjustment (DCC > \$30m)	N/A
Phased Development Adjustment	N/A
Adjusted Development Fee	\$ 53,725

Payments	Notes:	Amount
Due at PA	Subsequent to Sellers obligations	\$ 10,745
Due at Closing		\$ 32,235
Due at CofO		\$ 10,745

Approved:

Landform Professional Services

City of Ramsey HRA

3450 bldg, 860 carwash
Business 1A



The COR Development Management

Deal: SuperAmerica - Ramsey Blvd
Date: 10/23/12



DM FEE WORKSHEET

Net Land Sale Price	\$ 718,740
Pro-Forma Building Value	\$ 850,000
Building Subsidies	\$ -
MN DOLI Building Valuation * 1.25 - cannot exceed	\$ 606,891
Sub Total	\$ 606,891
Site Improvement Cost	\$ 940,000
Off-sites	\$ 180,000
Site Subsidies	\$ -
Sub Total	\$ 1,120,000
Development Soft Costs	\$ 500,000
Net Subsidies	
cannot exceed 20% of a-c	
Sub Total	\$ 450,000
TOTAL Development Capital Costs (per compensation Formula)	\$ 2,895,631
Total Development Fee (2% of DCC)	\$ 57,913
Fee: 2.00%	

Fee Calculation

Total Development Fee	\$ 57,913
Large Development Adjustment (DCC > \$30m)	N/A
Phased Development Adjustment	N/A
Adjusted Development Fee	\$ 57,913

Payments	Notes:	Amount
Due at PA	Subsequent to Sellers obligations	\$ 11,583
Due at Closing		\$ 34,748
Due at CofO		\$ 11,583

Approved:

Landform Professional Services

City of Ramsey HRA

3450 bldg, 860 carwash
Business 1A



The COR Development Management

Deal: Sunwood Retail Area - General
 Date: 9/28/10



DM FEE WORKSHEET

General Coordination - Sophia Ramsey LLC \$ 6,000
 Platting Agreement (access, parking, signage, etc.)
 Final Plat
 Easements
 Maintenance
 Construction Issues

Value of Hard Improvements (1/3 share) \$ 4,000
 2000,000 x 2%

Lot 3 Advance \$ 25,000

This portion to be applied to Lot 3 fees and deducted from future DM fees related to Lot 3

Total Development Fee (2% of DCC) \$ 35,000
 Fee: 2.00%

Fee Calculation

Total Development Fee	\$ 35,000
Large Development Adjustment (DCC > \$30m)	N/A
Phased Development Adjustment	N/A
Adjusted Development Fee	\$ 35,000

Payments	Notes:	Amount
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Due at PA		
Due at Closing		\$ 35,000

Approved:	
Landform Professional Services	City of Ramsey HRA

